Anglian Water Services Financing Plc

Anglian Water Services Limited

Investor Report

For the six months ended 30 September 2023

Prepared in accordance with International Financial Reporting Standards (IFRS)

FINAL

love every drop
anglianwater

Investor Report

Contents

Basis of Preparation

All financial information in this report is unaudited and has been prepared in accordance with IFRS. The accounting policies used are consistent with those in the Statutory Accounts of Anglian Water Services Limited at 30 September 2023.

The information in this report is presented solely to comply with Schedule 11 of the Common Terms Agreement (CTA).

Disclaimer

Any forward-looking statements made in this document represent management's judgment as to what may occur in the future. However, the company's actual results for the current and future fiscal periods and corporate developments will depend on a number of economic, competitive and other factors including some which will be outside the control of the company. Such factors could cause the company's actual results for current and future periods to differ materially from those expressed in any forward looking statements made in this document. Unless otherwise required by applicable law, accounting standard or regulation, Anglian Water does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

General Overview and Business Update

This investor report covers the six months ended 30 September 2023.

1.0 Financial Performance for the six months ended 30 September 2023

Summary Underlying Results (AWS Financing Group)
The consolidated financial results for the six months ended 30 September 2023 are summarised below:

	2023 Total £m	**2022 Total £m**
Revenue (excl. grants and contributions)	782.4	716.0
Grants and contributions	45.1	44.9
Other operating income	9.0	7.7
Operating costs	(388.8)	(353.1)
Depreciation and amortisation	(191.8)	(184.2)
Operating profit	**255.9**	**231.3**
Finance income	24.1	6.7
Finance costs[1]	(342.0)	(342.9)
Underlying (loss)/profit before tax	**(62.0)**	**(104.9)**
Finance costs – fair value gains on financial derivatives	216.7	663.9
Statutory profit/(loss) before tax	**154.7**	**559.0**
Tax charge	(40.0)	(139.5)
Profit/(loss) after tax	**114.7**	**419.5**

[1] In order to show pre-tax performance on an underlying basis the fair value losses on financial derivatives have been excluded from the underlying finance costs.

Revenue

Revenue, excluding grants and contributions, for the six months was £782.4 million (2022: £716.0 million), an increase of £66.4 million (9.3 per cent) on last year. The increase in revenue is as a result of the following factors:

The increase in revenue is as a result of the following factors:

- The price increase for customers following the regulatory pricing formula, £85.1 million increase.
- Household consumption down £14.2 million due to lower summer demand this year following the hot dry summer of 2022. Non-household consumption up £2.6 million as we see movement towards pre-Covid-19 levels of consumption.
- Other decreases in revenue of £3.3 million which is partly offset by an increase in other appointed and non-appointed revenue and customer growth.
- Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities for connecting new property developments to the water and sewerage network, and for diverting existing infrastructure. In the 6 months to 30 September 2023 construction, there has been a downturn in the housing/developer market in which grants and contributions revenue is directly linked. The money we can raise from bills, along with how much we are allowed to invest in our service, is decided every five years through Ofwat's price-setting process and set out in our Final Determination (FD).

Other operating income

Other operating income comprises primarily external income from power generation, bio-solid sales to farms, rents received and various other non-core activities; this was consistent with prior years.

Operating costs (including charge for bad and doubtful debts)

Operating costs including charges for bad and doubtful debt for the six months increased by £35.7 million (10.2%) to £388.8 million. The movement in operating costs of Anglian Water is principally due to inflation and power cost increases, with the prior year being hedged prior to the spike in prices following the Russian invasion of Ukraine. This has been partly offset by continuing efficiencies across the business as we rise to the productivity challenge set by our regulator for the current AMP. These movements are explained in the table below:

	£m
Prior period	353.1
Funded by FD	
Inflation	23.6
Weather related	
Unwind of drought-related expenditure	(1.8)
Power	21.6
Rates	(2.0)
Other significant items	
Regulatory fees	0.9

Ongoing efficiency programme	(5.5)
Other	(1.1)
Total increase	35.7
September 2023	388.8

Inflation

The inflationary increases in our cost base formed part of the Final Determination and are therefore, whilst subject to a timing delay, funded through the inflationary increases in revenues.

Weather related

The past six months have seen relatively benign weather conditions compared to the same period last year when very little rainfall led to exceptionally dry ground conditions giving rise to increased costs in order to maintain our leading leakage position.

Power

The increase in power is due to the prior year energy prices being locked-in ahead of the war in Ukraine, whereas the current year reflects the significant cost increases since then. Our proactive energy hedging approach enabled us to have flexibility in the most volatile and expensive market periods.

Rates

A rates reduction was negotiated in the second half of 2022/23 resulting in a lower rates charge in the first six months of this year compared to the prior year.

Other significant items

These include a £0.9 million increase in the Ofwat licence fee, £5.5 million arising from cost efficiency programmes with the balance relating to a range of individually small items.

EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 7.7 per cent to £447.7 million, which is consistent with the effect of the increases described above.

Depreciation and amortisation

Depreciation and amortisation is up 4.1 per cent to £191.8 million, primarily as a result of higher fixed asset balances as we construct and commission assets in line with our capital investment programme.

Operating profit

Operating profit has increased by 10.6 per cent to £255.9 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation.

Financing costs

Adjusted net finance costs (excluding fair value gains and losses on financial instruments) decreased from £336.2 million in the six-month period to September 2022 to £317.9 million in the equivalent period in 2023. This was the result of the non-cash impact of lower inflation on index-linked debt which decreased from £259.0 million to £250.6 million and an increase of £18.3 million in interest income due to higher rates and cash balance. The decrease in indexation was due to a decrease in year-on-year average Retail Price Index (RPI) from 12.0% to 10.1% and year-on-year average Consumer Price Index (CPI) from 9.6% to 7.6%. We have both RPI-linked debt and CPI-linked debt to hedge the Regulated Capital Value (RCV).

There was a fair value gain of £216.7 million on derivative financial instruments in the six months to September 2023, compared with a gain of £663.9 million in the six months to September 2022. The fair value gains in the current year are predominantly non-cash in nature and have no material effect on the underlying commercial operations of the business. The driving factors for the lower gain in 2023 compared with the same period in 2022 are that the average levels of forward inflation expectations remained similar to last year, in combination with the rise in forward interest rates (decreasing the discounted present value of derivatives) for the period to September 2023 being lower than the rise in the same period in 2022.

Taxation

The tax charge for the period comprises:

	Half-year Ended 30 September 2023	Half-year Ended 30 September 2022	Year ended 31 March 2023
	£m	£m	£m
Current tax:			
In respect of the current period	**(17.3)**	(8.7)	(25.4)
Adjustments in respect of prior periods		-	0.7
Total current tax credit	**(17.3)**	(8.7)	(24.7)
Deferred tax:			
Origination and reversal of temporary differences	**57.3**	148.2	113.0
Adjustments in respect of previous periods	**-**	-	1.9
Total deferred tax charge	**57.3**	148.2	114.9
Total tax charge on profit on continuing operations	**40.0**	139.5	90.2

Compared to the same period in the previous year, the total tax charge has decreased by £99.5 million from a charge of £139.5 million to a charge of £40.0 million. This is primarily due to the lower gains on derivative movements in the current year.

We are one of the largest private investors in infrastructure in our region, having invested just over £1 billion in the last two years. The Government actively encourages infrastructure investment and grants us capital allowances, which defer some of our corporation tax liabilities until a later period. Our customers directly benefit from the deferral as it helps to keep their bills lower.

In addition to the £40.0 million tax charge on the income statement, there is a credit of £10.7 million (2022: charge of £27.9 million) in the statement of other comprehensive income in relation to tax on actuarial losses on pension schemes and fair value losses on cash flow hedges.

Distributions available to the ultimate investors

A £79.9 million prior year final dividend was paid in the period (2022: £169.0 million), reflecting the Company's dividend policy (which is explained below). The base dividend was adjusted for a total of £26.0 million deduction to reflect service delivery for customers and the environment.

These dividends were paid against a backdrop of an equity injection of £1,165.0 million in the prior period and results in a net equity injection for the AMP of £899.7 million. Through these capital injections the company continues to benefit from the strong support of shareholders.

The Board has an approved dividend policy, under which dividend payments take account of a range of matters including service delivery for customers and the environment, current and future investment needs and financial resilience over the longer term.

Financial needs and resources

During the six-month period to September 2023, Anglian Water issued two bonds, an 8-year £300 million bond and a £560 million 16-year bond.

Repayments of £241.6million were made in respect of maturing debt, which consisted of a £200 million 6.875% fixed rate debt and amortising payments on EIB index-linked debt.

At 30 September 2023, Anglian Water had borrowings net of cash of £6,692.5 million (£7,248.8 million including the fair valuation of derivatives), an increase of £444.6 million (an increase of £303.2 million including the fair value of derivatives) from 31 March 2023. The fair value of derivative financial liabilities was £556.3 million, excluding derivative financial liabilities of £27.9 million in respect of energy derivatives. Net borrowings of £6,692.5 million comprised fixed, index-linked and variable-rate debt of £7,612.2 million, leases of £35.7 million and cash and deposits of £955.4 million. The increase in net borrowings, excluding the fair value of derivatives, primarily reflects the higher accretion on index-linked debt and raising of £860 million of bonds.

The business generated cash from operations of £389.9 million in the period (2022: £359.6 million). This increase is primarily due to working capital movements.

Liquidity

The company’s objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. At 30 September 2023, Anglian Water held cash, deposits and current asset investments of £955.4million (March 2023: £633.1 million). The increase in cash amounts held is reflective of the higher new debt issuances than debt repayments in the period.

As at September 2023 Anglian Water has access to £1,025.0 million of undrawn facilities (March 2023: £975.0 million), to finance working capital and capital expenditure requirements. In addition, Anglian Water has access to a further £425.0 million of liquidity facilities (March 2023: £375.0 million), consisting of £294.0 million to finance debt service costs and £131.0 million to finance operating expenditure and maintenance capital expenditure in the event that the company was in an Event of Default on its debt obligations and had insufficient alternative sources of liquidity.

All bank facilities and debt capital market issuance are issued pursuant to the Global Secured Medium Term Note Programme dated 30 July 2002 between the company, AWSF and Deutsche Trustee Company Ltd (as agent and trustee for itself and each of the finance parties). This agreement provides that any facilities drawn by AWSF will be passed directly on to the company upon utilisation of the facility.

Interest rates

The company’s policy, as agreed by the Board, is to achieve a balanced mix of funding to inflation-linked, fixed and floating rates of interest. At 30 September 2023, taking into account interest rate swaps, 62.0 per cent (March 2023: 66.6 per cent) of the company’s borrowings were at rates indexed to inflation, 27.9 per cent (March 2023: 26.2 per cent) were at fixed rates and 10.1 per cent (March 2023: 7.2 per cent) were at floating rates. At 30 September 2023, the proportion of inflation debt to regulated capital value was 48.3 per cent (March 2023: 47.9 per cent).

Pension funding

At 30 September 2023, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £21.0 million, compared to £51.1 million at 31 March 2023. This decrease in surplus reflects a decrease in the scheme's liabilities resulting from an increase in the corporate bond rate used to discount those liabilities on an accounting basis compared to a greater decrease in our assets which are hedging gilt-based liabilities.

Annual Performance Report

Under Condition F of its Licence, Anglian Water is obliged to provide the Water Services Regulation Authority, Ofwat, with additional accounting information to that contained in the statutory financial statements. This information is presented in the Annual Performance Report, a copy of which is available on the Anglian Water Services website: https://www.anglianwater.co.uk/about-us/our-reports.

2.0 Regulatory Update

PR24 business plan submission

Anglian Water submitted the PR24 business plan to Ofwat on 2 October 2023. Anglian Water's business plan will deliver £9 billion of essential investment in the East of England. It was created in consultation with customers, and balances ambition and affordability. It will create over 7,000 jobs and meet the unique challenges facing the fast-growing and climate-stressed region, helping the East of England to thrive and prosper. Importantly, 73% of customers surveyed support the proposals.

By 2030, Anglian Water will have prepared two new reservoirs for construction, which will supply 625,000 properties across the region, and £476 million will be allocated to support new housing, plus the extension of the strategic pipeline will help ensure the region remains resilient to drought.

Anglian Water will support all customers at risk of water poverty including an industry-first medical needs discount. Anglian Water will double investment in the environment to £4 billion – with £1 billion specifically to tackle storm overflows, and create treatment wetlands the size of 100 football pitches.

By 2030 average bills will rise by just 21p a day and Anglian Water will have doubled the package of financial support for customers.

Anglian Water's plan is financeable on the basis of the notional capital structure — assuming the notional company can attract equity investment. In line with Ofwat's guidance, Anglian Water have assessed whether the plan is financeable based on the notional capital structure with gearing of 55% and Ofwat's 'early view' on the allowed return on capital. Within this assessment, Anglian Water assumed that the notional company would restrict dividends to 2% of equity RCV during AMP8 and that it would be able to attract sufficient equity investment at the cost set out in Ofwat's 'early view' to finance the high growth in RCV seen in the plan.

The financeability of AMP8 plan for notional capital structure is dependent on attracting sufficient equity investment at the cost set out in Ofwat's 'early view' on the allowed return on capital. Notwithstanding shareholders long-term commitment, Anglian Water retain significant concerns that Ofwat's 'early view' is unlikely to be sufficient to attract the necessary equity, without which the notional company would not be financeable and is not financially resilient to shocks.

To enable companies to attract equity investment, Anglian Water recommended to Ofwat a range of methodological changes to the cost of capital estimation. As the risks embedded in the PR24 Final Methodology are skewed downwards, Anglian Water consider a premium on the cost of equity allowance would be required to ensure that the price control is a fair investment proposition.

Ofwat is now assessing companies' plans and will issue its draft determinations of companies' price controls in May / June 2024.

Ofwat Senior Director for the Price Review appointment

In April, Ofwat announced the appointment of Chris Walters as Senior Director for the Price Review. He took up post in June and leads the PR24 process which sets the price, service, and incentive package for water companies from 2025-2030.

Chris joined Ofwat from NHS England, where he was Director of Pricing and Costing. Before joining the NHS in 2015, he held senior roles at the OFT and CMA, including as Chief Economist. He has a PhD in econometrics from the London Business School and degrees in economics from the LSE and the University of London.

Ofwat Customer Focussed Licence Condition consultation

In October Ofwat published a formal consultation on its proposals to introduce a customer-focussed licence condition. This follows a range of engagement and informal consultation with companies, stakeholders and specifically the

Consumer Council for Water with whom Ofwat have carried out direct customer research to inform the scope of draft licence condition.

The premise for the need for the licence condition is to increase companies' customer focus and incentivise the very best service for customers.

The consultation seeks comments on a series of draft principles which Ofwat propose will form the new licence condition (replacing the current Condition G). The draft principles proposed are for companies to:

- Be proactive in its communications so that customers receive the right information at the right time, including during incidents;
- Make it easy for customers to contact it and provides easy to access contact information.
- Provide appropriate support for the customers when things go wrong and help to put things right.
- Learn from its own past experiences, and share these with other sector players, learn from others' experiences and demonstrate continual improvement to prevent foreseeable customer harm
- Understand the needs of customers and provide appropriate support, including appropriate support for customers in vulnerable circumstances, and including during and following incidents.
- Provide support for customers who are struggling to pay, and for customers in debt.

Anglian Water has broadly supported the proposal and expect the condition to become part of our licence later this year.

Accelerated Infrastructure Delivery (AID) final decisions

On 27th June 2023, Ofwat published its final decisions on Accelerated Infrastructure Delivery. At an industry level Ofwat increased the total value of accelerated spend, with the largest share for United Utilities. The decision enables Anglian Water to install 60,000 smart meters, reduce sewer overflows, commence phosphate removal at three water recycling centres and commence a pilot re-use plant and transfer plant in Colchester. These schemes will be brought forward from the company's AMP8 programme.

Ofwat applied tight Price Control Deliverables (PCDs) to our accelerated spend, specifying in some detail the timing and locations of the investment, and creating a claw-back mechanism in the event of non-delivery. Anglian Water continue to push for less restricted PCDs and raised this in our October business plan submission.

Water company performance report and service commitment plan

In October Ofwat published its Water Company Performance Report for 2022-23. It placed no companies in its top grade; nine companies were assessed as ‘average’ and seven, including Anglian Water, were assessed as ‘lagging behind’. Anglian Water must now publish a service commitment plan to set out the actions that Anglian Water intends to take to improve performance.

3.0 Service Performance Overview

Anglian Water remain committed to providing excellent customer experience including tailored support for all customers who need it.

Anglian Water's Watercare package aims to provide holistic financial and practical help for customers, and this year to date more than 300,000 customers have received help through ever-increasing range of financial support. In addition, Anglian Water now has over 350,000 customers registered for practical support through the Priority Services Register.

Continually looking to broaden the range of support provided, Anglian Water has recently become the first water company to partner with Shout, the UK's first and only free, confidential, 24/7 text messaging support service for anyone who is struggling to cope. The aim of this partnership is to raise awareness of the Shout service to Anglian Water customers who are struggling with their mental health, and to help them access the support available.

We were extremely proud to be a front runner in attaining the ISO22458 consumer vulnerability which assesses a company against a strict criteria on the design and delivery of inclusive service, and will continue to push the boundaries of support in this area as Anglian Water strives to retain this standard throughout the upcoming years.

Intrinsically linked to the service and affordability strategy is the roll out of Smart meter. Now with over 600,000 Smart meters installed Anglian Water is able to alert customers to leakage issues alongside sending monthly emails providing consumption comparisons to similar households and water saving advice.

Listening to and adapting to customers is a constant drumbeat of initiatives and actions. One of which was the launch of a WhatsApp channel in the summer of 2022 where Anglian Water have since seen sustained growth in its popularity with a 76% increase in the number of customers using it (September 2023 v September 2022).

Anglian Water are now working to consolidate all channels into a single platform, which will provide a more omnichannel experience for customers with them able to seamlessly switch channels whilst providing the opportunity for a more effective and efficient customer service centre.

Anglian Water also continue to adapt and exploit technology and with over 3 million uses of the online self-serve platforms so far this year, Anglian Water has recently relaunched an updated version of 'MyAccount'. This re-platform provides an improved customer experience whilst allowing for agile system changes and deployment. This allows Anglian Water to quickly adapt to changing customer behaviours and requirements, such as increasing the range of languages MyAccount and altering proactive customer communications.

Customer feedback is crucial to how Anglian Water works and their thoughts are gathered on a weekly basis. Their verbatim helps shape the future roadmap feeding into service governance and quarterly prioritisation and planning session.

Whilst the mechanics of Ofwat's Customer Measure of Experience (CMeX) is biased towards more traditional contact channels Anglian Water remain focussed on providing the digital services customers have asked for.

Despite this, it is really pleasing to see that at the half year point Anglian Water's position in the industry CMeX league table has improved to 6th place from the 2022/23 year end position of 10th.

4.0 Capital Expenditure

2023/24 is the third year in the five-year AMP7 investment programme. Over the five years to 2025, Anglian Water will invest a record £3.0 billion through our capital investment programme. This spend will help to achieve Business Plan commitments and includes significant investments to ensure the region is resilient to the impacts of drought, climate change and population growth, alongside the largest ever programme of schemes delivering environmental protection.

Delivery against this investment programme remains strong with gross annual capital expenditure across the appointed business increasing from £289 million in the six months to 30 September 2022 to £449 million in the six months to September 2023 (£162 million on capital maintenance, £286 million on capital enhancement). This is broadly in line with management expectations and is particularly pleasing given the significant increase in the size of the programme compared to AMP6.

5.0 Water Quality and Environmental Performance

Anglian Water is governed by a wide range of legislation covering quality of drinking water, discharges to the environment, waste disposal, water abstraction, access to land and environmental protection. The key regulators are the Drinking Water Inspectorate (DWI), the Environment Agency (EA) and Natural England (formerly English Nature). There is also close liaison with Environmental Health Officers and Consultants in Communicable Disease Control within the UK Health Security Agency and other environmental bodies.

Drinking Water

Maintaining supplies of high-quality drinking water is Anglian Water's biggest priority, and there is engagement and investment from source to tap to maintain and improve on its performance. Anglian Water has outlined a significant water quality enhancement programme in our PR24 business plan supported by the Drinking Water Inspectorate to address new and emerging water quality risks such as nitrate, lead and PFAS (forever chemicals).

A key measure is the number of contacts Anglian Water receives from customers about the appearance or taste and odour of their water and in 2022 Anglian Water had our lowest ever score, at 1.01 customer contacts per 1,000 customers. Anglian Water are performing well in this area again in 2023 with an acceptability score to end of September at 0.68 contacts per 1,000 customers and are currently on track to meet the very challenging ODI performance commitment, which was set at 0.85 contacts per 1,000 customers.

The Compliance Risk Index (CRI) is the headline water quality measure used by the DWI and Anglian Water's score to the end of September 2023 is estimated at 3.32. This is higher than Anglian Water would like it to be and was impacted predominantly by an increased number of water quality exceedances from its water treatment works. Anglian Water is delivering an improvement programme that is aimed at reducing the number of water quality exceedances from its assets.

Anglian Water continue to develop our industry leading approach using insight from flow cytometry (bacteriological monitoring) and on-line water quality monitoring to gain detailed insight into the operation of our assets and understanding our proactive interventions to mitigate water quality risks and reduce failures.

Another key water quality measure is the Event Risk Index (ERI) and Anglian Water are performing very well against this measure in 2023 with an estimated score to end of September 2023 of 0.96 which reflects its continued efforts to minimise adverse impacts to water quality on the rare occasions when failures do occur.

Water Recycling

The EA will confirm our EPA 'star' rating for 2023 in the summer of 2024. As part of our ongoing strategic review of all aspects of our environmental performance, Anglian Water continues to focus on the delivery of the Pollution Incident Reduction Plan (PIRP) (Pollution Incident Reduction Plan (anglianwater.co.uk) Anglian Water continues to engage very constructively with the EA.

Anglian Water will have installed event duration monitoring (EDM) equipment at all of our permitted storm overflows by the end of 2023 in line with Government targets, and in December 2023 Anglian Water will publish a map providing near-real time data on storm overflows providing information to river and beach users.

The Flow to Full Treatment (FFT) investigation

Anglian Water have continued to comply with all information requests from Ofwat and the EA regarding the industry-wide investigation into the operation of wastewater treatment sites.

Ofwat have advised that they are still processing the information that Anglian Water has submitted to them and will contact us in due course to confirm the next steps.

Environment

Anglian Water has continued to focus on early delivery of our AMP7 WINEP obligations, and on the delivery of our Get River Positive commitments River health (anglianwater.co.uk). Anglian Water has used Get River Positive as a platform to engage with numerous community and stakeholder groups right across our region, and we were pleased to publish a detailed update on our work to improve river health in April 2023 river-water-quality-report-lr.pdf (anglianwater.co.uk).

Anglian Water are delighted at the diversity of projects and initiatives that are being supported through Get River Positive, and with the number of exciting new partnerships Anglian Water are now engaged in.

Anglian Water has used the learning from Get River Positive within the PR24 planning and are one of a small number of companies who have been able to submit proposals for an Advanced WINEP approach which will enable us to take a more outcomes-based approach to environmental planning and delivery.

Water Resources

Rainfall levels for the last six months have been above average across the East of England, which follows the lower than average rainfall levels throughout 2022 and through winter 2022-23 period. The six month average rainfall levels for the East of England was recorded as 123% of the long-term average (LTA), which has helped to improve the overall water resources position.

Currently, overall reservoir levels are now at 86% which is a healthy position post the summer period (20% higher than post summer 2022 period). Anglian Water have seen positive recovery of the majority of groundwater sources with many returning to normal conditions. There are continuing lower groundwater levels in Norfolk and lower flows in the River Wensum and River Nar direct river intakes as these sources are taking longer to recover from the prolonged dry weather conditions experienced.

On 22nd September 2023, the Environment Agency moved all remaining catchments in the East of England which were still classified as "drought" into "recovering" status. This included the following catchments:

- North West Norfolk
- North Norfolk
- Broadland Rivers
- Upper Bedford Ouse
- Combined Essex
- East Suffolk
- Cam and Ely Ouse

Anglian Water has continued to not experience any problems with the provision of water services during 2023 and did not need to implement any drought related restrictions, such as temporary use bans (TUBs) commonly known as hosepipe bans. For reference, South West Water continued to keep their TUBS in place, which was implemented in 2022, throughout summer 2023 and South East Water needed to implement TUBS to support with peak summer demand in 2023.

Overall, there are currently no supply issues associated with low reservoir levels, groundwater levels and low river flows at Anglian Water's direct intakes. Anglian Water are continuing to follow our Drought Plan 2022 and have enacted a number of appropriate actions as the companies drought status has changed. For example;

- Anglian Water convened its Drought Management Team in July 2022 to coordinate its regional response and this remains in place.
- Anglian Water have also had significant national engagement including: Attendance at National Drought Group and Sub-Groups to understand the wider water resources situation and ensure alignment of actions across the industry; Engagement with the Environment Agency and Natural England and Continued communication with neighboring water companies and other abstractions, in particular the National Farmers Union (NFU).

Anglian Water published its revised draft Water Resources Management Plan 2024 to Defra on 29th August 2023 which sets out how Anglian Water will manage the water supplies in its region to meet current and future needs over a minimum of 25 years. This is an ambitious plan with demand management at its heart but also sets out the need for two large-scale, multisector reservoirs in Lincolnshire and the Fens.

Anglian Water is continuing to work closely with the EA to review abstraction licences to ensure sustainable abstraction across its region, where Anglian Water has agreed to reduce the amount of water that is taken from the environment by 85 million litres a day by 2025. As an example, following the closure of Ludham borehole source in March 2021, significant major infrastructure work has been progressing in relation to Anglian Water's East Ruston and Witton borehole sources to allow these sources to close in June 2024, further improving the environment in the Ant, Broads and Marshes SSSIs. Anglian Water has continued to focus on abstraction licence compliance with a strong performance recorded over the last 6 month period.

6.0 Financing

CTA gross debt increased by £870.5 million from March 2023 as a result of a bond issuance of £860.0million and high inflation increasing the principal on index-linked debt.

This was partially offset by the repayment of a £200.0 million bond which matured during the period and amortising principal payments on the EIB debt.

Credit ratings as of 30 September 2023 were as follows:

Fitch Ratings:	A-; (stable outlook)
Standard and Poor's:	A-; (negative outlook)
Moody's:	A3; (stable outlook) Corporate Family Rating A3

7.0 Dividends

In the six months ended 30 September 2023 dividends of £79.9 million have been paid out of the Anglian Water Services Financing Group to the Company's direct parent, AWG Group Limited (2022: £169.0 million).

8.0 *Significant Board / Management Changes*

As at 30 September 2023, the of Board of Anglian Water Services Limited comprised:

John Hirst, CBE	Independent Non-Executive Chairman	
Natalie Ceeney, CBE	Independent Non-Executive Director	
Dame Polly Courtice, DBE, LVO, DL	Senior Independent Non-Executive Director	
Colin Matthews, CBE	Independent Non-Executive Director	
Zarin Patel	Independent Non-Executive Director	
Alistair Phillips-Davies	Independent Non-Executive Director	
Peter Simpson	Chief Executive Officer	) Executive
Steve Buck*	Chief Financial Officer	) Executive
John Barry	Non-Executive Director	
Deepu Chintamaneni	Non-Executive Director	
Alex Nassuphis	Non-Executive Director	
Batiste Ogier	Non-Executive Director	

*On 3 August 2023, it was announced that Steve Buck had submitted his resignation to the Board of Anglian Water Services Limited. He will leave the business at the end of November 2023.

Anglian Water is managed by the AWS Management Board, which, as at 30 September 2023, in addition to the Executive Directors referred to above, included:

Susannah Clements	Group People and Change Director
Brian Ebdon	Director of Strategic Planning and Performance
Pete Holland	Director of Customer and Wholesale Services
Robin Price	Director of Quality and Environment
Ian Rule	Director of Water Services
Claire Russell	Legal Director / Company Secretary
Emily Timmins	Director of Water Recycling Services
Jason Tucker	Director of Strategic Delivery and Commercial Assurance

Anglian Water Services Financing Plc – Board Changes

As at 30 September 2023, the Board of Anglian Water Services Financing Plc comprised:

John Hirst, CBE Independent Non-Executive Chairman
Natalie Ceeney, CBE Independent Non-Executive Director
Dame Polly Courtice, DBE, LVO, DL Senior Independent Non-Executive Director
Colin Matthews, CBE Independent Non-Executive Director
Zarin Patel, Independent Non-Executive Director
Alistair Phillips-Davies, Independent Non-Executive Director
Peter Simpson, Chief Executive Officer) Executive
Steve Buck*, Chief Financial Officer) Executive
Fraser Campbell
Andrew Hodson

*On 3 August 2023, it was announced that Steve Buck had submitted his resignation to the Board of Anglian Water Services Limited. He will leave the business at the end of November 2023.

Anglian Water will be holding a virtual meeting for investors on 30th November 2023.

9.0 Sustainable Financing

Background

Anglian Water have developed a framework under which it can issue sustainable transactions, green and/ or social finance to finance their Asset Management Plan for the period 2020–2025 (AMP7). For AMP7 it has separated its eligible capital expenditure into 11 sustainable categories. The framework aligns with the ICMA Green Bond Principles 2018, the Social Bond Principles 2020 and the Sustainability Bond Guidelines 2018, as published by the International Capital Market Association ("ICMA"). The framework also aligns with the Loan Market Association's ("LMA") Green Loan Principles 2020.

It is Anglian Water's intention to follow, where possible, best practices in the market as the standards develop. In addition, it is closely monitoring the European Union (EU) classification of environmentally sustainable economic activities (the European Union Green Taxonomy), as well as the EU Green Bond Standard Principles when these enter into force. Anglian Water will be able to issue various funding instruments referred to as sustainable transactions in this document, including but not limited to Green, Social and Sustainability Bonds, private placements, bank facilities and leases.

The annual Sustainable Finance Impact Report 2023 was published on Anglian Water's website and can be found here: https://www.anglianwater.co.uk/siteassets/household/about-us/sustainable-finance-impact-report-2023--final.pdf

As of 30 September 2023 five sustainable debt instruments remained in the ringfenced account the Biodiversity Bond 2026 $35m, the Green Bond 2037 GBP 266m, Green Loan 2040 GBP 100m, Green Bond 2031 GBP 300m and Green Bond 2039 GBP 560m (with the last two being issued in June 2023) with total proceeds equivalent to £1,245m of which £578m had been drawn.

WINEP and the Strategic Pipeline Alliance

In June, Anglian Water returned to the sterling public market with a dual tranche green bond issuance for a total of GBP 860m.

The 8y tranche for GBP 300m raised will specifically fund Anglian Water's WINEP programme. The Water Industry National Environmental Programme represents a set of actions that the Environment Agency have requested all 20 water companies operating in England, to complete between 2020 and 2025, in order to contribute towards meeting their environmental obligations.

The 16y tranche for GBP 560m raised instead specifically funds for Strategic Pipeline (SPA), which is delivering a brand new network of hundreds of kilometres of large-scale interconnecting pipelines to move water to drier areas of the region. SPA is the biggest infrastructure programme in Anglian Water's history and one of the largest infrastructure projects in the UK. The aim of these projects is to improve the climate resilience of water supplies across the region, keeping customers' taps running and toilets flushing for years to come.

With the driest July on record since the 1911 and the driest summer since 1976, schemes like SPA – which ensure resilience to drought for future generations and mean Anglian Water can continue supporting customers, businesses and food production in the region – could not be more important.

Ratios

1.0 Historical & Current Test Period

Anglian Water confirms that in respect of the year ended 31 March 2023 (in accordance with the CTA, the 6 months to 30 September 2023 is not a test period), by reference to the most recent financial statements that it is obliged to deliver in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 5 (Covenants) of the CTA:

		Actual 30 Sep 2023
a)	The Class A RAR	**65.6%**
b)	The Senior RAR	**65.6%**
c)	The Class A ICR	**3.8:1**
d)	The Class A PMICR[1]	**N/A**
e)	The Senior PMICR[1]	**N/A**
f)	The ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest	**2.1:1**
g)	The Conformed Class A PMICR	**1.6:1**
h)	The Conformed Senior PMICR	**1.6:1**
i)	The Additional Senior RAR[2]	**65.6%**
j)	The Additional Conformed Senior PMICR[2]	**1.6:1**
k)	The Additional Conformed Senior Average PMICR[2]	**1.6:1**

[1] CCD and IRC are no longer used as the depreciation of RCV

[2] New requirement in the Class B accession deed

2.0 Forward Looking

Anglian Water confirms that each of the above Ratios, the Conformed Class A Average PMICR, the Conformed Senior Average PMICR and the Additional Conformed Senior Average PMICR have been calculated in respect of each of the Test Periods for which they are required under the Common Terms Agreement (i.e. 31 March 2022 to 31 March 2025) and that none of those ratios have breached the Trigger Event Ratio Levels or caused Paragraph 20 (Ratios) of Schedule 7 (Events of Default) of the Common Terms Agreement to be breached. Forward looking calculations in respect of the periods to 31 March 2025 are based on Anglian Water's current Business Plan.

3.0 Computations

Set out in sections 4.0 and 5.0 are the details necessary to make the computations.

Anglian Water also confirms that:

(a) no Default or Potential Trigger Event is outstanding; and

(b) Anglian Water Services Limited insurances are being maintained in accordance with:

(i) Schedule 16 (Insurances) of the Common Terms Agreement; and

(ii) the provisions of the Finance Leases.

4.0 Interest Cover Ratios (ICR)[1]

Interest Cover Ratios	**Trigger/Default**	**Actual Period to 31 Mar 23**	Actual Period to 31 Mar 22
		£m	**£m**
Income		**1,396.2**	1,358.8
Operating Expenditure		**(683.2)**	(609.0)
Pre-capital maintenance cashflows		**712.9**	749.8
Capital Maintenance Expenditure		**(326.2)**	(269.2)
Depreciation		***(423.5)***	*(413.4)*
Post-Maintenance cashflow for PMICR		***289.4***	*336.4*
Post-Maintenance cashflow for Net Cash Flow ratio		**386.8**	480.6
Net Interest		**(185.2)**	(203.0)
Enhancement Capital Expenditure		**(334.0)**	(248.2)
Premium paid on bond buyback		**0.0**	(14.5)
Ordinary Dividends		**(169.0)**	(96.3)
Shareholder reinvestment		**0.0**	1,165.0
Pre-financing cashflows		**(301.5)**	1,083.6
Interest Payable on Class A Debt:			
Finance Leases		**0.0**	(0.6)
Class A Bonds		**(196.3)**	(183.9)
MBIA Wrap Fees		**(1.8)**	(2.6)
Less Interest Receivable		**12.9**	0.9
Total net Class A debt interest		**(185.2)**	(186.2)
Interest Payable on Class B Debt			
Class B Bonds		**0.0**	(16.8)
Total Net Interest payable on Senior Debt		**(185.2)**	(203.0)
Interest Cover Ratios:			
Class A ICR	1.6:1	**3.8:1**	4.0:1
Conformed Senior PMICR	1.1:1	**1.6:1**	1.7:1
Conformed Class A PMICR	1.3:1	**1.6:1**	1.8:1
Ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest	1.0:1	**2.1:1**	2.6:1
Additional Conformed Senior PMICR	1.3:1	**1.6:1**	1.7:1
Additional Conformed Senior Average PMICR	1.4:1	**1.6:1**	1.8:1

[1] 30th September 2023 is not a test period for the Interest Cover Ratios. The ratios shown is from the latest test period - 31st March 2023

5.0 Regulatory Asset Ratios (RAR)[2]

Regulatory Asset ratios	Trigger/Default	**As at 31 Mar 23 £m**	As at 31 Mar 22 £m
Class A Gross Debt:			
Finance Leases		**0.0**	0.0
Class A Bonds etc		**(7,201.6)**	(6,564.5)
Total Class A Gross Debt		**(7,201.6)**	(6,564.5)
Less cash balances and Authorised Investments		**629.4**	870.1
Total Class A Net Debt		**(6,572.2)**	(5,694.4)
Class B		**0.0**	0.0
Total Senior Net Debt		**(6,572.2)**	(5,694.4)
Regulatory Asset Value (RAV)[1]		**10,019.8**	8,791.6
Regulatory Asset ratios:			
Senior RAR	85.0%	**65.6%**	64.8%
Class A RAR	75.0%	**65.6%**	64.8%
Additional Senior RAR	75.0%	**65.6%**	64.8%

[2] 30th September 2023 is not a test period for the Regulatory Asset Ratios. The ratios shown is from the latest test period - 31st March 2023

6.0 *Regulatory Performance*[3]

Financial period end		31-Mar-23
Allowed Totex (Water Resources)	17/18 prices	56.3
Allowed Totex (Water Network)	17/18 prices	508.8
Allowed Totex (Waste Water Network)	17/18 prices	533.8
Allowed Totex (Bio-resources)	17/18 prices	81.1
Total FD Allowed Totex for PAYG	17/18 prices	1,180.0
FD PAYG %		
PAYG % Water Resources	17/18 prices	72.2%
PAYG % Water Network	17/18 prices	44.2%
PAYG % Waste Water Network	17/18 prices	37.7%
PAYG % Bio-resources	17/18 prices	81.4%
FD fast money		
Allowed Water Resources fast money	17/18 prices	40.7
Allowed Water Network fast money	17/18 prices	224.9
Allowed Waste Water Network fast money	17/18 prices	201.4
Allowed Bio-resources fast money	17/18 prices	66.1
Total fast money	17/18 prices	533.0
Total fast money	Outturn prices	629.3
Inflation to outturn prices		1.1806
FD slow money		
Allowed Water Resources slow money	17/18 prices	15.6
Allowed Water Network slow money	17/18 prices	283.9
Allowed Waste Water Network slow money	17/18 prices	332.4
Allowed Bio-resources slow money	17/18 prices	15.1
Total slow money	17/18 prices	647.0
Total slow money	Outturn prices	763.9
G&C - Opex	Outturn prices	(0.3)
G&C - Capex	Outturn prices	(47.2)
Total fast + slow money (net of G&C)	Outturn prices	1,345.7
Retail Opex	Outturn prices	78.5
Total Appointed Totex	Outturn prices	1,424.2
FD tax		
Tax in revenue building block	17/18 prices	-
Tax in revenue building block	Outturn prices	-
Pension		
Pension deficit payments	17/18 prices	23.3
Pension deficit payments	Outturn prices	27.6
Comparison FD wholesale allowances vs actual spend		
FD fast money (net of G&C, excluding pensions)	Outturn prices	629.0
FD pension deficit payments	Outturn prices	27.6
FD slow money (net of G&C)	Outturn prices	716.7
FD fast + slow money (FD totex, net of G&C)	Outturn prices	1,373.3
Actual opex (net of G&C, excluding pensions)/*forecast*	Outturn prices	601.1
Actual capex (net of G&C)	Outturn prices	660.2
Actual opex + capex (actual totex net of G&C, excluding pensions)	Outturn prices	1,261.3
Disallowed costs	Outturn prices	(4.6)
Transitional expenditure	Outturn prices	-
Actual pension deficit payments[3]	Outturn prices	19.2
Retail capex[4]	Outturn prices	6.2
Actual opex minus FD fast money	Outturn prices	(13.3)
Actual capex minus FD slow money	Outturn prices	(56.5)
Actual opex + capex minus FD fast + slow money= (totex underspend)/totex overspend	Outturn prices	(69.8)
Calculation of RCV		
Closing RCV	Outturn prices	10,019.8
Totex cumulative overspend to clawback (table 4c in APR)	Outturn prices	-
AMP8 Midnight adjustment due to AMP8 transition spend and Defra AID	Outturn prices	
AMP8 Midnight adjustment due to PR19 land sales	Outturn prices	
AMP8 Midnight adjustment due to WINEP true up mechanism	Outturn prices	
AMP8 Midnight adjustment due to Strategic Water Resource true up mechanism	Outturn prices	
Blind year adjustment	Outturn prices	20.9
Shadow RCV	Outturn prices	10,040.7

[3] Regulatory performance data is not updated at half year.

7.0 Anglian Water Services Group – Movements in Debt Balances[4]

CTA Gross Debt	Closing Balance 31 Mar 2023 £m	New Issues £m	Repayment £m	Indexation £m	**Closing Balance 30 Sept 2023 £m**
6.875% Fixed 2023	200.0		(200.0)	0.0	**0.0**
6.625% Fixed 2029	200.0			0.0	**200.0**
A6 Notes - 3.07% ILLS 2032	396.6			22.9	**419.5**
A7 Notes - 3.07% ILLS 2032	110.7			2.7	**113.4**
A8 Notes - 6.293% Fixed 2030	246.0			0.0	**246.0**
A11 Notes - 3.666% ILLS 2024	148.7			8.6	**157.3**
A18 Notes - 2.4% ILLS 2035	490.9			37.1	**528.0**
A19 Notes - 1.7% ILLS 2046	89.0			5.1	**94.1**
A20 Notes - 1.7% ILLS 2046	88.8			4.6	**93.4**
A21 Notes - 1.7146% ILLS 2056	71.8			4.0	**75.7**
A22 Notes - 1.6777% ILLS 2056	89.7			5.0	**94.7**
A23 Notes - 1.7903% ILLS 2049	107.3			6.0	**113.4**
A24 Notes - 1.3825% ILLS 2056	89.1			4.4	**93.6**
A25 Notes - 1.3784% ILLS 2057	178.3			8.9	**187.2**
A26 Notes - SONIA Plus 0.34%	100.0			0.0	**100.0**
A27 Notes - 1.449% ILLS 2062	120.7			8.2	**129.0**
A28 Notes - 1.52% ILLS 2055	80.8			5.5	**86.3**
A30 Notes - SONIA Plus 0.85%	110.0			0.0	**110.0**
A33 Notes - 6.875% Fixed 2034 Private Placement	25.0			0.0	**25.0**
A35 Notes - £130M 2.262% IL Bond 2045	214.0			8.4	**222.4**
A38 Notes - £250m 4.5% 2027	250.0			0.0	**250.0**
A40 Notes - £73.3m 4.4% Private Placement 2028	73.3			0.0	**73.3**
A41 Notes - £50m 2.05% IL Private Placement 2033	74.7			2.9	**77.6**
A46 Notes - £200m 4.5% 2026	200.0			0.0	**200.0**
A47 Notes - £35m 1.141% IL Bond 2042	51.3			2.0	**53.3**
A48 Notes - US$170m 3.84% Private Placement 2023	110.5			0.0	**110.5**
A49 Notes - £93m 3.537% Private Placement 2023	93.0			0.0	**93.0**
A51 Notes - £55m 2.93% Private Placement 2026	55.0			0.0	**55.0**
A52 Notes - $150m 3.29% Private Placement 2026	104.3			0.0	**104.3**
A53 Notes - £35m 1.35% Private Placement 2031	35.0			0.0	**35.0**
A54 Notes - £20m 2.93% Private placement 2026	20.0			0.0	**20.0**
Sub Total	**4,224.5**	**0.0**	**(200.0)**	**136.4**	**4,160.9**

[4] The debt balances table has been adjusted to separate Index Linked Swaps, this is a change from March 2023.

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Cont'd	Closing Balance 31 Mar 2023 £m	New Issues £m	Repayment £m	Indexation £m	**Closing Balance 30 Sept 2023 £m**
A55 Notes - £200m 2.625% 2027	200.0			0.0	**200.0**
A56 Notes - £250m 1.625% Green Bond 2025	250.0			0.0	**250.0**
A57 Notes - £300m 2.75% Green Bond 2029	300.0			0.0	**300.0**
A58 Notes - £85m 2.880% Private Placement 2029	85.0			0.0	**85.0**
A59 Notes - £25m 3.00% Private Placement 2031	25.0			0.0	**25.0**
A60 Notes - US$53m 3.053% Private Placement 2029	40.1			0.0	**40.1**
A61 Notes - £65m 2.870% Private Placement 2029	65.0			0.0	**65.0**
A62 Notes - JPY7bn 0.855% 2039	50.9			0.0	**50.9**
A63 Notes - £65m 0.835% IL Bond 2040	75.9			2.7	**78.6**
A64 Notes - £50m 1.760% 2035	50.0			0.0	**50.0**
A65 Notes - JPY7bn 0.85% 2040	50.4			0.0	**50.4**
A66 Notes - £35m 2.14% 2036	35.0			0.0	**35.0**
A67 Notes - £40m 2.14% 2036	40.0			0.0	**40.0**
A68 Notes - US$35m 1.16% 2036	25.5			0.0	**25.5**
A69 Notes - CAD350m 4.525% 2032	224.8			0.0	**224.8**
A70 Notes - £242m 6.070% 2037	242.0			0.0	**242.0**
A71 Notes - £24m 6.070% 2037	24.0			0.0	**24.0**
Operating Leases (Vehicles)	8.9	3.0	(1.4)		**10.5**
Index Linked Swaps	340.0			89.5	**429.4**
European Investment Bank £75m 0.53% index linked amortising term facility 2027	45.5		(5.9)	1.8	**41.4**
European Investment Bank £75m 0.79% index linked amortising term facility 2027	45.5		(5.9)	1.8	**41.4**
European Investment Bank £150m 0% index linked amortising term facility 2028	110.6		(11.5)	4.3	**103.4**
European Investment Bank £65m 0.41% index linked amortising term facility 2029	55.8		(4.8)	2.2	**53.2**
European Investment Bank £125m 0.1% index linked amortising term facility 2029	114.9		(9.2)	4.6	**110.3**
European Investment Bank £60m 0.01% index linked amortising term facility 2030	59.1		(4.4)	2.4	**57.1**
Export Development Canada £100m 1.588% term loan facility 2024	100.0			0.0	**100.0**
Just Retirement £26.1m 0.010% term loan facility 2035	30.2			1.0	**31.2**
BP Pension Trustees £26.1m 0.010% term loan facility 2035	30.2			1.0	**31.2**
CPIH £100m 3.017% Facility	102.8			2.9	**105.7**
£150m Term Loan Facility	75.0			0.0	**75.0**
£150m Term Loan Facility	75.0			0.0	**75.0**
A72 Notes - £300m 5.875% 2031	0.0	300.0		0.0	**300.0**
A73 Notes - £560m 6.0% 2039	0.0	560.0		0.0	**560.0**
Total[1]	**7,201.6**	**863.0**	**(243.1)**	**250.6**	**8,072.0**

[1]Before accounting adjustments which are not within CTA definition of Net Debt and not including Other Leases

8.0 Anglian Water Services Group – Profit & Loss Account

Summary Underlying Results (AWS Group)

The consolidated financial results for the six months ended 30 September 2023 are summarised below:

	2023 Total £m	2022 Total £m
Revenue (excl. grants and contributions)	782.4	716.0
Grants and contributions	45.1	44.9
Other operating income	9.0	7.7
Operating costs	(388.8)	(353.1)
Depreciation and amortisation	(191.8)	(184.2)
Operating profit	**255.9**	**231.3**
Finance income	24.1	6.7
Finance costs[1]	(342.0)	(342.9)
Underlying (loss)/profit before tax	**(62.0)**	**(104.9)**
Finance costs – fair value gains on financial derivatives	216.7	663.9
Statutory profit/(loss) before tax	**154.7**	**559.0**
Tax charge	(40.0)	(139.5)
Profit/(loss) after tax	**114.7**	**419.5**

[1] In order to show pre-tax performance on an underlying basis the fair value losses on financial derivatives have been excluded from the underlying finance costs.

9.0 *Anglian Water Services Group – Balance Sheet*

At 30 September 2023

		£m	£m	£m
<u>Non-current assets</u>				
Intangible assets				253.1
Property, plant and equipment				11,031.3
Derivative financial instruments classified as current and non-current assets				319.4
Retirement benefit surpluses				51.3
Net current liabilities excluding cash and debt repayable in less than one year				(135.6)
Retirement benefit obligations				(30.3)
Derivative financial instruments classified as current and non-current liabilities				(903.6)
Creditors amounts falling due after more than one year excluding debt				(1,584.3)
Cash and cash equivalents	Payments Account	274.7		
	Capex Reserve	625.6		
	Tax reserve	40.0		
	Debt Service	15.1	955.4	
Financing liabilities	Bonds (excluding accrued interest)	(7,612.2)		
	Leases	(35.7)		
			(7,647.9)	
	Net Debt (excluding derivatives)			(6,692.5)
Net assets				2,308.8

Capital and reserves

	Share capital	32.0
	Share premium	1,165.0
	Dividend paid	(79.9)
	Reserves b/f	1,109.2
	Actuarial losses on pension schemes	(32.8)
	Income tax on items that will not be reclassified	8.2
	Income tax on items that may be reclassified	2.5
	Profit for the period	114.7
	Losses on cash flow hedges	(7.9)
	Losses on cost of hedging reserve	(2.2)
Capital and reserves		2,308.8

10.0 Anglian Water Services Group – Calculation of Annual Finance Charge

Instrument	Actual Interest Paid To 30 Sep 23 £m	Actual Interest Paid to 30 Sep 22 £m	Actual Interest Paid to 31 Mar 23 £m
Class A Debt			
AAA Wrapped Bonds	21.8	21.8	30.4
A-Bonds	78.0	77.9	140.3
US Private Placements	23.0	11.5	25.5
Leases	0.2	0.0	0.2
Other	1.9	1.7	1.8
Annual Finance Charge	**124.9**	**112.9**	**198.1**

The Annual Finance Charge represents cash interest paid by Anglian Water Services Limited for each of the actual periods set out above.

11.0 Anglian Water Services Group – Derivatives Mark to Market Valuation

Derivative Counterparties Mark to Market Valuations as at 30/09/23				
External Swap Counterparties	**Nominal Amount £m**	**MTM Positive Values £m**	**MTM Negative Values £m**	**MTM Total Values £m**
BARCLAYS BANK	487.9	25.6	(59.6)	(34.0)
BNP PARIBAS BANK	458.6	34.9	(19.3)	15.6
BGL BNP PARIBAS	0.0	0.0	(38.0)	(38.0)
CBA BANK	112.9	26.5	0.0	26.5
HSBC BANK	233.0	0.0	(84.2)	(84.2)
JP MORGAN BANK	695.8	11.4	(185.5)	(174.1)
LLOYDS BANK CORPORATE MARKETS PLC	948.7	31.5	(142.0)	(110.5)
MORGAN STANLEY BANK	449.8	182.7	(45.6)	137.1
SANTANDER UK PLC	340.2	6.1	(17.9)	(11.8)
SCOTIA BANK	379.2	0.5	(62.9)	(62.4)
THE TORONTO-DOMINION BANK	64.2	0.3	0.0	0.3
SMBC BANK	150.5	0.0	(29.4)	(29.4)
EXTERNAL INVESTORS	0.0	0.0	(219.4)	(219.4)
Anglian Water Interest Derivatives	4,320.8	319.4	(903.6)	(584.2)

Notes

1. All Swaps are transacted under ISDA agreements between Anglian Water Services Financing Plc and External Swap
2. Valuations include accrued interest to valuation date.

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