Registration number: 13390485

Aigrette Financing (Issuer) PLC

Annual Report and Financial Statements

for the Year Ended 31 March 2025

Aigrette Financing (Issuer) PLC

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Aigrette Financing (Issuer) PLC

Company Information

Directors
Mr M Bradley (appointed 28 November 2024)
Mr A Donnelly (resigned 27 November 2024)
Dr R C Rivaz
Mr P Simpson (resigned 4 August 2024)
Mr M Thurston (appointed 5 August 2024)

Company Secretary
Mrs C Russell

Registered Office
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6XU

Auditors
Deloitte LLP
Statutory Auditor
4 Brindley Place
Birmingham
B1 2HZ

Aigrette Financing (Issuer) PLC

Strategic Report for the Year Ended 31 March 2025

The directors present their strategic report for the year ended 31 March 2025.

Review of Business

The Company was incorporated on 12 May 2021, as part of the Anglian Water Group Limited and Anglian Water Services (AWS) capital restructure.

In order to efficiently execute the refinancing of Anglian Water Services, in 2021/22 a new three-tier financing structure was set-up, and debt issued at the two tiers above Anglian Water Services. £650.5 million of new debt was issued by the Company, and a large proportion of these proceeds, and the proceeds of the debt issued at the Osprey Financing group further down the group structure, were injected as equity into Anglian Water Services to support its continuing investment grade credit rating. This year no further debt (2024: nil) was issued by this company.

The Anglian Water Group, whose ultimate parent company is Anglian Water Group Limited, operates a three-tier debt structure, referred to as OpCo, MidCo and HoldCo. Aigrette Financing (Issuer) PLC (AFIP) forms parts of the Aigrette Financing Limited (AFL) Group headed up by AFL ("Group"). The aim of this company is to raise debt and lend it to its parent company in the HoldCo part of the structure in order to maintain a certain net debt to capital ratio (net debt expressed as a percentage of Anglian Water's regulated capital value (RCV)). RCV has been developed, by Ofwat, for regulatory purposes and is primarily used in setting price limits. As such the KPI for AFIP is the related net debt to capital ratio.

An intercompany facility is in place between AFIP and AFL under which external funds are provided to AFL. The intention is that the intercompany debt is on the same terms and conditions as the external debt. A management fee will be paid by AFL to AFIP and included in both companies' P&Ls and taxable profits. The company has performed in-line with expectations with interest being incurred on its long-term borrowings and earned on the intercompany loan.

The profit and loss account on page 20 shows the Company's results for the year. For the year ended 31 March 2025, the Company made a loss of £2.4 million (2024: profit of £1.6 million).

At 31 March 2025 AFL's net debt to capital value ratio was 86% (2024: 84%).

Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

Being one of the AFL Group's financing companies, the stakeholders are limited to investors, banks and ratings agencies. The Company has no employees, customers or suppliers however there are other companies within the group with whom there are intercompany relationships. There are no environmental impacts.

As the Company does not operate separately to the AFL Group, the Company's values and reputation are highly integrated with that of Aigrette Financing Limited and therefore interested parties should read disclosures within the consolidated group annual report and financial statements.

Investors, banks and ratings agencies

The funding advanced by investors and banks is crucial to the delivery of the AFL Group's operating performance. Engagement is vital to understand their requirements, demonstrate our long-term sustainable vision and help them understand what makes Anglian Water a sound investment.

How we engage
For the wider group, we hold investor presentations at least twice a year to coincide with preliminary and interim company results, and periodically hold additional events and site visits for investors. In addition, Mark Thurston, Michael Bradley and the Company's Treasurer hold regular face-to face meetings and telephone conferences with banks and investors. We also engage with banks and investors through written reports, including the Annual Report and the semi-annual report.

Key areas of engagement in 2024/25
Board members discuss key areas of Group risk with investors and banks to facilitate the continued funding of the business. Engagement with banks and investors informs our approach to sustainable financing. Anglian Water is committed to financing capital investment sustainably, while for their part, banks and investors have a clear appetite to invest in purpose-led, sustainable businesses such as ours.

Principal decisions made by the Board
The Board approves the annual or interim financial statements. The Board approves the annual or interim financial statements. The Board is engaged on any key issues impacting the Company throughout the year and gives appropriate time and consideration to the approval.

To give support to the Directors and enable them to discharge their duties, all new Directors receive a thorough induction programme on appointment which includes receiving a full background information pack, visits to operational sites and briefings from Executive Directors and senior managers.

The Company offers the Directors in-house training as necessary to aid their professional development and awareness of business and sector-specific issues. In addition, the Company offers to fund participation on externally provided training courses. All Directors are entitled to receive, at the Company's expense, independent professional advice on any matters relating to their responsibilities as a Director.

Principal risks and uncertainties

Risk management and internal control
The management of the business and execution of the Company's strategy are subject to several risks, the principal risks being management of liquidity and interest rate.

Liquidity
The Company's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. At the year end the Company held cash at bank and in hand of £22.6 million (2024: £27.0 million) and had an undrawn committed revolving loan facility of £30.0m (2024: 30.0 million). Cash is held on deposit by the Company to the extent required to meet near term debt repayments. These resources are maintained to ensure liquidity and the continuation of the AFL investment programme. Other funding requirements are sourced either from debt markets or loans from its parent company Aigrette Financing Limited which itself is funded by dividends originating from Anglian Water Services Limited, Anglian Water's operating entity.

Aigrette Financing (Issuer) PLC

Strategic Report for the Year Ended 31 March 2025

Principal risks and uncertainties - continued

Interest rates
The Company has a “back-to-back” arrangement with AFL whereby all borrowings are replicated on identical terms. Any exposure to interest rate risk is passed onto AFL, hence, this arrangement eliminates interest rate risk and results in a net neutral impact on the profit and loss account.

The management of the business and execution of the Company’s strategy are subject to a number of risks, the principal risks being management of liquidity, interest rate and foreign currency exposure.

The Company's risks are managed as part of the Group risk management and internal control framework, the Board is responsible for the Company’s systems of internal control and risk management and considers this to be fundamental to the achievement of the Company’s strategic objectives. The Board’s policy is to have systems in place that optimise the company’s ability to manage risk in an effective and appropriate manner. Any areas of concern are reported to the next Board meeting and/or the Group’s Audit Committee meeting as appropriate.

The Audit Committee has assisted the Board in formally reviewing the operation and effectiveness of the Group’s system of internal controls and risk management on an annual basis.

Approved by the board on 25 June 2025 and signed on its behalf by:

Mr M Bradley
Group Financial Officer

Aigrette Financing (Issuer) PLC

Directors' Report for the Year Ended 31 March 2025

The directors present their report and the financial statements for the year ended 31 March 2025.

Directors of the company
The directors, who held office during the year, were as follows:

Mr M P Bradley (appointed on 28 November 2024)

Mr M J Thurston (appointed on 5 August 2024)

Dr R C Rivaz

Mr P J Simpson (resigned on 4 August 2024)

Mr A Donnelly (resigned 27 November 2024)

Dividends
No dividend was paid during the year (2024: £nil). The Directors are not recommending the payment of a final dividend.

Future developments
No changes to the company's principal activity are anticipated.

Going concern
Under the terms of the Company's financing arrangements, its parent, Aigrette Financing Limited (AFL) guarantees unconditionally and irrecoverably all the Company's borrowings. As the Company does not operate separately to the Group, the Directors have undertaken a detailed review of the Group to meet its liabilities as they fall due for a period of at least 12 months from the date these financial statements are approved.

The Directors have undertaken a detailed review to assess the liquidity requirements of the Group compared against the cash and borrowing facilities available to the Group, as detailed below.

Given the relative size and importance of Anglian Water Services Limited (AWSL) to the Group, the assessment initially focused on the going concern of AWSL and is then updated to include wider Group considerations.

The Directors have considered the potential impacts of the current market volatility and uncertainties within the sector in relation to the PR24 referral to the CMA, and on-going regulatory investigations.

The base forecast, which has been updated for the latest internal and external information and is aligned to the Final Determination from Ofwat has been subjected to a range of severe but plausible downside scenarios as noted below.

As set out in the Financing Structure section of AWSL's financial statements, the business generates operating cash flows to finance the day-to-day operations of the Group. In order to fund the capital programme the business requires external investment in the form of both debt and equity and both a depreciation charge and fair return on investment are included in the allowed revenues that Group charges to customers.

In February the business requested that Ofwat refer its PR24 Final Determination to the CMA on the basis that the Group does not believe the FD strikes an appropriate balance of risk and return for the notional company capable of attracting the level of investment needed to deliver the growth set out in the plan. Given Ofwat's statutory duty to ensure that an efficient notional company is financeable we believe that the CMA will ensure that the redetermination is set such that investors will continue to invest in the sector. As Anglian maintains an efficient structure which benefits from our Whole Business Securitisation, our actual gearing structure and covenants see more headroom than for the notional structure.

Going concern – continued

Management note that the outcome of the CMA appeal will fall substantially outside of the going concern assessment period.

In assessing Going Concern the Directors have considered a number of perspectives, including liquidity and debt covenants and tested these against both the base scenario and the three downside scenarios.

- Liquidity – The Group holds sufficient liquidity to cover the going concern period even under the most severe downside scenario.

- Debt covenants – The business has significant headroom against Default Events (where class A interest cover ratio is less than 1.6:1) under its securitised covenants with no plausible scenario identified that would cause an Event of Default.

Assessment period
Management have considered the appropriate assessment period taking into account all available information. Whilst there is an on-going requirement to raise debt over the longer term to fund our growing investment programme, this is part of our business model and management are confident in our ability to raise debt given our proven track record and strong credit ratings. Therefore, management do not believe there to be a need to extend the period any further than 12 months.

Liquidity
Included within the £1,382.5 million of AWSL's facilities at 31 March 2025 are facilities totalling £375.0 million due for renewal in March 2026 and £575.0 million due for renewal in June 2026 which is within the 12-month period assessed for going concern purposes. On 16 June 2025 the Group received formal commitment from lenders for the refinancing of these expiring facilities in the form of a new 3-year facility totalling £1 billion. The Group has sufficient liquidity within the assessment period.

Debt covenants
Anglian Water Services Limited has a single debt platform (sometimes known as a "common terms" or "CTA" debt platform) that has been structured so as to align with, and enhance, the regulatory protections contained in the Water Industry Act 1991 and Anglian Water's Licence (an "Aligned Debt Programme"). Aligned Debt Programmes operate on a single covenant package and shared security and intercreditor arrangement that binds all debt providers.

The CTA introduces two terms, a Trigger Event and an Event of Default. The intention of a Trigger Event is that it is an early warning event designed to reinforce credit worthiness and to protect the Group and its finance creditors from an Event of Default occurring and consequently it is not considered to be a going concern event. It does not enable creditors to destabilise the Group through enforcing their security.

Sensitivity
We have identified three stretching scenarios to stress test our base forecast. These scenarios, low, medium and severe focus on the impact of the cost-of-living crisis and higher unemployment, the impacts of lower inflation and higher interest rates due to market uncertainty particularly within the sector, as well as specific risks to the business, such as cyber-attacks , the planned migration to our new ERP system, uncertainty associated with our price determination for AMP8 and increased costs/reduced revenue due to adverse weather events.

Given our ability to access capital markets, management do not believe the downside testing, whilst causing additional cash outflows, would have significant liquidity impacts. If Debt markets were to be closed for a time the business would utilise facilities which are currently in place.

Going concern – continued

While medium and worst-case scenarios indicate the potential for a Trigger Event in relation to interest cover ratio covenants, the Directors do not consider this possibility to constitute a material uncertainty related to going concern. As noted, a Trigger Event is not considered a going concern event and whilst it would result in dividend lock-up and prevent the business from raising new debt we have sufficient liquidity during the going concern period in this event even when including planned debt repayments as a trigger event does not prohibit the renewal of bank facilities that expire in the going concern period.

For these reasons, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Adjusting events after the financial period

Refer to note 16 for details of post balance sheet events.

Directors' liabilities

The Company maintains Directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors. The company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purpose of section 234 (2) - (6) of the Companies Act 2006. Both of these were in place throughout the financial year and up to the date of signing the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditors

The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the board on 25 June 2025 and signed on its behalf by:

Mr M Bradley
Group Financial Officer

Aigrette Financing (Issuer) PLC

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Aigrette Financing (Issuer) PLC

Independent Auditor's Report to the Members of Aigrette Financing (Issuer) PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Aigrette Financing (Issuer) Plc, (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aigrette Financing (Issuer) PLC

Independent Auditor's Report to the Members of Aigrette Financing (Issuer) PLC

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was going concern. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was £21.8m (2024: £22.3m) which was determined on the basis of 3% of total borrowings.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the current year we have identified going concern as a key audit matter. As the Company does not operate separately to its parent Anglian Financing Limited (AFL), the Directors' assessment with respect to appropriateness of going concern have been made at the Anglian Financing Group level (the "Group", "AFL"). We planned our audit mindful of the expiration of banking facilities within the going concern assessment period together with the decision by Anglian Water Services Limited to refer the Final Determination to the competition and market authority (CMA) which led to an increased level of judgement made by the Directors and an increase in experienced and specialist resource within the audit team being allocated to this area. We previously identified borrowings as a key audit matter. As the company didn't raise any new complex debt or undertake any restructuring of debt instruments there was a reduced level of audit effort relative to prior years.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.1.

Independent Auditor's Report to the Members of Aigrette Financing (Issuer) PLC

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

5. Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Going concern

Key audit matter description	Under the terms of the Company's financing arrangements, its parent, AFL guarantees unconditionally and irrevocably all the company's borrowings and derivatives. As the company does not operate separately to its parent AFL, the assessment with respect to appropriateness of going concern have been made at a Group level. The Directors have considered the potential impacts of current market volatility and uncertainties within the sector in relation to the PR24 referral to the CMA and on-going regulatory investigations as part of their assessment of the going concern assumption. At 31 March 2025 the Group also had facilities due for renewal totalling £375m in March 2026 and £575m in June 2026. On 16 June 2025 the Group received formal commitment from lenders for the refinancing of these expiring facilities in the form of a new 3-year facility totalling £1 billion. We planned our audit anticipating an increased level of judgement would be made by the Directors in assessing the going concern basis in preparing the financial statements including the associated disclosures and increased the experience and specialist resource within the audit team allocated to this area. We have also identified a risk of management bias relating the key judgements with respect to the going concern assumption. The directors have also considered this judgement as discussed in the directors' report on page 5.

How the scope of our audit responded to the key audit matter	In response to this matter, we have performed the following procedures: • obtained an understanding of the relevant controls over the cashflow forecasting and going concern assessment; • understood the Group's process to model the impact of going concern and agreed relevant data points in the model to supporting documentation; • understood and challenged the sufficiency of the period the Directors' have assessed for the purposes of going concern and whether that was appropriate; • assessed the sophistication of the model used to prepare the forecasts, testing of the clerical accuracy of those forecasts and assessing the historical accuracy of forecasts prepared by the Group ; • tested the assumptions used in establishing the Group's base case, including comparison of key assumptions to plans for Asset Management Period ("AMP") 8, including reconciling to the Final Determination and independent data sources where relevant; • considered the impact of the referral of the Final Determination to the CMA on the Director's going concern conclusions by assessing the likely timing of any changes in cashflows arising from that referral and considering whether the referral provided contradictory evidence to any aspects of the Group's cashflow forecasts or disclosures; • evaluated liquidity, including the ability of the Group to raise future financing and inspected the commitment to renew banking facilities which are required within the going concern period. In considering the ability of the Group to raise debt we have considered a number of factors including the Group's credit ratings, past history of debt raises by the Group and others across the water sector, and challenged management to calculate the impact of sensitivities associated with debt being raised at higher costs; • read the external financing agreements to establish and assess the covenant requirements attached to the borrowings; • recalculated and assessed the amount of headroom in the forecasts (liquidity and covenants) and recalculated compliance with covenants during the year ended 31 March 2025 and throughout the going concern assessment period; • challenged the sensitivity analysis including downside risks prepared by the Group in the context of operational performance challenges, requirements to raise debt in the period, increased spend on capital projects, cyber risk and the broader socio-economic conditions; and • assessed the appropriateness of the disclosures in the financial statements.
Key observations	In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in preparation of the financial statements and associated disclosure is appropriate.

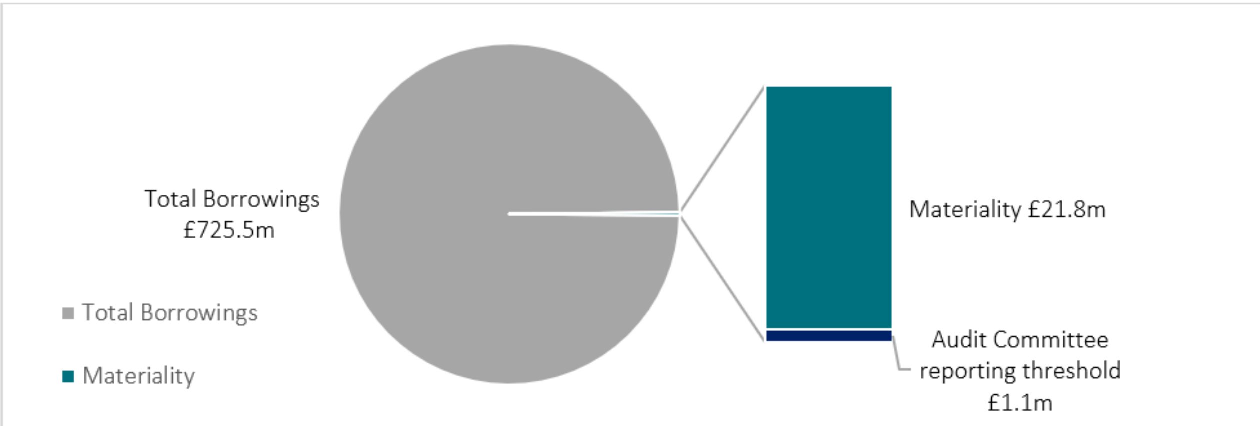
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£21.8m (2024: £22.3m)
Basis for determining materiality	3% of total borrowings (2024: 3% of total borrowings).
Rationale for the benchmark applied	The primary purpose of the company is to raise funding from external sources and provide funding to Aigrette Financing Limited (“AFL”). We have therefore used total borrowings as the most appropriate benchmark.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2025 audit (2024: 65%). We increased the performance materiality despite the continued public scrutiny and risk associated with water sector as the company is a holding company with no trading and the increased risk has been considered through an increased level of work on going concern.

The other factors considered below suggest a decreased risk for the company:

- the company's control environment which remains stable with the prior year.
- the functioning of the key business operations and initial signs of performance improvements.
- strong experience of new executive management team and consistency of key accounting personnel during the year; and
- the low level of corrected and uncorrected misstatements identified in previous periods.

6.3. Error reporting threshold

We agreed with the audit committee that we would report to the Committee all audit differences in excess of £1.1m (2024: £1.1m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the audit committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

The company's accounting records are contained within the Anglian Water Group's (AWSG) accounting system. Our work in relation to the Anglian Water Group's internal control environment involved testing the AWSG's key reporting system. With the involvement of our IT specialists, we tested relevant General Information Technology Controls (GITCs) within the AWSG's key reporting system, including the access controls, change management controls and controls around segregation of duties. We identified control weaknesses in a specific element of the reporting system and in response, we revisited our risk assessment and altered the nature and extent of our substantive audit procedures to respond to the risk.

We also obtained an understanding of relevant controls within the treasury business processes, which are not supported by the AWSG's key reporting system.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Aigrette Financing (Issuer) PLC

10.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the internal audit function, the directors and the audit committee about their own identification and assessment of the risks of irregularities including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists with consideration of Group wide matters, including financial instruments and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: going concern. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the licence conditions imposed by The Water Services Regulation Authority (Ofwat).

10.2. Audit response to risks identified

As a result of performing the above, we identified going concern as a key audit matter related to the potential risk of fraud. The key audit matter section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, Board of directors and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and Ofwat; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

11. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

12.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. Other matters which we are required to address

13.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 14 June 2022 to audit the financial statements for the period ending 31 March 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years, covering the period ended 31 March 2022 to year ended 31 March 2025.

13.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the Board of directors we are required to provide in accordance with ISAs (UK).

Independent Auditor's Report to the Members of Aigrette Financing (Issuer) PLC

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Hadley (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

25 June 2025

Aigrette Financing (Issuer) PLC

Profit and Loss Account for the Year Ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover		-	-
Operating profit/(loss)		-	-
Interest receivable and similar income	3	54,278	51,587
Loan interest payable - external	4	(52,923)	(50,266)
Expected credit (loss)/reversal on intercompany loan		(3,380)	575
(Loss)/Profit before tax		**(2,025)**	**1,896**
Tax on loss/profit	8	(339)	(330)
(Loss)/Profit for the year		**(2,364)**	**1,566**

The above results were derived from continuing operations.

The notes on pages 23 to 30 form an integral part of these financial statements.

Aigrette Financing (Issuer) PLC

(Registration number: 13390485)
Balance Sheet as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Fixed assets			
Investments	9	738,950	740,088
Current assets			
Investment - cash deposits	10	10,101	-
Cash at bank and in hand	11	22,572	27,045
Creditors: Amounts falling due within one year	13	(48,655)	(41,801)
Net current assets		(15,982)	(14,756)
Total assets less current liabilities		722,968	725,332
Creditors: Amounts falling due after more than one year			
Loans and borrowings	12	(725,500)	(725,500)
Net liabilities		**(2,532)**	**(168)**
Capital and reserves			
Called up share capital	14	50	50
Retained earnings		(2,582)	(218)
Shareholders' deficit		**(2,532)**	**(168)**

The financial statements on pages 20 to 30 were approved by the Board on 25 June 2025 and signed on its behalf by:

Mr M Bradley
Group Financial Officer

Aigrette Financing (Issuer) PLC

Statement of Changes in Equity for the Year Ended 31 March 2025

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2024	50	(218)	**(168)**
Loss for the year	-	(2,364)	**(2,364)**
Total comprehensive income	-	(2,364)	**(2,364)**
At 31 March 2025	**50**	**(2,582)**	**(2,532)**

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2023	50	(1,784)	**(1,734)**
Profit for the year	-	1,566	**1,566**
Total comprehensive income	-	1,566	**1,566**
At 31 March 2024	**50**	**(218)**	**(168)**

The notes on pages 23 to 30 form an integral part of these financial statements.

1 General information

The address of its registered office is:
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
PE29 6XU
United Kingdom

These financial statements were authorised for issue by the board on 25 June 2025.

This is a private company registered in the United Kingdom.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of the act.

The Company is a qualifying entity for the purposes of FRS 101. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Given the straight-forward nature of the Company no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been identified by management.

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of derivative financial instruments at fair value, further detail can be found in the Director's report. The principal accounting policies applied in the preparation of these financial statements are set out below.

No critical accounting judgements or key sources of estimation uncertainty were required in the preparation of these financial statements.

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'- Paragraph 8(d)
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):

  - paragraph 79(a)(iv) of IAS 1
  (reconciliation of number of shares at the beginning and end of the period)

Accounting policies (continued)

- The following paragraphs of IAS 1 - ‘Presentation of financial statements’ (removing the requirement to present):

  - 10(d) (statement of cash flows);

  - 16 (statement of compliance with all IFRS);

  - 38A (minimum of two primary statements, including cash flow statements);

  - 111 (cash flow statement information);

  - 134-136 (capital management disclosures)
- IAS 7 - ‘Statement of cash flows’.
- Paragraphs 30 and 31 of IAS 8 - ‘Accounting policies, changes in accounting estimates and errors’ (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements in IAS 24, ‘Related party disclosures’ (to disclose related party transactions entered into between two or more members of a group).

Changes in accounting policy

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. None of the standards, interpretations and amendments effective for the first time from 1 April 2025 will have a material effect on the financial statements.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Accounting policies (continued)

Investments

Fixed asset investments

Investments represent loans to the immediate parent undertaking (AFL) and reflect the “back-to-back” arrangement with the Company. After initial recognition at fair value, financial investments are held at amortised cost. This is based on the business’ practice of acquiring financial assets to collect their contractual cash flows and the simple nature of the investments made, which consist solely of principal payments and interest on the principal outstanding.

The expected credit loss (ECL) model requires the Company to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, therefore this is no longer dependent on the company first identifying a credit loss event. This requires consideration of a broader range of information when assessing credit risk and measuring ECLs, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
• where credit risk is low or has not increased significantly since recognition (‘Stage 1’);
• where credit risk is not low or has increased significantly since initial recognition (‘Stage 2’); and
• where the financial asset is credit impaired (Stage 3).

‘12-month expected credit losses’ are recognised for Stage 1 while ‘lifetime expected credit losses’ are recognised for Stage 2.

Expected credit losses are defined as the weighted average of credit losses with the respective risk of default occurring as the weights. A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Accounting policies (continued)

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Interest receivable and similar income

	2025 £'000	2024 £'000
Interest income on bank deposits	1,355	1,322
Interest on loans to immediate parent	52,923	50,265
	54,278	51,587

4 Interest payable and similar expenses

	2025 £'000	2024 £'000
Interest on loans and borrowings	52,923	50,266

5 Staff costs

There were no employees of the Company in this or the preceding year.

6 Directors' remuneration

The monthly average number of persons employed by the Company (including Directors) during the period was nil. Anglian Water Group employees carry out all the activities of the Company, there is no specific recharge for these services. None of the Directors receive emoluments for the provision of services to the company. The Directors are remunerated through another group company and no recharges are made.

7 Auditors' remuneration

The remuneration for the audit of the company financial statements of £9,650 (2024: £10,500) was borne by another group company with no recharge to the entity.

8 Income tax

Tax charged in the profit and loss account

	2025 £'000	2024 £'000
Current taxation		
UK corporation tax	339	330

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2024 - lower) than the standard rate of corporation tax in the UK) of 25% (2024 - 25%).

The differences are reconciled below:

	2025 £'000	2024 £'000
(Loss)/Profit before tax	(2,025)	1,896
Corporation tax at standard rate	(506)	474
Increase/(decrease) from effect of expected credit movements exempt from taxation	845	(144)
Total tax charge	339	330

9 Investments

Investments represent loans to the immediate parent undertaking, Aigrette Financing Limited, and reflect the "back-to-back" arrangements with external finance providers. These loans mirror the external loans and are on terms equal to those set out in Note 12.

Amounts receivable from group companies are measured at amortised cost.

Cost	**2025 £'000**	**2024 £'000**
At 1 April	741,706	725,500
Additions	-	-
Other movements in the year	2,242	16,206
At 31 March	743,948	741,706
Provision for impairment		
At 1 April	(1,618)	(2,192)
Impairment in financial year	(3,380)	574
At 31 March	(4,998)	(1,618)
Net Book Value		
At 1 April	740,088	723,308
At 31 March	738,950	740,088

10 Investments – cash deposits

	31 March 2025 £'000	**31 March 2024 £'000**
Investments – cash deposits	10,101	-

11 Cash at bank and in hand

	31 March 2025 £'000	**31 March 2024 £'000**
Cash at bank	22,572	27,045

12 Loans and borrowings

	31 March 2025 £'000	31 March 2024 £'000
Non-current loans and borrowings		
Bank borrowings	725,500	725,500

Instrument description	31 March 2025 £'000	31 March 2024 £'000
£10.5 million fixed to floating rate notes 2027	10,500	10,500
£145 million fixed to floating rate notes 2028	145,000	145,000
£120 million 4.82% fixed rate 2030	120,000	120,000
£30 million floating rate notes 2030	30,000	30,000
£50 million fixed to floating rate notes 2030	50,000	50,000
£95 million floating rate private placements 2027	95,000	95,000
£75 million private placement 2030	75,000	75,000
£125 million floating term facility 2026	125,000	125,000
£75 million floating term facility 2026	75,000	75,000
Total	**725,500**	**725,500**

13 Creditors: amounts falling due within one year

	31 March 2025 £'000	31 March 2024 £'000
Amounts due to immediate parent undertaking	29,868	25,267
Other creditors	18,448	16,204
Income tax liability	339	330
	48,655	41,801

Amounts due to parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 Share capital

Allotted, called up and fully paid shares

	31 March 2025	31 March 2024
	£	£
50,000 ordinary shares of £1 each	50,000	50,000

15 Parent and ultimate parent undertaking

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Anglian Water Group Limited, incorporated in Jersey.

The address of Anglian Water Group Limited is:

44 Esplanade, St Helier, Jersey, JE4 9WG.

The Directors consider Anglian Water Group Limited to be the ultimate parent undertaking and controlling party. Anglian Water Group Limited is itself owned and ultimately controlled by a consortium of investors consisting of Canada Pension Plan Investment Board (CPP Investments™), IFM Global Infrastructure Fund, Camulodunum Investments, First Sentier Investors and Infinity Investments S.A.

The parent of the smallest group in which these financial statements are consolidated is Aigrette Financing Limited (AFL). The address of Aigrette Financing Limited (AFL) is Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, PE29 6XU.

16 Events after the balance sheet date

The Directors have recommended not to pay a final dividend in relation to 2024/25.

On 23 May 2025, the ultimate shareholders of the Anglian Water Group provided unconditional and legally binding commitments to inject £500m into the Anglian Water Group, pro-rata to their current shareholdings. £300m will be provided by early September 2025 and paid down the group structure to Anglian Water (Osprey) Financing plc (the borrowing entity at Midco which also includes Osprey Acquisitions Limited), where it will be used to repay a £240m bond which matures in March 2026, as well as repayment of drawn bank revolving credit facilities. The remaining £200m balance of shareholder funding will be provided to the Group by early June 2026, when we plan to cycle the funds down the group structure to Aigrette Financing (Issuer) plc, the unrated Topco borrowing entity, where it will be used to repay £200m of bank loans maturing in mid-June 2026.

Included within the £1,382.5 million of AWSL's facilities at 31 March 2025 are facilities totalling £375.0 million due for renewal in March 2026 and £575.0 million due for renewal in June 2026 which is within the 12-month period assessed for going concern purposes. On 16 June 2025 the Group received formal commitment from lenders for the refinancing of these expiring facilities in the form of a new 3-year facility totalling £1 billion. The Group has sufficient liquidity within the assessment period.

Other than the above there have been no events between the balance sheet date, and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.