

Osprey Acquisitions Limited

Anglian Water (Osprey) Financing Limited

Investor Report

For the year ended 31 March 2025

Prepared in accordance with International Financial Reporting Standards (IFRS) unless otherwise indicated

# Investor Report

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## ***Basis of Preparation***

All financial information in this report is audited and has been prepared in accordance with IFRS. The accounting policies used are consistent with those in the Statutory Accounts of Osprey Acquisitions Limited at 31 March 2024.

The information in this report is presented solely to comply with Schedule 8 of the Osprey Acquisitions Limited 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, Osprey Acquisitions Limited 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

## 1.0 Financial Performance for the year ended 31 March 2025

Summary Underlying Results for the Consolidated Osprey Acquisitions Limited group ("Osprey" or "MidCo"), which includes the results of Anglian Water Services Limited group ("Anglian Water" or "OpCo"), are summarised below:

|                                                                        | 2025<br>Total<br>£m | 2024<br>Total<br>£m |
|------------------------------------------------------------------------|---------------------|---------------------|
| <b>Revenue</b>                                                         | <b>1,762.3</b>      | 1,628.7             |
| <b>Other operating income</b>                                          | <b>16.8</b>         | 15.8                |
| Operating costs                                                        | <b>(841.5)</b>      | (807.0)             |
| Charge for doubtful and bad debts                                      | <b>(36.2)</b>       | (38.7)              |
| Depreciation and amortisation                                          | <b>(423.5)</b>      | (388.7)             |
| <b>Operating profit</b>                                                | <b>477.9</b>        | 410.1               |
| Finance income                                                         | <b>62.0</b>         | 60.6                |
| Finance costs <sup>2</sup>                                             | <b>(466.6)</b>      | (593.7)             |
| <b>Adjusted profit / (loss) before tax<sup>1</sup></b>                 | <b>73.3</b>         | (123.0)             |
| Finance costs – fair value gains on financial derivatives <sup>2</sup> | <b>62.9</b>         | 204.9               |
| <b>Profit before tax on a statutory basis</b>                          | <b>136.2</b>        | 81.9                |
| <b>Tax charge</b>                                                      | <b>(47.3)</b>       | (18.6)              |
| <b>Profit after tax on a statutory basis</b>                           | <b>88.9</b>         | 63.3                |

<sup>1</sup> Financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures. The Group uses such measures for performance analysis because they provide additional useful information on the performance and position of the Group. Since the Group defines its own alternative performance measures, these might not be directly comparable to other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements

<sup>2</sup>In order to show pre-tax performance based on management's view of an underlying basis, the fair value gains and losses on financial derivatives have been shown separately in the table because these are volatile non-cash movements that distort the actual underlying economic performance

Osprey's principal business is Anglian Water, the group's regulated water and sewerage company, which supplies water and water recycling services to almost seven million customers in the east of England and Hartlepool. The table below shows key performance indicators from the financial statements of Osprey, showing the split between Anglian Water and the remainder of Osprey, and these are discussed separately in the two sections below.

|                                                     | 2025                   |                                               |                                        |                  | 2024                   |                                               |                                        |             |
|-----------------------------------------------------|------------------------|-----------------------------------------------|----------------------------------------|------------------|------------------------|-----------------------------------------------|----------------------------------------|-------------|
|                                                     | Anglian<br>Water<br>£m | Osprey and<br>subsidiaries<br>excl. AWS<br>£m | Inter-<br>segment<br>elimination<br>£m | Total<br>£m      | Anglian<br>Water<br>£m | Osprey and<br>subsidiaries<br>excl. AWS<br>£m | Inter-<br>Segment<br>elimination<br>£m | Total<br>£m |
| <b>Revenue</b>                                      |                        |                                               |                                        |                  |                        |                                               |                                        |             |
| External                                            | 1,749.3                | 25.4                                          | (12.4)                                 | <b>1,762.3</b>   | 1,626.6                | 2.1                                           | -                                      | 1,628.7     |
|                                                     | <b>1,749.3</b>         | <b>25.4</b>                                   | <b>(12.4)</b>                          | <b>1,762.3</b>   | 1,626.6                | 2.1                                           | -                                      | 1,628.7     |
| <b>Segment result</b>                               |                        |                                               |                                        |                  |                        |                                               |                                        |             |
| EBITDA                                              | 920.1                  | (18.7)                                        | -                                      | <b>901.4</b>     | 819.5                  | (20.7)                                        | -                                      | 798.8       |
| Depreciation and amortisation                       | (423.5)                | -                                             | -                                      | <b>(423.5)</b>   | (388.6)                | (0.1)                                         | -                                      | (388.7)     |
|                                                     | <b>496.6</b>           | <b>(18.7)</b>                                 | -                                      | <b>477.9</b>     | 430.9                  | (20.8)                                        | -                                      | 412.7       |
| <b>Cash flows</b>                                   |                        |                                               |                                        |                  |                        |                                               |                                        |             |
| Operating cash flow                                 | 810.8                  | (11.1)                                        | -                                      | <b>799.7</b>     | 767.1                  | (27.1)                                        | -                                      | 740.0       |
| Capital expenditure                                 | (1,067.7)              | (1.2)                                         | -                                      | <b>(1,068.9)</b> | (992.3)                | 0.2                                           | -                                      | (992.1)     |
| Net debt excluding derivative financial instruments | (7,718.2)              | (1,062.6)                                     | -                                      | <b>(8,780.8)</b> | (6,976.9)              | (1,062.5)                                     | -                                      | (8,039.4)   |

## 1.1 Osprey Financial Performance (Excluding Anglian Water)

The Osprey Group above Anglian Water, and the Aigrette Group above Osprey, were introduced into the group structure during 2021 as part of a strategy to support the investment grade status of Anglian Water.

## 1.2 Anglian Water Financial Performance

Summary Underlying Results for the Anglian Water Services Limited group ("Anglian Water") are summarised below:

|                                                                   | Year ended<br>31 Mar 2025<br>Total<br>£m | Year ended<br>31 Mar 2024<br>Total<br>£m |
|-------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Revenue (excl. grants and contributions)</b>                   | 1,660.1                                  | 1,528.8                                  |
| <b>Grants and contributions</b>                                   | 89.2                                     | 97.8                                     |
| <b>Other operating income</b>                                     | 16.8                                     | 15.8                                     |
| Operating costs                                                   | (846.1)                                  | (822.9)                                  |
| Depreciation and amortisation                                     | (423.5)                                  | (388.6)                                  |
| <b>Operating profit</b>                                           | <b>496.5</b>                             | <b>430.9</b>                             |
| Finance income                                                    | 48.2                                     | 44.9                                     |
| Finance costs                                                     | (418.6)                                  | (547.5)                                  |
| <b>Underlying loss before tax</b>                                 | <b>126.1</b>                             | <b>(71.7)</b>                            |
| <b>Finance costs – fair value profit on financial derivatives</b> | <b>62.9</b>                              | <b>204.9</b>                             |
| <b>Profit before tax on a statutory basis</b>                     | <b>189.0</b>                             | <b>133.2</b>                             |
| <b>Tax charge</b>                                                 | <b>(52.6)</b>                            | <b>(31.2)</b>                            |
| <b>Profit after tax</b>                                           | <b>136.4</b>                             | <b>102.0</b>                             |

## **Revenue**

Revenue, excluding grants and contributions, for the year was £1,660.1 million (2024: £1,528.8 million), or an increase of £131.3 million (8.6%). The net increase in revenue is as a result of the following factors:

- The price increase for customers following the regulatory pricing formula, resulting in a £132.1 million increase. This is reflected in an average increase of 8.6% in dual-service bills.
- A net increase in demand of £1.8 million. Household consumption is up £1.3 million and non-household up £0.5 million when compared with the prior year.
- Other offsetting movements in revenue of £2.6 million.

## **Grants and contributions**

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 work on existing infrastructure needed to accommodate development. 2024/25 has seen a reduction due to the decline in connecting new property development activity in which grants and contributions revenue is directly linked. This has resulted in a reduction in the year of £8.6 million to £89.2 million.

## **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 loss allowance for expected credit losses)

Operating costs increased by £23.2 million (2.8%), to £846.1 million. The movement in operating costs is principally due to inflation and costs such as tankering, within Water Recycling Operational Logistics, and salary costs which have increased over and above inflation. These movements are explained in the table below:

|                                           | £m     |
|-------------------------------------------|--------|
| <b>Prior period</b>                       | 822.9  |
|                                           |        |
| <b>Funded by Final Determination (FD)</b> |        |
| Inflation                                 | 25.5   |
|                                           |        |
| <b>Extreme weather</b>                    |        |
| Tankering and additional people cost      | 8.4    |
|                                           |        |
| <b>Power</b>                              | (25.7) |
|                                           |        |
| <b>External/Government changes</b>        |        |
| Rates                                     | 5.2    |
| Discharge Permits                         | 6.0    |
|                                           |        |
| <b>Other significant items</b>            |        |
| Loss allowance for expected credit losses | (1.1)  |
| Above inflation salary increases          | 9.5    |
| Reimbursed legal costs                    | (2.1)  |



|                   |       |
|-------------------|-------|
| Other             | (2.5) |
|                   |       |
| Total increase    | 23.2  |
|                   |       |
| <b>March 2025</b> | 846.1 |

## **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.

## **Extreme weather**

Our region experienced one of the wettest Q1's on record which resulted in extremely high level of rain in our waste water network. In order to minimise disruption to customers and the environment there was a significant increase in spend particularly in hired vehicles and tankers as we helped to manage flooding in the region and in our network.

## **Power**

The reduction in power reflects the general reduction seen in energy prices. Our proactive energy hedging approach enabled us to have flexibility in the most volatile and expensive market periods.

## **Rates and Discharge Permits**

We saw increases in rates and discharge permits over and above inflation from the Local Authority and Environment Agency respectively.

### **Other significant items**

Salaries have increased by £9.5 million, partly due to increased employee numbers and partly due to the agreed pay rise of 6.0% which was above CPIH of 2.9%.

### **EBITDA**

Earnings before interest, taxes, depreciation and amortisation (EBITDA) and is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 12.3% to £920.0 million, which is consistent with the effect of the increases described above.

### **Depreciation and amortisation**

Depreciation and amortisation is up 9.0% to £423.5 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 15.2% to £496.5 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation.

## **Financing costs and profit before tax**

Adjusted net finance costs (excluding fair value gains on financial instruments) were £132.2 million lower than the prior year at £307.5 million. This is primarily a result of the non-cash impact of lower inflation on index-linked debt which decreased by £162.8 million to £197.1 million partially offset by interest burden on higher debt balances.

Fair value gains in the period, which are unrealised, non-cash items, are the result of decreases in derivative liability positions, primarily driven by forecast decreases in inflation rates and forecast increases in interest rates. Fair valuation movements on derivative valuations can be volatile depending on the market rates forecast at the time of reporting and do not have a crystallised economic impact to the business until the time of actual cash flow fixing.

The business is funded based on its embedded cost of debt and relative performance against the iBoxx index. As a result, these non-cash fair value gains and losses do not impact the immediate commercial performance of the business, Ofwat obligations or shareholder distributions during AMP7.

## Taxation

|                                                            | Year<br>Ended<br>31 March<br>2025<br>£m | Year<br>Ended<br>31 March<br>2024<br>£m |
|------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Current tax:</b>                                        |                                         |                                         |
| In respect of the current period                           | (47.8)                                  | (47.3)                                  |
| Adjustments in respect of prior periods                    | 25.6                                    | (0.4)                                   |
| <b>Total current tax credit</b>                            | <b>(22.2)</b>                           | <b>(47.7)</b>                           |
| <b>Deferred tax:</b>                                       |                                         |                                         |
| Origination and reversal of temporary differences          | 96.7                                    | 82.8                                    |
| Adjustments in respect of previous periods                 | (21.9)                                  | (3.9)                                   |
| <b>Total deferred tax charge</b>                           | <b>74.8</b>                             | <b>78.9</b>                             |
| <b>Total tax charge on profit on continuing operations</b> | <b>52.6</b>                             | <b>31.2</b>                             |

Compared to the same period in the previous year, the total tax charge has increased by £21.4 million from a charge of £31.2 million to a charge of £52.6 million. This is mainly because profit before tax increased and there was a prior year charge from agreeing past tax returns, partly offset by a larger prior year credit from reversing a tax loss surrender to another group company in 2022/23.

In addition to the £52.6 million tax charge on the income statement, there is a charge of £16.7 million (2024: credit of £8.4 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.

## Cash flow on a statutory basis

### Anglian Water Services Cash flow on a statutory basis



#### Year ended 31 March

|                                                             | 2025<br>£m       | 2024<br>£m     |
|-------------------------------------------------------------|------------------|----------------|
| <b>Cash generated from operations</b>                       | <b>811.3</b>     | <b>767.1</b>   |
| Net interest paid, including issue costs paid               | (261.4)          | (239.5)        |
| Decrease/(increase) in short-term deposits                  | 100.0            | (232.0)        |
| Repayment of amounts borrowed                               | (349.3)          | (487.1)        |
| Settlement of principal on derivatives                      | (17.9)           | (11.5)         |
| Interest element of finance lease rental payments           | (1.0)            | (1.1)          |
| Increase in amounts borrowed                                | 950.0            | 1,379.5        |
| Capital element of finance lease rental payments            | (6.4)            | (6.4)          |
| Dividends paid                                              | (88.6)           | (79.9)         |
| <b>Net cash from/(used in) financing activities</b>         | <b>325.4</b>     | <b>322.0</b>   |
| Purchase of fixed assets net of disposal proceeds           | (958.6)          | (940.9)        |
| Purchase of intangible assets                               | (109.6)          | (51.4)         |
| Interest received on deposits                               | 46.1             | 42.5           |
| <b>Net cash used in investing activities</b>                | <b>(1,022.1)</b> | <b>(949.8)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>114.6</b>     | <b>139.3</b>   |
| Cash and cash equivalents at the beginning of the period    | 474.4            | 335.1          |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>589.0</b>     | <b>474.4</b>   |

The business generated cash from operations increased by £44.2 million, from £767.1 million in 2024 to £811.3 million in 2025. This is due to higher EBITDA following bill increases in year 5 of the AMP.

### **Delivery of our AMP7 capital investment programme**

2024-25 was the final year in the five-year AMP7 investment programme. Delivery against this investment programme has remained strong with this year being our biggest to date with gross annual capital expenditure across the appointed business increasing from £963 million in 2023/24, to £1,081 million in 2024/25 (£424 million on capital maintenance, £657 million on capital enhancement).

This has resulted in a £760 million increase in property, plant and equipment and intangible assets, net of depreciation.

### **Financial needs and resources**

At 31 March 2025, Anglian Water had borrowings net of cash of £7,721.1 million (excluding the fair value of derivative financial instruments), an increase of £744.2 million from 31 March 2024. The increase in net borrowings primarily reflects accretion on index-linked debt, capital expenditure and interest payments.

During the period, there were new issuances of £700 million 6.25% fixed rate 2044, £200 million bond tap on 5.75% fixed rate 2043 and a £50 million 6.05% fixed rate 2039. The funds were partially used to repay £75 million 3.666% RPI index-linked 2024, £100 million 1.588% fixed rate 2024 and £86.3 million EIB debt repayments.

### **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 31 March 2025, taking into account interest rate swaps, 55.8% (March 2024: 60.5%) of the company's borrowings were at rates indexed to inflation, 31.9% (March 2024: 28.4%) were at fixed rates and 12.3% (March 2024: 11.1%) were at floating rates. At 31 March 2025, the proportion of inflation debt to regulated capital value was 44.8% (March 2024: 47.3%).

## **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**

In December Ofwat published its Final Determination (FD) of price controls for the period 2025-30 (AMP8). The determination provided for total expenditure of £10,971 million, two percent less than Anglian requested in its final business plan, and assumed a weighted average cost of capital of 4.03%. It included a set of challenging performance commitments to regulate company performance and a suite of binding Price Control Deliverables (PCDs), which serve to return money to customers in the event that funded obligations are not fulfilled.

After careful consideration, the Anglian Water Board concluded that the FD failed to achieve an appropriate balance of risk and return and – alongside five other companies - asked Ofwat to refer its FD to the Competition and Markets Authority (CMA) for a re-determination. The CMA process is in train, with an expectation of a final re-determination in early 2026. The Company is determined that the CMA process does not jeopardise delivery of its AMP8 objectives and is meanwhile proceeding with its AMP8 investment plan.

### **Water (Special Measures) Act**

The Water (Special Measures) Act ('the act') received Royal Assent on 24 February 2025. Its key provisions include the following:

- Performance-related pay - Ofwat will have the authority to prohibit performance-related pay, including bonuses, for executives of water companies that fail to meet specified standards.
- Social tariffs - introduces new powers to enable a single, nationwide social tariff
- Ofwat duties - requires Ofwat to have regard to relevant environmental targets duties, including the net zero emissions target and the Environment Act 2021.
- Penalties - provision for Parliament to introduce automatic penalties for certain offences
- Enforcement - modifies the standard of proof for some offences to "balance of probabilities" from "beyond reasonable doubt".



- Criminal offences for obstruction - sentencing powers will be increased to include an unlimited fine and imprisonment
- Fitness test - senior role holders must meet “specified standards as to fitness and propriety”
- Emergency overflows - water companies must report discharges from emergency overflows in real-time (i.e. bringing the monitoring into line with that of combined sewer overflows).

Ofwat is consulting on the circumstances under which it will intervene on performance-related pay. It has the power to introduce its rules retrospectively from 1st April 2024.

### **Reviews of water regulation**

Reviews by the National Audit Office and the Environment, Food and Rural Affairs Select Committee are in progress to consider the regulation of the water industry. The government has also commissioned an Independent Commission into the water sector and its regulation, to be chaired by Sir Jon Cunliffe and due to report in summer 2025. The Company has contributed views to all of these reviews and looks forward to considering their conclusions on their publication.

### **Asset health**

The industry has long argued that Ofwat’s cost assessment methodology does not provide the levels of investment required to prevent asset deterioration. In response, Ofwat’s PR24 final determination included sector-wide allowances for targeted investment in water mains renewal. Ofwat also set out a plan (‘Roadmap’) for gaining greater insight into the condition of a wider range of assets ahead of the next price review in 2029. The project will assess whether there are any sector-wide asset condition issues that can be addressed at or ahead of the next price control period. The Company welcomes this initiative and is engaging fully with it.

## FFT investigations

In 2021, Ofwat and the Environment Agency announced joint investigations into how all water and wastewater companies manage their sewage treatment works. Ofwat's investigation was initially focussed on whether companies are meeting the requirements placed on them through the Urban Waste Water Treatment (England and Wales) Regulations 1994 to operate their wastewater treatment works so that they can treat the flows that they would typically receive in normal operating conditions but has broadened during the course of the investigation.

In August 2024, Ofwat released its first tranche of draft determinations, proposing that three companies (Thames Water, Yorkshire Water and Northumbrian Water) should receive fines totaling £168m. These represent, respectively, 9%, 7% and 5% of their annual wastewater turnovers. In March 2025 Ofwat confirmed that Yorkshire Water will pay a total enforcement package of £40m, representing 6% of their annual wastewater turnover.

The final determinations have yet to be published for Thames Water and Northumbrian Water. Anglian's findings were due in December 2024 but have yet to be published.

## 2022-23 Monitoring Financial Resilience feedback

In October 2024, Ofwat published its Monitoring Financial Resilience report for 2023-24. It categorises companies based on Ofwat's assessment of their financial resilience.

Anglian has remained in the top category, which Ofwat calls Standard, making it one of six companies in that category. Ten companies remain with either Action Required or Elevated Concerns.

| 2022-23 Category | Companies                                                                      |
|------------------|--------------------------------------------------------------------------------|
| Standard         | Anglian, Dwr Cymru, Hafren Dyfrdwy, Severn Trent, South West, United Utilities |
| Elevated Concern | Affinity, Northumbrian, Portsmouth, SES, South Staffs, Wessex, Yorkshire       |

|                 |                                 |
|-----------------|---------------------------------|
| Action Required | South East, Southern and Thames |
|-----------------|---------------------------------|

In January, Ofwat provided feedback on Anglian's 2023/24 financial reporting. They asked for further detail on the Board's basis for determining the 2023/24 dividend and criticised the payment of an executive bonus against personal targets which did not directly relate to delivery for customers and the environment.

### **3.0 Financing**

During the year, Osprey raised two £30.0 million floating rate bank term loans new debt and repaid no debts.

As at year end, £32.0 million of the £250.0 million Revolving Credit Facility was drawn.

On a consolidated basis, Osprey increases the CTA gross debt of Anglian Water by £1,037.0 million to £10,043.7 million. The consolidated cash balance was £1,078.8 million, as at year end, giving an Osprey CTA net debt of £8,964.9 million.

Credit ratings as at 31/03/2025 are as follows:

Fitch Ratings:                      BBB- (negative outlook)

## 4.0 Cash Management

### Calculation of the Required Balance – Debt Service Reserve Account

Anglian Water (Osprey) Financing Plc is required to maintain, on any day, the aggregate of the next 6 months' interest and other finance charges (but excluding any indexation of principal) forecast to be due in the Debt Service Reserve Account ("DSRA"). On 31 March 2025 the balance of £29.5 million was available for interest and other finance charges which covers the £25.6 million forecast to be due for the 6 month period to 30 September 2025.

Osprey Acquisitions Ltd is required to transfer amounts to the Debt Service Reserve Account to maintain the Required Balance. For the period from 1 April 2024 to 31 March 2025 the amount paid into the Debt Service Reserve Account was £27.5 million.

Osprey Acquisitions Ltd may withdraw amounts from the Debt Service Reserve Account to maintain the Required Balance. For the period from 1 April 2024 to 31 March 2025 there were no amounts paid out of the Debt Service Reserve Account.

The following table sets out the sources and uses of cash in the Anglian Water (Osprey) Financing Plc bank account which also holds the required DSRA balance.

|                                     | 31 Mar 2025<br>£m |
|-------------------------------------|-------------------|
| Opening DSRA Balance (1 April 2024) | 27.7              |
| Amounts paid in                     | 27.5              |
| Amounts paid out                    | 0.0               |
| Debt repaid                         | 0.0               |
| Debt borrowed                       | 16.0              |
| Interest and other finance charges  | (41.7)            |
| <b>Closing DSRA Balance</b>         | <b>29.5</b>       |

## **5.0 Pensions**

From 1 April 2018 significant changes were made to the provision of pension benefits to employees in Anglian Water through the Anglian Water Group Pension Scheme ('AWGPS'). All defined contribution and defined benefit sections of the Pension Scheme were closed to future accrual and additional member contributions. Defined Contribution pension arrangements are now in place to all employees through a Master Trust defined contribution pension plan.

At 31 March 2025, the closed defined benefit scheme, excluding the unfunded pension liability, had an IAS 19 accounting pension surplus (before deferred tax) of £118.4 million, compared to a surplus of £62.4 million at 31 March 2024. This increase in surplus reflects the strong performance of the assets held by the scheme. During the year no deficit reduction payments were made by the company, the same as in the prior year.

Osprey also has pension obligations to former employees through the Morrison Pension & Life Assurance Plan ('MPLAP'). During 2022/23, a buy-in of the MPLAP scheme was completed with Legal & General. The process to move the scheme to buy-out remains ongoing.

Valuations of the pension schemes are performed tri-annually. The last full valuations for the AWGPS and MPLAP Scheme were completed as at 31 March 2023.

## **6.0 *Obligors***

No changes to obligors occurred in the period.

## 7.0 Significant Board Changes

The Boards of Osprey Investco Limited ("**OIL**"), Osprey Acquisitions Limited ("**OAL**") and Anglian Water (Osprey) Financing Plc ("**AWOF**") (together "**MidCo**") comprise:

Dr Ros Rivaz  
Michael Bradley  
28 November 2024)

Paul Whittaker  
Mark Thurston  
(appointed 5 August 2024)

Independent Non-Executive Director (Chair of the Anglian Water Group)  
Executive Director (Chief Financial Officer of the Anglian Water Group) (appointed

Independent Non-Executive Director  
Executive Director (Chief Executive Officer of the Anglian Water Group)



## **Ratios**

### **1.0 Historical & Current Test Period**

Osprey confirms that in respect of the twelve-month test period ended 31 March 2025, by reference to the most recent financial statements that it is obliged to deliver to you in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 5 (Covenants) of the CTA:

|                                                | <b>Actual to<br/>31 Mar 2025</b> | Actual to<br>31 Mar 2024 |
|------------------------------------------------|----------------------------------|--------------------------|
| a) MidCo Interest Cover Ratio                  | <b>3.0:1</b>                     | 3.2:1                    |
| b) Adjusted MidCo Interest Cover Ratio         | <b>1.4:1</b>                     | 1.2:1                    |
| c) Adjusted Average MidCo Interest Cover ratio | <b>1.5:1</b>                     | 1.2:1                    |
| d) OpCo RAR                                    | <b>71.2%</b>                     | 68.8%                    |
| e) MidCo RAR                                   | <b>79.9%</b>                     | 77.8%                    |

## **2.0 Computations**

Computations for the Ratios above in Schedule 1 are set out in Schedule 3 and 4 below. Osprey confirms that the Ratios have been calculated for the Relevant Periods for which they are required to be calculated under the Agreement and have not caused a Trigger Event to occur and have not caused Part 1 (Events of Default) of Paragraph 10 (Breach of Financial Covenants) of Schedule 4 (Events of Default) to be breached.

### 3.0 Interest Cover Ratios (ICR)

(a) MidCo Interest Cover Ratio is:

|                                   | Period to<br>31 Mar 25<br>£m | Period to<br>31 Mar 24<br>£m |
|-----------------------------------|------------------------------|------------------------------|
| Consolidated EBITDA               | 897.5                        | 799.5                        |
| Net Finance Charges               | (295.8)                      | (251.9)                      |
| <b>MidCo Interest Cover Ratio</b> | <b>3.0</b>                   | <b>3.2</b>                   |

(b) Adjusted MidCo Interest Cover Ratio is:

|                                                                                          | Period to<br>31 Mar 25<br>£m | Period to<br>31 Mar 24<br>£m |
|------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Operating Cash Flow                                                                      | 801.1                        | 739.7                        |
| Tax                                                                                      | (0.0)                        | 0.0                          |
| Net Cash Flow                                                                            | 801.1                        | 739.7                        |
| Capital Maintenance Expenditure                                                          | (424.0)                      | (341.1)                      |
| Regulatory Depreciation                                                                  | (501.5)                      | (475.2)                      |
| <b>Net Cash Flow less greater of Depreciation<br/>or Capital Maintenance Expenditure</b> | <b>299.6</b>                 | <b>264.5</b>                 |
| <b>Net Interest</b>                                                                      | <b>(219.8)</b>               | <b>(218.7)</b>               |

**Adjusted MidCo Interest Cover Ratio****1.4****1.2**

(c) Adjusted Average MidCo Interest Cover Ratio is:

|                                                                                          | <b>Period to<br/>31 Mar 25<br/>£m</b> | <b>Period to<br/>31 Mar 24<br/>£m</b> |
|------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>Net Cash Flow less greater of Depreciation<br/>or Capital Maintenance Expenditure</b> |                                       |                                       |
| 31 Mar 25                                                                                | 299.6                                 | 274.9                                 |
| 31 Mar 26                                                                                | 399.6                                 | 264.5                                 |
| 31 Mar 27                                                                                | 624.4                                 | 312.7.8                               |
|                                                                                          | <b>1,323.7</b>                        | <b>852.0</b>                          |
| <b>Net Interest</b>                                                                      |                                       |                                       |
| 31 Mar 25                                                                                | (219.8)                               | (222.3)                               |
| 31 Mar 26                                                                                | (327.0)                               | (218.7)                               |
| 31 Mar 27                                                                                | (347.3)                               | (256.9)                               |
|                                                                                          | <b>(894.1)</b>                        | <b>(697.9)</b>                        |
| <b>Adjusted Average MidCo Interest Cover<br/>Ratio</b>                                   | <b>1.5</b>                            | <b>1.2</b>                            |

## 4.0 Regulatory Asset Ratios (RAR)

(a) MidCo RAR as at the most recent Calculation Date:

|                                               | <b>As at<br/>31 Mar 25<br/>£m</b> | <b>As at<br/>31 Mar 24<br/>£m</b> |
|-----------------------------------------------|-----------------------------------|-----------------------------------|
| Tested Debt                                   | (10,043.7)                        | (9,359.3)                         |
| Other Permitted Financial Indebtedness        | (1.5)                             | (1.7)                             |
| Less cash balances and Authorised investments | 1,076.0                           | 1,047.5                           |
| <b>Total MidCo Net Debt</b>                   | <b>(8,969.2)</b>                  | <b>(8,313.5)</b>                  |
| <b>Regulatory Asset Value (RAV)</b>           | <b>11,219.8</b>                   | <b>10,681.0</b>                   |
| Regulatory Asset Ratios:                      |                                   |                                   |
| <b>MidCo RAR</b>                              | <b>79.9%</b>                      | <b>77.8%</b>                      |

(b) OpCo RAR as at the most recent Calculation Date:

|                                               | <b>As at<br/>31 Mar 25<br/>£m</b> | <b>As at<br/>31 Mar 24<br/>£m</b> |
|-----------------------------------------------|-----------------------------------|-----------------------------------|
| OpCo Senior Gross Debt                        | (9,006.7)                         | (8,338.3)                         |
| Less cash balances and Authorised investments | 1,012.6                           | 994.2                             |
| <b>Total OpCo Senior Net Debt</b>             | <b><u>(7,994.1)</u></b>           | <b><u>(7,344.1)</u></b>           |
| <b>Regulatory Asset Value (RAV)</b>           | <b>11,219.8</b>                   | <b>10,681.0</b>                   |
| Regulatory Asset Ratios:                      |                                   |                                   |
| <b>OpCo RAR</b>                               | <b>71.2%</b>                      | <b>68.8%</b>                      |

## 5.0 Osprey Acquisitions Limited Group – Movements in Debt Balances

| CTA Gross Debt <sup>1</sup>                      | Closing Balance<br>31 Mar 2024 | New Issues | Repayment      | Indexation   | Other      | Closing Balance<br>31 Mar 2025 |
|--------------------------------------------------|--------------------------------|------------|----------------|--------------|------------|--------------------------------|
|                                                  | £m                             | £m         | £m             | £m           | £m         | £m                             |
| £200 million 6.625% fixed rate 2029              | 200.0                          |            |                | 0.0          |            | 200.0                          |
| £200 million wrapped 3.07% RPI index-linked 2032 | 433.2                          |            |                | 13.7         |            | 446.9                          |
| £60 million wrapped 3.07% RPI index-linked 2032  | 116.0                          |            |                | 4.2          |            | 120.2                          |
| £246 million 6.293% fixed rate 2030              | 246.0                          |            |                | 0.0          |            | 246.0                          |
| £75 million 3.666% RPI index-linked 2024         | 162.4                          |            | (163.0)        | 0.6          |            | 0.0                            |
| £402 million 2.4% RPI index-linked 2035          | 535.6                          |            |                | 28.4         |            | 563.9                          |
| £50 million 1.7% RPI index-linked 2046 - 1       | 97.1                           |            |                | 3.1          |            | 100.2                          |
| £50 million 1.7% RPI index-linked 2046 - 2       | 95.8                           |            |                | 4.0          |            | 99.8                           |
| £40 million 1.764% RPI index-linked 2056         | 77.7                           |            |                | 2.5          |            | 80.3                           |
| £50 million 1.6777% RPI index-linked 2056        | 97.2                           |            |                | 3.2          |            | 100.4                          |
| £60 million 1.7903% RPI index-linked 2049        | 116.6                          |            |                | 3.8          |            | 120.4                          |
| £50 million 1.3825% RPI index-linked 2056        | 96.0                           |            |                | 3.9          |            | 99.9                           |
| £100 million 1.3784% RPI index-linked 2057       | 192.0                          |            |                | 7.8          |            | 199.8                          |
| £100 million wrapped floating rate 2057          | 100.0                          |            |                | 0.0          |            | 100.0                          |
| £75 million 1.449% RPI index-linked 2062         | 135.2                          |            |                | 6.6          |            | 141.8                          |
| £50 million 1.52% RPI index-linked 2055          | 90.3                           |            |                | 4.4          |            | 94.6                           |
| £110 million floating rate 2043                  | 110.0                          |            |                | 0.0          |            | 110.0                          |
| £25 million 6.875% fixed rate 2034               | 25.0                           |            |                | 0.0          |            | 25.0                           |
| £130 million 2.262% RPI index-linked 2045        | 224.4                          |            |                | 8.8          |            | 233.3                          |
| £250 million 4.5% fixed rate 2027                | 250.0                          |            |                | 0.0          |            | 250.0                          |
| £73.3 million 4.394% fixed rate 2028             | 73.3                           |            |                | 0.0          |            | 73.3                           |
| £50 million 2.05% RPI index-linked 2033          | 78.3                           |            |                | 3.1          |            | 81.4                           |
| £200 million 4.5% fixed rate 2026                | 200.0                          |            |                | 0.0          |            | 200.0                          |
| £35 million 1.141% RPI index-linked 2042         | 53.8                           |            |                | 2.1          |            | 55.9                           |
| £55 million 2.93% fixed rate fixed rate 2026     | 55.0                           |            |                | 0.0          |            | 55.0                           |
| US\$ 150 million 3.29% fixed rate 2026           | 104.3                          |            |                | 0.0          |            | 104.3                          |
| £35 million floating rate fixed rate 2031        | 35.0                           |            |                | 0.0          |            | 35.0                           |
| £20 million 2.93% fixed rate 2026                | 20.0                           |            |                | 0.0          |            | 20.0                           |
| £200 million 2.6225% fixed rate 2027             | 200.0                          |            |                | 0.0          |            | 200.0                          |
| £250 million 1.625% fixed rate 2025              | 250.0                          |            |                | 0.0          |            | 250.0                          |
| £300 million 2.75% fixed rate 2029               | 300.0                          |            |                | 0.0          |            | 300.0                          |
| £85 million 2.88% fixed rate 2029                | 85.0                           |            |                | 0.0          |            | 85.0                           |
| £25 million 3.0% fixed rate 2031                 | 25.0                           |            |                | 0.0          |            | 25.0                           |
| US\$ 53 million 4.27% fixed rate 2029            | 40.1                           |            |                | 0.0          |            | 40.1                           |
| <b>Sub Total</b>                                 | <b>4,920.1</b>                 | <b>0.0</b> | <b>(163.0)</b> | <b>100.3</b> | <b>0.0</b> | <b>4,857.4</b>                 |

| CTA Gross Debt (cont'd) <sup>1</sup>                   | Closing Balance<br>31 Mar 2024<br>£m | New Issues<br>£m | Repayment<br>£m | Indexation<br>£m | Other<br>£m    | Closing Balance<br>31 Mar 2025<br>£m |
|--------------------------------------------------------|--------------------------------------|------------------|-----------------|------------------|----------------|--------------------------------------|
| £65 million 2.87% fixed rate 2029                      | 65.0                                 |                  |                 | 0.0              |                | 65.0                                 |
| JPY 7 billion 0.855% fixed rate 2039                   | 50.9                                 |                  |                 | 0.0              |                | 50.9                                 |
| £65 million amortising 0.835% CPI index-linked 2040    | 78.9                                 |                  |                 | 2.0              |                | 80.9                                 |
| £50 million 1.76% fixed rate 2035                      | 50.0                                 |                  |                 | 0.0              |                | 50.0                                 |
| JPY 7 billion 0.85% fixed rate 2040                    | 50.4                                 |                  |                 | 0.0              |                | 50.4                                 |
| £35 million 2.14% fixed rate 2036                      | 35.0                                 |                  |                 | 0.0              |                | 35.0                                 |
| £40 million 2.14% fixed rate 2036                      | 40.0                                 |                  |                 | 0.0              |                | 40.0                                 |
| US\$35 million 1.16% fixed rate 2026                   | 25.5                                 |                  |                 | 0.0              |                | 25.5                                 |
| C\$ 350 million 4.525% fixed rate 2032                 | 224.8                                |                  |                 | 0.0              |                | 224.8                                |
| £242 million 6.07% fixed rate 2037                     | 242.0                                |                  |                 | 0.0              |                | 242.0                                |
| £24 million 6.07% fixed rate 2037                      | 24.0                                 |                  |                 | 0.0              |                | 24.0                                 |
| £300 million 5.875% fixed rate 2031                    | 300.0                                |                  |                 | 0.0              |                | 300.0                                |
| £560 million 6.0% fixed rate 2039                      | 560.0                                |                  |                 | 0.0              |                | 560.0                                |
| JPY 8.5 billion 1.917% fixed rate 2034                 | 44.5                                 |                  |                 | 0.0              |                | 44.5                                 |
| £575 million 5.75% fixed rate 2043                     | 375.0                                | 200.0            |                 | 0.0              |                | 575.0                                |
| £100 million 2.427% CPI index-linked 2040              | 100.1                                |                  |                 | 2.9              |                | 103.0                                |
| £700 million 6.25% fixed rate 2044                     | 0.0                                  | 700.0            |                 | 0.0              |                | 700.0                                |
| £100 million 6.05% fixed rate 2039                     | 0.0                                  | 50.0             |                 | 0.0              |                | 50.0                                 |
| CTA Leases                                             | 9.6                                  |                  |                 | 0.0              | (2.7)          | 6.9                                  |
| Index Linked Swaps                                     | 353.8                                |                  |                 | 73.2             | (126.8)        | 300.2                                |
| £75 million EIB amortising 0.53% RPI index-linked 2027 | 35.8                                 |                  | (12.2)          | 12               |                | 24.8                                 |
| £75 million EIB amortising 0.79% RPI index-linked 2027 | 35.8                                 |                  | (12.2)          | 12               |                | 24.8                                 |
| £150 million EIB amortising 0% RPI index-linked 2028   | 92.8                                 |                  | (23.7)          | 3.3              |                | 72.3                                 |
| £65 million EIB amortising 0.41% RPI index-linked 2029 | 48.8                                 |                  | (10.0)          | 1.7              |                | 40.5                                 |
| £125 million EIB amortising 0.1% RPI index-linked 2029 | 102.0                                |                  | (19.0)          | 3.6              |                | 86.6                                 |
| £60 million EIB amortising 0.01% RPI index-linked 2030 | 53.2                                 |                  | (9.1)           | 1.9              |                | 46.0                                 |
| £100 million 1.588% fixed rate 2024                    | 100.0                                |                  | (100.0)         | 0.0              |                | 0.0                                  |
| £26.1 million 0.01% CPI index-linked 2035 - 1          | 31.7                                 |                  |                 | 1.0              |                | 32.7                                 |
| £26.1 million 0.01% CPI index-linked 2035 - 2          | 31.7                                 |                  |                 | 1.0              |                | 32.7                                 |
| £100 million amortising 3.017% CPIH index-linked 2040  | 107.0                                |                  |                 | 3.8              |                | 110.8                                |
| £75 million floating rate 2029                         | 75.0                                 |                  |                 | 0.0              |                | 75.0                                 |
| £75 million floating rate 2032                         | 75.0                                 |                  |                 | 0.0              |                | 75.0                                 |
| <b>Total</b>                                           | <b>8,338.3</b>                       | <b>950.0</b>     | <b>(349.3)</b>  | <b>197.1</b>     | <b>(129.5)</b> | <b>9,006.7</b>                       |



| Cont'd                                       | Closing Balance | New Issues     | Repayment      | Indexation   | Other          | Closing Balance |
|----------------------------------------------|-----------------|----------------|----------------|--------------|----------------|-----------------|
| CTA Gross Debt                               | 31 Mar 2024     |                |                |              |                | 31 March 2025   |
|                                              | £m              | £m             | £m             | £m           | £m             | £m              |
| <b>OAL Debt:</b>                             |                 |                |                |              |                |                 |
| £240 million 4.0% fixed rate bond 2026       | 240.0           |                |                |              |                | 240.0           |
| £300 million 2.0% fixed rate bond 2028       | 300.0           |                |                |              |                | 300.0           |
| £100 million 2.37% private placements 2031   | 42.6            |                |                |              |                | 42.6            |
| £100 million 2.37% private placements 2031   | 23.4            |                |                |              |                | 23.4            |
| £100 million 2.37% private placements 2031   | 34.0            |                |                |              |                | 34.0            |
| £100 million 6.96% private placement 2033    | 40.0            |                |                |              |                | 40.0            |
| £100 million 6.96% private placement 2033    | 35.0            |                |                |              |                | 35.0            |
| £100 million 6.96% private placement 2033    | 25.0            |                |                |              |                | 25.0            |
| £105 million 2.2% private placements 2028    | 105.0           |                |                |              |                | 105.0           |
| £100 million floating term facility 2027     | 100.0           |                |                |              |                | 100.0           |
| RCF Facilities OAL                           | 76.0            | 26.0           | (70.0)         |              |                | 32.0            |
| £30 million floating bank term loan 2027     | 0.0             | 30.0           |                |              |                | 30.0            |
| £30 million floating bank term loan 2027 - 2 | 0.0             | 30.0           |                |              |                | 30.0            |
| <b>OAL Total Debt</b>                        | <b>9,359.3</b>  | <b>1,036.0</b> | <b>(419.3)</b> | <b>197.1</b> | <b>(129.5)</b> | <b>10,043.7</b> |

## 6.0 Osprey Acquisitions Limited Group – Profit & Loss Account

|                                                           | 2025<br>Total<br>£m | 2024<br>Total<br>£m |
|-----------------------------------------------------------|---------------------|---------------------|
| <b>Revenue</b>                                            | <b>1,762.3</b>      | <b>1,628.7</b>      |
| <b>Other operating income</b>                             | <b>16.8</b>         | <b>15.8</b>         |
| Operating costs                                           | (841.5)             | (807.0)             |
| Charge for doubtful and bad debts                         | (36.2)              | (38.7)              |
| Depreciation and amortisation                             | (423.5)             | (388.7)             |
| <b>Operating profit</b>                                   | <b>477.9</b>        | <b>410.1</b>        |
| Finance income                                            | 62.0                | 60.6                |
| Finance costs                                             | (466.6)             | (593.7)             |
| <b>Adjusted profit/(loss) before tax</b>                  | <b>73.3</b>         | <b>(123.0)</b>      |
| Finance costs – fair value gains on financial derivatives | 62.9                | 204.9               |
| <b>Profit before tax on a statutory basis</b>             | <b>136.2</b>        | <b>81.9</b>         |

## 7.0 *Osprey Acquisitions Limited Group– Balance Sheet*

At 31 March 2025

|                                                                                    | £m                    |
|------------------------------------------------------------------------------------|-----------------------|
| <u>Non-current assets</u>                                                          |                       |
| Intangible assets (including goodwill)                                             | 763.1                 |
| Property, plant and equipment                                                      | 12,115.0              |
| Investment properties                                                              | 0.2                   |
| Derivative financial instruments classified as current and non-current assets      | 169.2                 |
| Retirement benefit surpluses                                                       | 119.8                 |
| Net current liabilities excluding cash and debt repayable in less than one year    | (35.5)                |
| Retirement benefit deficit                                                         | (26.6)                |
| Derivative financial instruments classified as current and non-current liabilities | (789.9)               |
| Creditors amounts falling due after more than one year excluding debt              | (1,498.0)             |
| Cash and cash equivalents                                                          | 1,085.3               |
| Financing liabilities                                                              | <u>(9,866.1)</u>      |
| Net Debt (excluding derivatives)                                                   | (8,780.8)             |
| <b>Net assets</b>                                                                  | <u>2,036.5</u>        |
| Capital and reserves                                                               |                       |
| Share capital                                                                      | 876.2                 |
| Share premium                                                                      | 596.5                 |
| Retained earnings                                                                  | 521.1                 |
| Hedging reserve                                                                    | 46.0                  |
| Cost of hedging reserve                                                            | (3.3)                 |
| <b>Capital and reserves</b>                                                        | <u><u>2,036.5</u></u> |

## 8.0 Osprey Acquisitions Limited Group– Calculation of Annual Finance Charge

| Instrument                   | Interest<br>Paid to<br>31 Mar 25<br>£m | Actual Interest<br>Paid to<br>31 Mar 24<br>£m |
|------------------------------|----------------------------------------|-----------------------------------------------|
| <b>AWS Debt:</b>             |                                        |                                               |
| <u>Class A Debt</u>          |                                        |                                               |
| AAA Wrapped Bonds            | 25.0                                   | 19.3                                          |
| Other Class A Debt           | 208.7                                  | 204.4                                         |
| <b>OAL Debt:</b>             | 42.2                                   | 40.1                                          |
| <b>Annual Finance Charge</b> | <b>276.0</b>                           | <b>263.8</b>                                  |

The Annual Finance Charge represents cash interest payable by Osprey Acquisitions Limited Group for the periods set out above.