

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Severn Trent Plc Trading Update and Final Determination

Severn Trent Plc today announces the following trading update for the period to 23 January 2025, together with its acceptance of Severn Trent Water's PR24 Final Determination and AMP8¹ Dividend Policy.

On track to deliver a strong AMP7

Financial performance for the year remains on track and we expect to perform in line with guidance, which includes delivering a net ODI² reward in year of over £100 million pre-customer-sharing in FY17/18 prices. This would bring our total net ODI reward in AMP7 to around £420 million in nominal prices (post-customer sharing), reflecting consistent sector-leading performance.

PR24 Final Determination

Following a detailed review and consideration of a broad range of stakeholders, including customers, colleagues and investors, the Board of Severn Trent Water Limited is pleased to accept the Final Determination for the period 2025-2030, as published on 19 December 2024.

Our totex allowance of £14.9 billion will generate real RCV growth³ of 45% and allow us to deliver significant progress on the environment and customer service, including:

- Delivering the industry's fastest and most ambitious spills reduction programme, as we aim to halve spills by 2030 and strive towards global best practice;
- Reducing pollutions by a further 30%;
- Delivering a further 16% reduction in leakage and replacing around 1,400km of water mains;
- Supporting growth in the region through investment in 70 waste treatment works; and
- Achieving operational Net Zero by 2030.

We will deliver this step change in investment while maintaining the second lowest bill in England and supporting around 1 in 6 customers with their bills through a £575 million affordability package. We will be able to make this investment with extensive regulatory mechanisms in place which offer protection to both customers and investors.

AMP8 Dividend Policy

The Severn Trent Plc Board has reviewed the Final Determination alongside current performance. Having considered the impacts on all stakeholders, including the many retail shareholders who rely on dividend income in return for their investment, the Board is pleased to announce that the Dividend Policy for AMP8 will be annual growth of CPIH. Based on the FY24/25 dividend of 121.71p, as guided, the dividend for FY25/26 is therefore anticipated to be 126.02p, using November 2024 CPIH.

Further Information

A recording of our Final Determination presentation and Q&A is available on our website (www.severntrent.com), and we look forward to sharing more detail on our future plans at our Capital Markets Day in Coventry on 5 March 2025.

Footnotes

1. Asset Management Plan ('AMP')

The regulatory cycle is broken up into five-year periods known as AMP (Asset Management Plan) periods. The current period is known as AMP7 (2020-2025), and AMP8 refers to the next period of 1 April 2025 to 31 March 2030.

2. Outcome Delivery Incentives ('ODIs')

A framework made up of outcomes, measures, targets and incentives which provides companies with rewards for achieving stretching performance targets and compensates customers if performance is below performance targets. ODIs are quoted pre-tax and post customer sharing. We assume a 25% rate of corporation tax to be in place when ODIs are taken into revenue. A net reward of £100 million (pre-sharing) would deliver a net reward of £60 million +/- 10% (post-sharing), dependent on the mix of ODI net rewards earned.

3. RCV: Regulatory Capital Value ('RCV')

RCV is used to measure the capital base of a company when setting price limits. The RCV increases each year by a proportion of totex that is set at each price review and by an adjustment for inflation. The RCV is reduced each year through the run-off mechanism (which is similar to depreciation of fixed assets). The run-off amount is recovered through revenue in the year. RCV Growth figures are stated inclusive of AMP8 transition spend, which has been accelerated into AMP7 and will be included in the AMP7 closing RCV. Excluding transition spend, real RCV growth is 40% in AMP8.

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This document contains statements that are, or may be deemed to be, 'forward-looking statements' with respect to Severn Trent's financial condition, results of operations and business and certain of Severn Trent's plans and objectives with respect to these items.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'will', 'would', 'should', 'expects', 'believes', 'intends', 'plans', 'projects', 'potential', 'reasonably possible', 'targets', 'goal', 'estimates' or words with a similar meaning, and, in each case, their negative or other variations or comparable terminology. Any forward-looking statements in this document are based on Severn Trent's current expectations and, by their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and no assurances can be given that the forward-looking statements in this document will be realised. There are a number of factors, many of which are beyond Severn Trent's control that could cause actual results, performance and developments to differ materially from those expressed or

implied by these forward-looking statements. These factors include but are not limited to: the Principal Risks disclosed in our latest Annual Report and Accounts (which have not been updated since the date of its publication); changes in the economies and markets in which the group operates; changes in the regulatory and competition frameworks in which the group operates; the impact of legal or other proceedings against or which affect the group; and changes in interest and exchange rates.

All written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to Severn Trent or any other member of the group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. The final PR24 Business Plan determination may be subject to further clarification or verification by Severn Trent or Ofwat. This document speaks as at the date of publication. Save as required by applicable laws and regulations, Severn Trent does not intend to update any forward-looking statements and does not undertake any obligation to do so. Past performance of securities of Severn Trent Plc cannot be relied upon as a guide to the future performance of securities of Severn Trent Plc.

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