RNS Number : 0764I
Severn Trent PLC
19 November 2025

Half Yearly Financial Report
19 November 2025
Interim results for the six months to 30 September 2025

First half adjusted EPS[1] growth of 74% and upgrading FY26 ODI guidance

Severn Trent delivers strong financial performance in the first six months of AMP8 with year-on-year PBIT growth of 57% and record levels of investment. We will grow our regulatory asset base by 13% this year, increasing the value on which we earn future returns.

Liv Garfield, Chief Executive, said:

"The next five years will be a period of exceptional growth for Severn Trent. We have made a strong start to our largest-ever investment programme, frontloading our investments to deliver faster for customers. Thanks to these early investments, we've upgraded our forecasts for this year's performance incentives to drive improvements in the things our customers care about most, and delivered an unprecedented sixth consecutive year of top-rated environmental performance.

"We're investing in people, technology, and new businesses to secure the capabilities we need for the future. Backed by the financial strength of our group, we're accelerating growth in our asset base which flows through to earnings. We're confident we can deliver earnings growth and returns while investing even more for our customers, creating new jobs across our region and improving the environment for the communities we serve."

Strong first half financial performance delivering PBIT growth of 57%

- **Robust earnings:** higher revenue and PBIT underpinning adjusted EPS growth of 74%.
- **Financing costs:** raised over £900m of new debt this financial year, with the tightest credit spreads in the sector, minimising net finance costs and driving financing outperformance.
- **Record investment:** £769m invested in the first six months, with regulatory asset base growth of 13% to £15.4bn by the end of this financial year.
- **Regulated gearing[2]**: 61.5% (compared to 62.7% at 31 March 2025).

Group Financial Performance - H1 FY26	30 Sept 2025	30 Sept 2024	Increase
Revenue	£1,436.9m	£1,217.7m	18.0%
PBIT	£466.2m	£297.8m	56.5%
Net finance costs	£161.2m	£124.6m	29.4%
Adjusted EPS	101.0p	58.0p	74.1%
Basic EPS	75.7p	47.2p	60.4%
Interim dividend per ordinary share	50.40p	48.68p	3.5%
Capital investment	£769.0m	£665.9m	15.5%

Improved FY26 guidance

- Upgrading ODIs[3]: net performance incentives (ODIs) of at least £40m (previously "at least £25m") driven by strong performance in reducing leakage, storm overflow spills and pollutions.
- Driving cost efficiency: improved outlook on operating costs and infrastructure renewals expenditure, now expecting 5-8% year-on-year increase (previously "up to 12% higher").
- Net finance costs: expect to be 25-30% higher (previously "20-25% higher") due to higher inflation, of which we are net beneficiaries through the regulatory model.
- Regulatory Return[4]: forecasting around 13% this year.

Regulatory period (AMP8) outlook

- Reiterating outlook of doubling adjusted EPS in the 3-year period to FY28 (from 112.1p in FY25).
- Regulated gearing expected to be 60%-65% at FY30, based on forecast regulatory asset base of £21.9bn.
- Combining our clean energy, property and services businesses with new acquisitions to form Infrastructure Services, targeting around £100m EBITDA[5] in FY30 (from £47.5m in FY25).

Delivering customer priorities through excellence in operational performance

- Only company to achieve four star rating from the environment regulator in 2024, a sixth consecutive year of 'industry-leading' environmental status.
- Expect to achieve around 90% of ODI targets and 100% of our delivery incentive targets (PCDs) this year.
- Expect to halve storm overflow spills to around 13 in 2025 with analysis showing that even if we'd experienced last year's abnormally wet weather again, we would have achieved our 25% reduction target from 2024.
- On track to hit our leakage reduction target for an eighth consecutive year.

Footnotes to page 1 of this RNS

1. Adjusted EPS: refers to adjusted basic earnings per share (see note 8 for further detail).
2. Regulated gearing: the adjusted net debt of our regulated business expressed as a percentage of our estimated regulatory asset base.
3. ODI: Outcome Delivery Incentive (see glossary). FY26 ODI guidance is stated post-tax and in 2022/23 prices.
4. Regulatory return: the return generated on actual regulatory equity, calculated using average actual gearing applied to the Final Determination RCV. It encompasses the base return, outperformance, and the uplift to our regulatory asset base from inflation.
5. EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation.

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Preliminary Results Presentation and Webcast

A presentation of these results hosted by Liv Garfield, CEO, and Helen Miles, CFO, will be available on our website (severntrent.com) from 7.00am GMT today, 19 November 2025.

We will be hosting a live Q&A session with Liv, Helen and our wider executive team at 8.30am GMT today via video call which you can register for through our website.

Chief Executive's Review

This year marks a significant milestone for the water industry in England and Wales. We've moved into a new regulatory period, AMP8, which is set to be a turning point for the sector with record levels of investment. And this summer the final report of the Independent Water Commission ('IWC') set out the recommendations which stand to shape the regulatory framework for the future beyond 2030.

Both of these developments are positive for the sector as a whole. AMP8 brings significantly more investment, allowing companies to deliver improvements to the three priority areas which will define the success of the industry - storm overflows, leakage and pollutions - while also evolving the incentive regime and introducing more protection for investors. Meanwhile, the IWC final report emphasises greater stability for shareholders and clearly sets out that significant long-term growth will continue far into the future.

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We entered AMP8 as the frontier company in the sector. In the five years of AMP7, we were the only company to be rated as 'industry leading' by the Environment Agency for our environmental performance every year, made the fastest start to reduce storm overflow spills, and were one of only two water and sewerage companies to hit our leakage reduction target every year.

The relative performance of our company is significant because the regulatory framework is comparative, setting allowances based on industry averages and directly rewarding better performers. Our operational performance in leakage and pollutions contributed to £434 million of net 'ODI' rewards earned in AMP7 - more than twice as much as any other company. That helped us to deliver a real Return on Regulatory Equity of around 9%, significantly more than any other company in the sector. We had the highest asset base growth of any listed water company across the period; when factoring in growth to our asset base from indexation, our regulatory return was 14.2% p.a. across the past five years.

Our success is underpinned by our ability to adapt to the changes and opportunities presented to us. For AMP8, that started with our Business Plan, which was rated Outstanding by the regulator and granted an additional 30 basis points onto the allowed cost of equity (which equates to a reward of more than £100 million across the AMP). Since accepting our Final Determination, we've aligned the business to the new regulatory framework and made a fast start to the AMP.

We've progressively stepped up our investment levels over the past few years. We deployed around half a billion pounds of AMP8 spend in the last two years of AMP7 and secured more than twice as much funding in the AMP7 'Green Recovery' reopener than the rest of the sector combined, meaning we entered this year already at the right run rate to deliver the capital programme in AMP8. This also puts us in the most credible position to be awarded any additional funding we apply for through Ofwat's 'reopener' (see glossary) in the next five years, once that process is defined and the growth opportunity it presents becomes clearer.

Much of our early investment was directed towards storm overflows, meaning we began tackling the sector's biggest issue earlier than anyone else. Storm overflow performance is measured by the number of times each company's storm overflows spill on average across a calendar year, and last year we had the lowest average spills number in the sector. Having installed over 2,700 interventions so far across our nearly 2,500 storm overflows, we are on course to halve our spills number this year, beating our 2030 target.

Our progress in addressing storm overflow spills is just one factor contributing towards the significant ODI reward we expect to earn this year, as we upgrade our year one guidance. We see ODIs as our strength: we have demonstrated that Severn Trent has the culture to generate outperformance in any regulatory regime. We adapted best to the introduction of ODIs in AMP6, and adapted again to generate the highest rewards in AMP7 as the framework evolved. And we signalled our continued confidence before AMP8 had even begun, guiding to at least £300 million of rewards from operational incentives across the five years.

Strong water performance

2025 marks 30 years since the Severn Trent region last had a hosepipe ban and, thanks to the network resilience we've built over the past decade, we've managed this summer's drought with minimal customer impact. While hotter, drier weather leads to greater water consumption, we've increased our ability to transfer water through our network to keep customers on supply, and our roughly even split of water sources between reservoirs, rivers, and aquifers provides more flexibility when choosing where to abstract.

We've also been better able to manage the dry weather thanks to our strong track record of leakage reduction, resulting in a greater proportion of treated water reaching customer homes. We expect to deliver another record leakage performance this year, putting us on track for a significant ODI reward. The accelerated rollout of no-dig repairs, which are now used on around half of our communication pipe repairs, has allowed us to complete repairs faster and more cost effectively, with minimal customer disruption. We're also installing pressure management devices that allow us to optimise water pressure remotely, reducing the frequency of bursts in our network. By the end of the year around half of our network will be remotely pressure-controlled, and initial indications show a reduction in bursts of over 20% on these pressure-controlled parts of the network. Our leakage ODI is calculated on a three-year rolling average, so consistent performance underpins reward in future years.

As we continue to improve leakage towards our target of a 31.6% reduction in the ten years to 2030, we will be expanding and utilising our smart network, with over a third of our customers on smart meters by the end of that period. We got a head start, rolling out over 400,000 smart meters in AMP7. This provides real time data, allowing us to find and fix leaks more quickly. Customers benefit too as the smart meters integrate into our Kraken customer management system, giving them insight into their usage.

We are currently on track to meet our annual targets on the vast majority of our water ODIs, including supply interruptions, water quality contacts and the Compliance Risk Index (see glossary). The exception is per capita consumption, with customer demand remaining high during this summer's drought for both Severn Trent Water and Hafren Dyfrdwy - we have numerous initiatives in place including flow regulators, which help to promote water efficiency.

Wastewater and environmental leadership

In October, the Environment Agency awarded Severn Trent Water 'industry-leading' four-star status for our 2024 environmental performance. We earned that rating by delivering against seven stretching operational metrics, including fully implementing 580 environmental improvement programmes, delivering another year of 100% compliance on Satisfactory Sludge Disposal, and achieving 99.5% compliance with our discharge permits across 648 wastewater sites. We were the only company to be given four stars for 2024, marking six consecutive years of the highest possible rating, twice as long as any other company has ever achieved. This achievement is testament to the efforts of the teams involved and the investment we have made, and as we near the end of the 2025 assessment period, we are currently on track to earn this rating for a seventh consecutive year.

At this stage of the year, we are on track to meet our targets on 100% of Ofwat's waste and environment targets, which reflects the hard work of our teams and the upfront investment we have made.

Storm overflow spills have been the water sector's biggest issue in recent years. We had the lowest average spills in the sector in 2024, and as we approach the end of the 2025 assessment period we are highly confident of halving our average spills number year-on-year to 13, meaning we will have beaten our 2030 target in the first year of AMP8.

The drier weather this year has undoubtedly been a contributing factor. We believe our reduction from 2024 in like-for-like weather conditions would have been 27%. We are seeing the benefit of the over 2,700 interventions already implemented on our network to slow the rate at which storm water enters our sewers, increase our storage capacity, and enhance the volume of wastewater that can be treated at our works. Customers expect us to go further, and we foresee significant investment to be supported by the regulator in the coming decades to meet the 2050 government target of ensuring that none of our nearly 2,500 storm overflows spill more than ten times per year.

Pollution incidents are another major focus and we are continuously tackling pollutions in our network. We have been a top three performer in each of the past five years and while we expect to continue to outperform Ofwat's targets over the coming years, we want to go much further. The expansion of our proactive response teams has contributed to a 20% reduction in pollutions so far this year and, going forwards, we'll be fully utilising Storm Harvester - an AI tool which uses data from sewer monitors to give advance warning of when pollutions are likely to occur. Over the course of this five-year regulatory period we are investing £400 million to reduce the number and severity of pollutions, including a sevenfold increase in annual investment in our proactive intervention programme and upgrades to over 400 sewage pumping stations.

Sewer flooding continues to be rare, but seriously impacts customers when it occurs so we will continue to invest to reduce the frequency of these incidents. We are once again on track to meet our regulatory target on internal sewer flooding, prioritising fast responses to prevent these disruptive events. External sewer flooding incidents are also lower year-on-year, and we expect to achieve our target on the measure having invested in capability and skills to improve response times and prevent future issues from arising.

Fast start to investment programme

The AMP8 regulatory period will see the water sector quadrupling investment in new infrastructure and resources compared to AMP7. We are in prime position to deliver this investment early and efficiently thanks to two key differentiators.

Firstly, we scaled up our capital delivery unit early, including deploying around half a billion pounds of transition spend over the last two years of AMP7, so that we have entered the new regulatory period already operating at the right run rate. We anticipate having 80% of our enhancement schemes in contract by March 2027, which derisks the impact of any supply chain peaks that might occur later in the AMP.

Secondly, our insourced capital design team gives us intellectual property ownership of the design of our assets. Traditionally capital build projects take years to complete, with assets built on site, meaning
more time on site and each asset designed individually. Our embedded design team has developed a catalogue of standardised and repeatable 'Plug and Play' assets which can be deployed across multiple projects, reducing the cost and increasing the speed of design and delivery of these capital schemes. Utilising this approach across our increased investment profile in AMP8 will contribute towards at least £500 million of capital efficiencies we are targeting to achieve over the AMP, providing headroom for additional investment.

Our upfront investment enables us to guide to the maximum possible reward of up to £50 million in Price Control Deliverables (PCDs) in AMP8. PCDs incentivise companies to deliver programmes to time, and we expect to outperform on all seven of our time incentive schemes across the next five years. These incentives scale up later on in the period, but we are still expecting the maximum possible reward on the two PCDs measured this year - Mains Renewals and Metering.

Over the next five years we will be completing work on thousands of projects including our largest scheme, a c. £300 million treatment works upgrade at Wanlip in Leicestershire. With the majority of our work being on a smaller scale, we can make the most of our unique Plug and Play approach to drive efficiencies.

For instance, historically we've used over 40 different variations of chemical dosing rig depending on the specific chemical mix needed on a site. Now, our Plug and Play team have created modular chemical dosing rigs with a configurable design that can deliver around 80% of our dosing rig needs. The team have also developed a unique modular solution to increase storage capacity at treatment works, including last year at Lower Moor, Worcestershire. These solutions can be deployed into our existing works at scale quickly with minimal preparatory civil work. Our capital design philosophy looks first to Plug and Play solutions, and we expect to utilise similar technologies across the full breadth of our AMP8 capital programme. As our region's population increases and the climate changes in future years, these Plug and Play solutions will continue to grow in importance.

Customers, Communities and Colleagues

In April of this year, customers saw a step up in their bills as the regulator allowed record levels of investment in AMP8. Knowing this would be the case, we have been committed to delivering value for their money. Our accelerated investment has delivered service improvements ahead of the bill increase, meaning the benefits have been felt from day one. Strong progress on our capital programme and PCDs means that improvements customers have paid for will be delivered on time. Continued outperformance against our targets means delivering the service outcomes they care about most. And our ability to generate cost efficiencies prevents bills from rising more than needed.

That said, we understand that in some cases the bill increase is simply more than families can afford. While collections have remained strong, our five-year £575 million financial support package is sufficient to support around 1 in 6 households with their bill by 2030. Meanwhile, to help households who don't qualify for our financial support, we are starting to proactively move customers onto metered bills where we know it will save them money.

While our Trustpilot score of 4.9 is the highest in the FTSE100, we are expecting to be in a penalty position on the regulatory measure of customer experience, C-MeX. The new methodology introduced this year has created an asymmetry in penalty and reward across all companies, with total sector penalties expected to be c. £100 million compared to less than £20 million of reward.

That said, we are determined to improve, and we know there is more we can do to ensure customers experience a hassle-free journey, and as more customers move over to Kraken we're seeing underlying improvements. Thanks to the data this enables we are segmenting our customers to better tailor the messages we send and the service we provide to them, and as we adapt to this new technology we expect it to transform the service we are able to offer our customers.

We continue to be rated very highly for the services we provide to housing developers. Severn Trent Water and Hafren Dyfrdwy are the two highest-rated companies in the sector on the Developer Measure of Experience (D-MeX), maintaining our strong AMP7 performance into the start of AMP8 when the associated rewards for good performance are more than three times higher.

More widely, as part of the support we offer to our region, over the past three years we have reached over 30,000 people and delivered around £10 million of social value through community initiatives, with a key focus being social mobility. Around 15,000 people have now attended our employability events and careers fairs across the major cities in our region, and we also offer 500 work experience opportunities annually, primarily targeting young people from disadvantaged backgrounds.

Alongside the impact on the lives of people in our communities, this is having a tangible impact on our business. Most recently, 43% of colleagues at our new customer contact centre in Edgbaston came through social recruitment initiatives. And our progress in this area has been recognised externally; we achieved second place in the 2025 Social Mobility Index, having ranked as one of the top ten UK employers in each of the past seven years.

Finally, the source of our success is our engaged workforce, and we continue to see very high morale across our teams. Our recent colleague engagement score is at an all-time high, and once again within the top 5% of utilities globally, while we have been ranked in Glassdoor's top 30 workplaces in the UK with an overall score of 4.6 out of five.

We've maintained these scores while growing our business. We now have more than 10,000 colleagues, 11% growth over the past year. Despite the increase in headcount, we have 92% retention rates across staff and an average employee tenure of over 8 years. This expansion in our organisation has set us up to deliver the increased level of work and investment that lies ahead in the coming years and decades, increasing the internal expertise held within our business while perpetuating the culture that drives our consistent outperformance.

Long-term value from growth

As we look beyond AMP8, the Independent Water Commission ('IWC') report has laid out the direction of travel for the sector over the next few decades.

The report was clear that we should expect operational incentives to remain, evolving towards a more streamlined and simplified form. Our current suite of 24 ODIs contains a number of penalty-only measures which the report recommends are dropped, alongside other ODIs which offer minimal to no return. We therefore expect the roughly ten ODIs in future AMPs to consist predominantly of familiar measures which already carry strong incentives, such as leakage, storm overflow spills and pollutions. Our consistent outperformance and confidence across three different ODI frameworks demonstrates that we can adapt to the future evolution and continue to generate strong returns.

We also know that this era of growth is only just starting. Existing government targets on issues such as storm overflows will require funding for decades, while other investment themes such as PFAS continue to emerge. The IWC report explicitly builds on this foundation, indicating that higher levels of investment will continue well into the future, advocating for upgraded asset health standards, improved resilience standards, greater digitisation and smarter networks.

We are particularly sensitive to these trends. We have no coastline, so our treated wastewater adheres to the stricter permits required to discharge into rivers; as standards continue to tighten, we will continue to be funded to upgrade our treatment works accordingly. Equally, our region continues to experience high levels of population growth, leading to further funding to increase our supply and treatment capacities. And our population is widely dispersed across the region, meaning we have a relatively high number of assets which will require funding.

This growth matters to our business. Increases in the value of our asset base compound over time and are adjusted to reflect inflation. The asset base is used to calculate our base return and as the reference point for outperformance rewards earnt, both of which are key determinants of future earnings.

Finally, as we saw in AMP7, opportunities and challenges will arise that we're not yet able to predict. We're confident that we are best placed to adapt our organisation to whatever challenges and opportunities are ahead.

Chief Financial Officer's Review

AMP8 is a period of exceptional growth for the Group and we have made a strong start, building on our achievements from AMP7. We have delivered strong financial performance in the first half year, with revenue up 18%, PBIT up 57% and adjusted earnings per share up 74%. It is also pleasing we are able to upgrade our ODI guidance for the year to £40 million, demonstrating our commitment to deliver returns with a regulatory return forecast of 13% (nominal).

While we expect to continue to deliver strong performance in the second half of the year, this year we expect that our PBIT will be more weighted to the first half than it has been in the past, due to higher consumption over the very dry summer, and the impacts in the second half of more customers switching from unmeasured to measured billing, increased infrastructure renewals expenditure and higher depreciation due to capital investment.

We have delivered another record level of investment, £769 million in the first half of the year and we expect our RCV to grow by around 13% in the full year to £15.4 billion, including the return from inflation.

We have continued to outperform on financing costs, with a particular highlight being our €700 million 12-year Eurobond issued at a sector-leading 76 bps below the adjusted iboxx allowance set by Ofwat.

Our regulated gearing of 61.5% underpins our strong balance sheet, providing a solid platform for the growth to come in our Regulated Water and Wastewater division. Our target range for regulated gearing by the end of the AMP, i.e. at 2030, is 60 - 65%.

In October 2025, we published an updated Sustainable Finance Framework, which includes stronger alignment with ICMA Green Bond Principles, improved EU Taxonomy mapping, the inclusion of Blue and Nature Bonds, and enhanced impact reporting in line with ICMA guidelines. Our leading approach to sustainable financing reflects our broader environmental and social commitments, and further strengthens our platform for funding record levels of investment.

We are also driving for growth outside the regulated business through our Infrastructure Services businesses. This includes our new Network Services business, formed from the acquisition of two existing suppliers to Severn Trent Water, together with our existing Business Services division comprising the Operating Services, Green Power and Property Development businesses. We see significant potential for growth from all of these businesses and are targeting EBITDA of £100 million from Infrastructure Services by the end of 2029/30, predominantly through organic growth.

A summary of our financial performance in the period is set out below:

	2025	2024	Better/(worse)	
	£m	£m	£m	%
Turnover	1,436.9	1,217.7	219.2	18.0
PBIT	466.2	297.8	168.4	56.5
Net finance costs	(161.2)	(124.6)	(36.6)	(29.4)
Gains/losses on financial instruments, share of results of joint venture and impairment of loans receivable	2.8	19.1	(16.3)	(85.3)
Profit before tax	307.8	192.3	115.5	60.1
Tax	(80.4)	(50.9)	(29.5)	(58.0)
Profit for the period	227.4	141.4	86.0	60.8
Adjusted earnings for the period[1]	303.3	173.6	129.7	74.7

1 *Adjusted earnings exclude gains/losses on financial instruments and deferred tax*

Group turnover was £1,436.9 million (2024/25: £1,217.7 million), up £219.2 million (18.0%), driven by higher revenues in our Regulated Water and Wastewater business (up £215.1 million) due to tariff increases and higher consumption over the dry summer.

Group PBIT was £466.2 million (2024/25: £297.8 million). In our Regulated Water and Wastewater business PBIT increased by 58.5%. Along with the higher revenue, higher operating costs were partly mitigated by lower energy prices and reductions in infrastructure renewals. In Infrastructure Services, EBITDA was £3.1 million lower, impacted by lower export prices in Green Power, which were partially mitigated by increased generation of electricity and gas.

Our effective interest cost increased to 5.2% (2024/25: 4.4%) due to higher inflation uplift on index linked debt, and higher market rates impacting the cost of new debt issued, although lower than the cost of debt we were allowed by Ofwat. Average adjusted net debt increased by 18.4% over the same period in the previous year and net finance costs increased to £161.2 million (2024/25: £124.6 million), up 29.4%. Excluding the impact of inflation on our index-linked debt, our effective cash cost of interest was 3.8% (2024/25: 3.3%), as we saw the impact of higher interest rates on new debt issues compared to maturing debt.

Our adjusted effective current tax rate was nil% (2024/25: 0.1%) as the benefit of full expensing for tax purposes of our significant expenditure on qualifying plant and machinery reduced our profit chargeable to tax. Our effective tax rate was 26.1% (2024/25: 26.5%).

Group profit after tax was £227.4 million (2024/25: £141.4 million). Our adjusted basic earnings per share were 101.0 pence (2024/25: 58.0 pence). Basic earnings per share were 75.7 pence (2024/25: 47.2 pence).

Our balance sheet remains strong. At 30 September 2025 our adjusted net debt was £9,149.8 million (31 March

Our balance sheet remains strong. At 30 September 2025 our adjusted net debt was £[illegible] million (31 March 2025: £8,545.3 million) and our regulated gearing was 61.5% (31 March 2025: 62.7%). We have £1.5 billion of committed facilities, and at 30 September 2025 our cash flow requirements were funded to March 2027.

Our net pension deficit at 30 September decreased to £112.8 million (31 March 2025: £119.8 million) . The overall funding level across all of our defined benefit schemes was 93.7% (31 March 2025: 93.3%).

Capital investment was £769 million (2024/25: £665.9 million) as we carried the momentum through from our transition spend in AMP7 to make a fast start to our largest ever programme in AMP8.

The acquisitions in our Infrastructure Services division led to a total net cash outflow of £32 million.

The Board continues to recognise the important role dividends play in providing income for pensioners and other investors. Taking into account the Group's prospects and financial position and the interests of other stakeholders including customers, our pension scheme members, colleagues and communities; the Board has declared an interim dividend for the year ending 31 March 2026 of 50.40 pence, up 3.5% in line with our policy for the five years of AMP8 to increase the dividend by CPIH.

Regulated Water and Wastewater

Six months ended 30 September

	2025	2024	Better/(worse)	
	£m	£m	£m	%
Turnover	**1,346.0**	1,130.9	215.1	19.0
Net labour costs	**(131.2)**	(115.5)	(15.7)	(13.6)
Net hired and contracted costs	**(157.1)**	(132.7)	(24.4)	(18.4)
Power	**(82.1)**	(89.3)	7.2	8.1
Bad debts	**(22.2)**	(16.4)	(5.8)	(35.4)
Other costs	**(177.7)**	(172.2)	(5.5)	(3.2)
	(570.3)	(526.1)	(44.2)	(8.4)
Infrastructure renewals expenditure	**(71.5)**	(94.2)	22.7	24.1
Depreciation	**(237.3)**	(216.1)	(21.2)	(9.8)
PBIT	**466.9**	294.5	172.4	58.5

Turnover for our Regulated Water and Wastewater business was £1,346.0 million (2024/25: £1,130.9 million) and PBIT was £466.9 million (2024/25: £294.5 million).

Turnover increased by £215.1 million. Core revenue increased by £219.6 million, mainly due to the annual CPIH + K increase in prices as the new AMP8 revenue allowance took effect, alongside increased consumption from measured customers during the very dry first half year.

Infrastructure diversions turnover was £12.9 million lower mainly due to lower HS2 activity, which is offset by lower infrastructure renewals expenditure, and other turnover was £8.4 million higher.

Net labour costs of £131.2 million were 13.6% higher period-on-period. Investment in additional headcount to drive operational improvements in key strategic business areas such as pollutions, and to deliver the step up in our capital programme increased gross labour costs by £31.7 million. Annual pay increases, which take effect from 1 July each year, increased costs by £15.3 million period-on-period. Increased employer's national insurance, higher take up of sharesave and other factors increased gross labour costs by £4.0 million. The increases in gross labour costs were partly offset by a £35.3 million step up in capitalised salaries.

Net hired and contracted costs increased by £24.4 million (18.4%), £10.9 million most of which relates to a planned step up in licence costs for our new billing system, Kraken. Additional tankering to manage the impacts of the prolonged drought have contributed £7.6 million. Higher volume-related sludge recycling costs in Bioresources contribute a further £2.0 million, along with a number of other small increases across other areas. Operational efficiencies of £4.5 million have been generated including through our water networks Origin activities which allow us to complete jobs faster, with lower need for excavation and gang costs.

Power costs were £7.2 million or 8.1% lower period-on-period, driven by the lower wholesale weighted average price of electricity on imports (around £25/MWh lower). This was partly offset by increased consumption at our Water Treatment sites during the hot summer months.

Bad debt charges increased by £5.8 million but remained broadly flat as a proportion of household revenue at 2.1% (2024/25: 2.0%).

Other costs were up by £5.5 million as a result of increased Ofwat regulatory fees, higher business rates and price increases to chemicals such as ferric sulphate. These increases were partly offset by lower spend on compensation payments and damage costs as we have delivered operational activities more effectively. We have also benefited from improved commercial agreements on some small contracts.

Infrastructure renewals expenditure was £22.7 million lower in the period, due to lower HS2 activity as well as a higher proportion of capitalised mains renewals jobs compared to this time last year.

Depreciation of £237.3 million was £21.2 million higher period-on-period due to the increasing asset base.

Infrastructure Services

Six months ended 30 September

	2025 £m	2024 £m	Increase/(decrease) £m	%
Turnover				
Operating Services and other	**55.7**	47.9	7.8	16.3
Network Services	**5.0**	–	5.0	n/a
Green Power	**39.2**	42.1	(2.9)	(6.9)
	99.9	90.0	9.9	11.0
EBITDA				
Operating Services and other	**11.8**	13.0	(1.2)	(9.2)
Network Services	**(1.3)**	–	(1.3)	n/a
Green Power	**9.4**	10.5	(1.1)	(10.5)
Property Development	**1.4**	0.9	0.5	55.6
	21.3	24.4	(3.1)	(12.7)

Infrastructure Services turnover was £99.9 million (up 11.0%) and EBITDA was £21.3 million (down 12.7%). This includes the performance of the two Network Services acquisitions, Industrial Jetting Water Systems Limited (IWJS) and Watertight Management Limited (Watertight), that were completed on 31 July 2025.

In our Operating Services and Other businesses, turnover increased by £7.8 million due to recovery of higher charges from water and wastewater suppliers in our MoD contract, the acquisition of Reigate Environmental Services Limited and higher project revenue in Oren Services, our reed bed business. EBITDA was £11.8 million, £1.2 million lower year-on-year due to EIR case legal costs being recovered in the prior year. On an underlying basis, EBITDA was £1.3 million higher year-on-year.

Network Services includes our two new acquisitions. IWJS provides sewer rehabilitation and jetting services, removing sewer blockages to prevent pollutions and sewer flooding events. Watertight was one of our key civil engineering suppliers and brings experience in complex mains renewals, infrastructure upgrades and incident response.

Both businesses were acquired on 31 July 2025 as part of a strategic vertical integration of members of the Severn Trent Water supply chain, securing this part of the supply chain for Severn Trent Water and creating opportunities for Infrastructure Services to benefit from the increased sector investment over AMP8 and beyond. These businesses have contributed additional revenues to the period of £5.0 million and EBITDA of £0.2 million before acquisition costs of £1.5 million.

In Green Power, turnover was £2.9 million lower year-on-year as a result of lower incoming waste volumes translating into lower gate fee revenue.

Green Power EBITDA was £1.1 million lower period-on-period. Above-inflation cost increases on employment costs, food waste and haulage, as well as additional maintenance costs were offset by lower costs associated with reduced food waste volumes.

Profits from Property Development were £1.4 million, up £0.5 million. Our long-term plans to deliver £150 million profit by 2032 remain on track.

Corporate and other

Corporate overheads were £7.2 million (2024/25: £10.6 million). The prior year charge included a reclassification of Executive Director bonuses and three years' unvested long-term incentive plans to Severn Trent Plc of £2.4 million to ensure these costs are not borne by customers.

Net finance costs

The Group's net finance costs for the six month period were £161.2 million, (2024/25: £124.6 million). Average adjusted net debt of £8,840.1 million was higher than the previous year (2024/25: £7,469.1 million) and our effective interest cost for the period increased to 5.2% (2024/25: 4.4%) due to the impact of higher inflation on our index-linked debt and increased interest rates on new debt. Our effective cash cost of interest (which excludes the inflation uplift debt and increased interest rates on new debt. Our effective cash cost of interest (which excludes the inflation uplift on index-linked debt) was 3.8% (2024/25: 3.3%) higher due to increased interest rates on new debt. Interest capitalised of £72.0 million (2024/25: £43.0 million) increased due to the higher capital work in progress during the period.

The Group's EBITDA interest cover was 4.5 times (2024/25: 4.4 times) and PBIT interest cover was 3.0 times (2024/25: 2.5 times). See note 18 for further details.

Net gains/losses on financial instruments

The Group uses financial derivatives solely to hedge risks associated with its normal business activities including:

- Cross currency swaps, which economically act to hedge exchange rate risk on borrowings denominated in foreign currencies;
- Interest rate swaps to balance our interest rate mix in line with our strategy and to manage interest rate exposures on floating rate borrowings;
- Energy swaps to mitigate exposures to increases in electricity prices; and
- Inflation swaps, which swap RPI linked cash flows for CPI linked cash flows to mitigate risks arising from changes in the regulatory model from RPI to CPIH.

An analysis of the amounts charged to the income statement in the period is presented in note 5 to the financial statements including:

- A net charge of £1.0 million (2024/25: credit of £0.5 million) from revaluing debt and swaps accounted for as fair value hedges.
- A net credit of £8.8 million (2024/25: £24.7 million) from interest rate swaps not subject to hedge accounting and exchange movements on borrowings denominated in foreign currencies along with the revaluation of the related cross currency swap where hedge accounting is not applied.
- A net charge of £3.4 million (2024/25: £6.7 million) arose from losses on cash flow hedges recycled from reserves and other valuation adjustments.

The Group has fixed around 95% of the estimated wholesale energy usage for the remainder of 2025/26 through a combination of forward price contracts and financial derivatives.

Taxation

We are committed to paying the right amount of tax at the right time and were pleased to have our Fair Tax Mark accreditation renewed for the seventh year.

As well as corporation tax on profits, which is included in the tax charge in our accounts, we pay a range of other taxes, charges and levies imposed by government agencies including business rates, employer's national insurance, the Climate Change Levy and Insurance Premium Tax. Our 2024/25 Annual Report and Accounts sets out an analysis of the taxes incurred in that year and we will set out this year's amounts in our Annual Report to be published in June 2026.

The tax charge reported in the income statement is calculated at a rate of 26.1% (2024/25: 26.5%), representing the best estimate of the annual average tax rate expected for the full year, applied to the profit for the six month period.

The current tax charge for the period was £0.1 million (2024/25: £0.2 million). The deferred tax charge was £80.3 million (2024/25: £50.7 million).

The tax allowances generated by our significant capital programme reduced our adjusted effective current tax rate (in line with guidance) to nil% (2024/25: 0.1%).

Profit for the period and earnings per share

Reported profit for the period was £227.4 million (2024/25: £141.4 million).

Basic earnings per share were 75.7 pence (2024/25: 47.2 pence). Adjusted basic earnings per share were 101.0 pence (2024/25: 58.0 pence).

Cash flow

Six months ended 30 September

	2025 £m	2024 £m
Operational cashflow	625.7	541.9
Cash capex	(781.8)	(662.0)
Net interest paid	(142.7)	(105.1)
Purchase of subsidiaries net of cash acquired	(31.6)	(14.9)
Net tax paid	(0.6)	(0.7)
Free cash flow	(331.0)	(240.8)
Dividends	(219.6)	(209.9)
Issue of shares	13.7	15.4
Proceeds from swap issue	1.4	-
Purchase of own shares	(0.8)	-
Change in net debt from cash flows	(536.3)	(435.2)
Non-cash movements	(68.2)	(42.2)
Change in adjusted net debt	(604.5)	(477.5)
Opening adjusted net debt	(8,545.3)	(7,187.9)
Closing adjusted net debt	(9,149.8)	(7,665.4)

Adjusted net debt comprises:

	30 September 2025 £m	31 March 2025 £m	30 September 2024 £m
Bank loans	(787.4)	(784.7)	(785.1)
Other loans	(9,844.2)	(8,798.0)	(7,904.4)
Lease liabilities	(113.7)	(111.1)	(119.1)
Net cash and cash equivalents	1,449.2	1,044.8	1,046.0
Fair value accounting adjustments	18.6	23.1	26.5
Exchange on currency debt not hedge accounted	73.9	9.4	0.6
Loans due from joint ventures	53.8	71.2	70.1
Adjusted net debt	(9,149.8)	(8,545.3)	(7,665.4)

At 30 September 2025 we held £1,449.2 million (31 March 2025: £1,044.8 million) in net cash and cash equivalents. Our average debt maturity is 12 years. Including undrawn committed facilities, the Group's cash flow requirements are funded until March 2027.

We invest cash in deposits with highly rated banks and liquidity funds. The Treasury Committee regularly reviews the list of counterparties and their limits.

Adjusted net debt at 30 September 2025 was £9,149.8 million (31 March 2025: £8,545.3 million). Regulatory gearing (Adjusted net debt of our regulated businesses, expressed as a percentage of estimated Regulatory Capital Value) was 61.5% (31 March 2025: 62.7%).

The estimated fair value of debt at 30 September 2025 was £1,153.5 million lower than book value (31 March 2025: £1,109.8 million lower). The difference arises because market expectations for interest rates and inflation are higher than the average embedded amounts in our debt instruments (see note 9 for further details).

Pensions

We have three defined benefit pensions arrangements, two for Severn Trent and one for Dee Valley Water. The two Severn Trent schemes closed to future accrual on 31 March 2015 and the Dee Valley Water scheme closed to future accrual on 31 March 2024.

The future funding plan agreed under the 2022 actuarial valuation for the main Severn Trent Pension Scheme (STPS) includes:

- Annual deficit reduction payments to be made until the year ending 31 March 2027, increasing in line with CPI (based on increases in the measure covering the 12-month period to the previous November). These contributions are made to a limited liability partnership that the Group and the Trustee have established;
- Payments under an asset-backed funding arrangement of £8.2 million per annum to 31 March 2032, which will only continue if the Scheme's assets are less than the Scheme's Technical Provisions; and
- Inflation-linked payments under an asset-backed funding arrangement, potentially continuing to 31 March 2031, although these contributions will cease earlier should a subsequent valuation of the STPS show that these contributions are no longer needed.

We have substantively completed the 2025 triennial valuation with the Trustee and have agreed in principle that payments will remain on the same basis as the 2022 valuation set out above.

On an IAS 19 basis, the estimated combined net position (before deferred tax) of all of the Group's defined benefit pension schemes at 30 September 2025 was a deficit of £112.8 million. Calculation of the pension deficit for accounting purposes uses corporate bond yields as the basis for the discount rate of our long-term liabilities, irrespective of the nature of the scheme's assets or their expected returns.

The net finance cost was £3.4 million and administration costs were £2.5 million.

The movements in the net deficit during the period were as follows:

	Fair value of scheme assets	Defined benefit obligations	Net deficit
	£m	£m	£m
At start of the period	1,676.7	(1,796.5)	(119.8)
Amounts credited/(charged) to income statement	44.4	(50.3)	(5.9)
Actuarial gains taken to reserves	7.4	5.0	12.4
Net contributions received and benefits paid	(58.9)	59.4	0.5
At end of the period	**1,669.6**	**(1,782.4)**	**(112.8)**

On an IAS 19 basis, the funding level is 93.7% (31 March 2025: 93.3%).

Dividends

The Board has declared an interim ordinary dividend of 50.40p per share (2024/25: 48.68p per share), which will be paid on 12 January 2026 to shareholders on the register at 28 November 2025.

Principal risks and uncertainties

The Board considers the principal risks and uncertainties affecting the business activities of the Group for the remainder of the financial year to be those detailed below. Details of how the Group mitigates and manages these risks are set out in the Annual Report.

Health and Safety:

- Due to the nature of our operations, we could endanger the health and safety of our people, contractors and members of the public.

Infrastructure Failure and Asset Resilience:

- We do not provide a safe and secure supply of drinking water to our customers.
- We do not transport and treat wastewater effectively, impacting our ability to return clean water to the environment.

Customer Service and Experience:

- We do not meet the needs of our customers or anticipate changing expectations through the level of customer experience we provide.

Supply Chain and Capital Project Delivery:

- Insufficient resilience in the supply chain impacts the deliverability of the capital programme (time, cost, quality).

Security and Resilience:

- Core operational capabilities are compromised through physical, people or technological threats.

Political, Legal and Regulatory:

- Uncertainty of regulatory, legislative and Government reforms which could fundamentally impact our operating environment and strategic ambitions.

Financial Liabilities:

- Failure to responsibly manage our financial position to maintain financial resilience and a strong funding

· Failure to responsibly manage our financial position to maintain financial resilience and a strong funding platform, and effectively manage market volatility.

Climate Change, Environment and Biodiversity:

· Our climate change strategy does not enable us to respond to the shifting natural climatic environment and maintain our essential services.

· Failure to act as a steward of natural capital in our region providing social, environmental and economic benefits.

People and Culture:

· Our people and culture do not adapt in response to a changing environment and take advantage of technological advancements to deliver enhanced business performance.

Outlook Statement

Long-term earnings

Our long-term earnings outlook remains unchanged. We project Group adjusted EPS to double in the 3-year period to 2027/28, from 112.1 pence in 2024/25, benefitting from regulated revenue growth including ODI outperformance, continued cost management, and our strategic approach to financing. We expect this Group adjusted EPS growth to be weighted towards 2025/26 reflecting our bill profile.

In addition, we anticipate increasing EBITDA from Infrastructure Services to around £100 million in the period 2029/30, driven by growth in Network Services as well as our Green Power, Operating Services, and Property businesses. This includes our long-term plan to achieve £150 million of profit from our Property business by 2032.

Financial resilience

We expect regulated gearing to be between 60% - 65% at the end of the AMP. We expect Plc gearing to remain within thresholds consistent with our current credit ratings.

Technical Guidance 2025/26

Year-end guidance		**FY25**	**Year-on-Year**
Regulated Water and Wastewater			
Turnover	Around £2.6 billion including HS2 related income.	£2.25bn	▲
Operating costs & IRE	5% - 8% higher year-on-year including continued investment in operational performance and increases in national insurance and pay.	£1.2bn	▲
ODIs[1]	At least £40 million of ODI reward.	£68m	▼
STW Regulatory Return[2]	Around 13%.	11.9%	▲
Infrastructure Services			
EBITDA	15% - 25% increase year-on-year driven by higher property profits and the performance of our new acquisitions.	£47m	▲
Group			
Net finance costs[3]	25% - 30% higher year-on-year driven by higher inflation and includes additional debt to fund the AMP8 investment programme.	£244m	▲
Adjusted effective current tax rate	Adjusted effective current tax rate of nil due to "full expensing" and other accelerated capital allowances on our substantial capital investment programme.	0.1%	↔
Capital investment	Set to invest between £1.7 billion - £1.9 billion.	£1.7bn	▲
Dividend[4]	2025/26 dividend of 126.02 pence, in line with our AMP8 policy of annual growth by CPIH.	121.71p	▲

Footnotes to Technical Guidance

1. *Outcome Delivery Incentives are quoted post-tax in 2022/23 prices.*
2. *Regulatory return: the return generated on actual regulatory equity, calculated using average actual gearing applied to the Final Determination RCV. It encompasses the base return, outperformance, and the uplift to our RCV frominflation.*
3. *Based on Oxford Economics October inflation forecast. Index linked debt comprises around a quarter of our total debt.*

3. *Based on Oxford Economics October inflation forecast. Index-linked debt comprises around a quarter of our total debt.*

4. *2025/26 dividend growth rate based on November 2024 CPIH of 3.53%.*

Investor Timetable

19 November 2025	**Interim Results Announcement 2025/26**
27 November 2025	**Ex-dividend date (interim)**
28 November 2025	**Dividend record date (interim)**
17 December 2025	**DRIP election date (interim)**
12 January 2026	**Interim dividend payment date**
31 March 2026	**Financial Year End**
For more information please visit: https://www.severntrent.com/investors/financial-calendar-and-regulatory-news/financial-calendar/	

A Dividend Reinvestment Plan ('DRIP') is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

Further Information

For further information, including the Group's half-year results presentation, see the Severn Trent website (www.severntrent.com).

Condensed consolidated income statement
Six months ended 30 September 2025

	Note	2025 £m	2024 £m
Turnover	3,4	**1,436.9**	1,217.7
Other income		**-**	0.4
Operating costs before charge for bad and doubtful debts		**(948.4)**	(903.8)
Charge for bad and doubtful debts		**(22.3)**	(16.5)
Total operating costs		**(970.7)**	(920.3)
Profit before interest and tax		**466.2**	297.8
Finance income		**75.5**	72.6
Finance costs		**(236.7)**	(197.2)
Net finance costs		**(161.2)**	(124.6)
Net gains on financial instruments	5	**4.4**	18.5
Share of net (loss)/profit of joint ventures accounted for using the equity method	10	**(1.6)**	0.6
Profit on ordinary activities before taxation		**307.8**	192.3
Current tax	6	**(0.1)**	(0.2)
Deferred tax	6	**(80.3)**	(50.7)
Taxation on profit on ordinary activities	6	**(80.4)**	(50.9)
Profit for the period		**227.4**	141.4

Earnings per share (pence)

	Note	2025	2024
Basic	8	**75.7**	47.2
Diluted	8	**75.5**	47.1

Condensed consolidated statement of comprehensive income
Six months ended 30 September 2025

	Note	2025 £m	2024 £m
Profit for the period		**227.4**	141.4
Other comprehensive income			
Items that will not be reclassified to the income statement:			

Net actuarial gains	11	**12.4**	34.4
Deferred tax on net actuarial gains		**(3.2)**	(8.6)
		9.2	25.8
Items that may be reclassified to the income statement:			
Losses on cash flow hedges		**(5.6)**	(2.3)
Deferred tax on losses on cash flow hedges		**1.4**	0.6
Amounts on cash flow hedges transferred to the income statement	5	**4.1**	7.4
Deferred tax on transfer to the income statement		**(1.0)**	(1.9)
		(1.1)	3.8
Other comprehensive income for the period		**8.1**	29.6
Total comprehensive income for the period		**235.5**	171.0

Condensed consolidated statement of changes in equity
Six months ended 30 September 2025

		Equity attributable to owners of the company				
		Share capital	Share premium	Other reserves	Retained earnings	Total
	Note	£m	£m	£m	£m	£m
At 1 April 2024		295.4	1,363.1	167.6	7.9	1,834.0
Profit for the period		–	–	–	141.4	141.4
Net actuarial gains	11	–	–	–	34.4	34.4
Deferred tax on net actuarial gains		–	–	–	(8.6)	(8.6)
Losses on cash flow hedges		–	–	(2.3)	–	(2.3)
Deferred tax on losses on cash flow hedges		–	–	0.6	–	0.6
Amounts on cash flow hedges transferred to the income statement	5	–	–	7.4	–	7.4
Deferred tax on transfers to the income statement		–	–	(1.9)	–	(1.9)
Total comprehensive income for the period		–	–	3.8	167.2	171.0
Share options and LTIPs						
- proceeds from shares issued		0.8	14.6	–	–	15.4
- value of employees' services		–	–	–	5.5	5.5
- issue from treasury shares		–	–	–	2.3	2.3
Deferred tax on share based payments		–	–	–	(0.2)	(0.2)
Dividends paid	7	–	–	–	(210.1)	(210.1)
Unclaimed dividends		–	–	–	0.2	0.2
Transactions with shareholders		0.8	14.6	–	(202.3)	(186.9)
At 30 September 2024		296.2	1,377.7	171.4	(27.2)	1,818.1
At 1 April 2025		296.3	1,378.3	174.3	(78.1)	1,770.8
Profit for the period		–	–	–	227.4	227.4
Net actuarial gains	11	–	–	–	12.4	12.4
Deferred tax on net actuarial gains		–	–	–	(3.2)	(3.2)
Losses on cash flow hedges		–	–	(5.6)	–	(5.6)
Deferred tax on losses on cash flow hedges		–	–	1.4	–	1.4
Amounts on cash flow hedges transferred to the income statement	5	–	–	4.1	–	4.1
Deferred tax on transfers to the income statement		–	–	(1.0)	–	(1.0)
Total comprehensive income for the period		–	–	(1.1)	236.6	235.5
Share options and LTIPs						
- proceeds from shares issued		0.6	13.1	–	–	13.7
- value of employees' services		–	–	–	6.4	6.4
Deferred tax on share based payments		–	–	–	(0.3)	(0.3)
Dividends paid	7	–	–	–	(219.6)	(219.6)
Purchase of own shares		–	–	–	(0.8)	(0.8)
Transactions with shareholders		0.6	13.1	–	(214.3)	(200.6)
At 30 September 2025		296.9	1,391.4	173.2	(55.8)	1,805.7

Condensed consolidated balance sheet
Six months ended 30 September 2025

	Note	**30 September 2025 £m**	31 March 2025 £m
Non-current assets			

Goodwill		**151.8**	117.3
Other intangible assets		**206.2**	206.5
Property, plant and equipment		**14,000.2**	13,307.2
Biological assets		**4.9**	4.9
Right-of-use assets		**140.9**	141.0
Investment in joint venture	10	**–**	1.6
Derivative financial instruments	9	**104.4**	59.9
Trade and other receivables		**77.0**	90.8
Retirement benefit surplus	11	**5.0**	5.3
		14,690.4	13,934.5
Current assets			
Inventory		**44.6**	43.2
Trade and other receivables		**1,049.5**	878.3
Derivative financial instruments	9	**8.3**	5.6
Cash and cash equivalents		**1,454.1**	1,048.1
		2,556.5	1,975.2
Current liabilities			
Borrowings		**(774.2)**	(533.0)
Derivative financial instruments	9	**(0.8)**	(2.9)
Trade and other payables		**(956.8)**	(862.2)
Current tax payable		**(0.5)**	(0.4)
Provisions for liabilities		**(51.9)**	(46.4)
		(1,784.2)	(1,444.9)
Net current assets		**772.3**	530.3
Total assets less current liabilities		**15,462.7**	14,464.8
Non-current liabilities			
Borrowings		**(9,976.0)**	(9,164.1)
Derivative financial instruments	9	**(26.1)**	(44.7)
Trade and other payables		**(1,938.9)**	(1,839.2)
Deferred tax		**(1,555.9)**	(1,472.1)
Retirement benefit obligations	11	**(117.8)**	(125.1)
Provisions for liabilities		**(42.3)**	(48.8)
		(13,657.0)	(12,694.0)
Net assets		**1,805.7**	1,770.8
Equity			
Called up share capital	13	**296.9**	296.3
Share premium account		**1,391.4**	1,378.3
Other reserves		**173.2**	174.3
Retained earnings		**(55.8)**	(78.1)
Total equity		**1,805.7**	1,770.8

Condensed consolidated cash flow statement
Six months ended 30 September 2025

	Note	**2025 £m**	2024 £m
Cash generated from operations	14	**655.1**	555.6
Tax paid	14	**(0.6)**	(0.7)
Net cash generated from operating activities		**654.5**	554.9
Cash flows from investing activities			
Purchase of subsidiaries net of cash acquired		**(31.6)**	(14.9)
Purchases of property, plant and equipment		**(794.1)**	(663.5)
Purchases of intangible assets		**(23.1)**	(18.7)
Proceeds on disposal of property, plant and equipment		**6.0**	6.5
Net loans repaid by joint ventures		**17.5**	2.5
Interest received		**27.1**	27.6
Net cash outflow from investing activities		**(798.2)**	(660.5)
Cash flow from financing activities			
Interest paid		**(169.8)**	(132.7)
Dividends paid to shareholders of the parent		**(219.6)**	(209.9)
Repayments of borrowings		**(2.6)**	(52.4)
Principal elements of lease payments		**(0.6)**	(3.1)
New loans raised		**926.4**	582.9
Issues of shares net of costs		**13.7**	15.4
Proceeds from swap issue		**1.4**	-
Purchase of own shares		**(0.8)**	-
Net cash inflow from financing activities		**548.1**	200.2
Net movement in cash and cash equivalents		**404.4**	94.6
Net cash and cash equivalents at the beginning of the period		**1,044.8**	951.4
Net cash and cash equivalents at the end of the period		**1,449.2**	1,046.0

Net cash and cash equivalents at the end of the period	**1,449.2**	1,046.0
Cash at bank and in hand	**40.0**	55.4
Bank overdrafts	**(4.9)**	(9.8)
Short term deposits	**1,414.1**	1,000.4
	1,449.2	1,046.0

Notes to the condensed interim financial information

1. General information

The interim report has been prepared in accordance with the recognition and measurement criteria of UK-adopted International Accounting Standards and the disclosure requirements of the Listing Rules.

The information for the period ended 31 March 2025 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. A copy of the statutory accounts for that year prepared under IFRS has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

a) Accounting policies

The interim financial information has been prepared on the going concern basis using accounting policies consistent with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's annual financial statements for the year ended 31 March 2025.

b) Going concern

Including undrawn committed credit facilities of £1,500 million, and based on its latest forecasts, the Group is fully funded for its investment and cash flow needs for more than the next year.

After making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and hence the interim financial information has been prepared on a going concern basis.

c) Seasonality

Historically around half of the Group's PBIT has arisen in the first half of the year. Further detail on the expected seasonality of PBIT in the current year is set out in the Chief Financial Officer's Review.

2. Significant accounting judgments and key sources of estimation uncertainty

In the course of applying the Group's accounting policies, the Group is required to make certain judgments, estimates and assumptions that it believes are reasonable based on the information available. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. Details of the significant accounting judgments and key sources of estimation uncertainty were set out in the Group's financial statements for the year ended 31 March 2025. Changes to these judgments and uncertainties are set out below.

a) Significant accounting judgments

There have been no changes to the significant accounting judgments made at 31 March 2025.

b) Sources of estimation uncertainty

There have been no significant changes to the estimates relating to depreciation and carrying amounts of property, plant and equipment, retirement benefit obligations or to expected credit losses on trade receivables since 31 March 2025.

3. Segmental analysis

The Group is organised into two main business segments:

Regulated Water and Wastewater includes the wholesale water and wastewater activities of Severn Trent Water Limited ('STW'), its retail services to domestic customers, and Hafren Dyfrdwy Cyfyngedig ('HD').

Infrastructure Services includes the Group's Operating Services businesses, the Green Power business including Severn Trent Water's hydro-electric generation, the Property Development business, Network Services and our other non-regulated businesses including affinity products and searches.

The Severn Trent Executive Committee ('STEC') is considered to be the Group's chief operating decision maker. The reports provided to STEC include segmental information prepared on the basis described above.

Results from interests in our joint venture are not included in the segmental reports reviewed by STEC.

Goodwill is allocated and monitored at the segment level.

Transactions between reportable segments are included within segmental results, assets and liabilities in accordance with Group accounting policies. These are eliminated on consolidation.

A segmental analysis of turnover and profit before interest and tax is presented below.

Six months ended 30 September

	2025		2024	
	Regulated Water and Wastewater	**Infrastructure Services**	Regulated Water and Wastewater	Infrastructure Services
	£m	**£m**	£m	£m
External turnover	**1,346.0**	**90.9**	1,130.7	87.1
Inter-segment turnover	**–**	**9.0**	0.2	2.9
Total turnover	**1,346.0**	**99.9**	1,130.9	90.0
Profit before interest and tax	**466.9**	**8.6**	294.5	14.8

The reportable segments' turnover is reconciled to Group turnover as follows:

Six months ended 30 September

	2025	2024
	£m	£m
Regulated Water and Wastewater	**1,346.0**	1,130.9
Infrastructure Services	**99.9**	90.0
Corporate and other	**0.9**	0.9
Consolidation adjustments	**(9.9)**	(4.1)
	1,436.9	1,217.7

Segmental PBIT is reconciled to the Group's profit before tax as follows:

Six months ended 30 September

	2025	2024
	£m	£m
Regulated Water and Wastewater	**466.9**	294.5
Infrastructure Services	**8.6**	14.8
Corporate and other	**(7.3)**	(10.9)
Consolidation adjustments	**(2.0)**	(0.6)
Profit before interest and tax	**466.2**	297.8
Net finance costs	**(161.2)**	(124.6)
Net gains on financial instruments	**4.4**	18.5
Share of net (loss)/gain of joint ventures accounted for using the equity method	**(1.6)**	0.6
Profit on ordinary activities before taxation	**307.8**	192.3

The following table shows segmental capital employed:

	30 September 2025		31 March 2025	
	Regulated Water and Wastewater	**Infrastructure Services**	Regulated Water and Wastewater	Infrastructure Services
	£m	**£m**	£m	£m
Operating assets	**15,081.8**	**407.9**	14,240.9	388.9
Goodwill	**63.5**	**89.6**	63.5	55.1
Segment assets	**15,145.3**	**497.5**	14,304.4	444.0
Segment operating liabilities	**(3,038.8)**	**(72.0)**	(2,865.9)	(42.4)
Capital employed	**12,106.5**	**425.5**	11,438.5	401.6

Operating assets comprise other intangible assets, property, plant and equipment, biological assets, right-of-use assets, retirement benefit surpluses, inventory and trade and other receivables.

Operating liabilities comprise trade and other payables, retirement benefit obligations and provisions.

4. Revenue from contracts with customers

Revenue recognised from contracts with customers is analysed by business segment below:

Six months ended 30 September 2025

	Regulated Water and Wastewater	Infrastructure Services	Corporate and other	Consolidation adjustments	Group
	£m	£m	£m	£m	£m
Water and wastewater services	1,321.0	–	–	–	1,321.0
Operating services	–	47.7	–	(2.1)	45.6
Network services	–	5.0	–	(3.8)	1.2
Renewable energy	21.6	39.2	–	(3.1)	57.7
Other sales	3.4	8.0	0.9	(0.9)	11.4
	1,346.0	**99.9**	**0.9**	**(9.9)**	**1,436.9**

Six months ended 30 September 2024

	Regulated Water and Wastewater	Infrastructure Services	Corporate and other	Consolidation adjustments	Group
	£m	£m	£m	£m	£m
Water and wastewater services	1,110.0	–	–	(0.2)	1,109.8
Operating services	–	39.9	–	(0.1)	39.8
Renewable energy	19.5	42.1	–	(2.9)	58.7
Other sales	1.4	8.0	0.9	(0.9)	9.4
	1,130.9	90.0	0.9	(4.1)	1,217.7

5. Net gains on financial instruments

Six months ended 30 September

	2025	2024
	£m	£m
Loss on swaps used as hedging instruments in fair value hedges	**(3.8)**	(1.3)
Gain arising on debt in fair value hedges	**2.8**	1.8
Exchange (loss)/gain on other loans	**(64.5)**	18.9
Net loss on cash flow hedges transferred from equity	**(4.1)**	(7.4)
Hedge ineffectiveness on cash flow hedges	**0.1**	0.1
Gain arising on swaps where hedge accounting is not applied	**73.3**	5.8
Amortisation of fair value adjustment on debt	**0.6**	0.6
	4.4	18.5

6. Tax

Six months ended 30 September

	2025 £m	2024 £m
Current tax		
Current year at 25% (2024: 25%)	**0.1**	0.1
Prior years	**–**	0.1
Total current tax	**0.1**	0.2
Deferred tax		
Origination and reversal of temporary differences:		
Current year	**80.3**	50.7
Total deferred tax	**80.3**	50.7
	80.4	50.9

The tax charge in the income statement is calculated at a rate of 26.1% (2024: 26.5%) representing the best estimate of the annual average effective income tax rate expected for the full year applied to the pre-tax income for the six month period.

The adjusted effective current tax rate was nil% (2024: 0.1%). See note 18.

Current tax of nil (2024: nil) and a net deferred tax charge of £3.1 million (2024: £10.1 million) has been taken to reserves in the period.

Deferred tax is provided at 25%, the rate that is expected to apply when the asset or liability is expected to be settled.

7. Dividends

Amounts recognised as distributions to owners of the Company in the period:

Six months ended 30 September

	2025		2024	
	Pence per share	**£m**	Pence per share	£m
Final dividend for the year ended 31 March 2025 (2024)	**73.03**	**219.6**	70.10	210.1

The proposed interim dividend of 50.40p per share (2024: 48.68p per share) was approved by the Board on 18 November 2025 and has not been included as a liability at 30 September 2025.

8. Earnings per share

a) Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held in the Severn Trent Employee Share Ownership Trust and treasury shares, which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's shares during the period.

The calculation of basic and diluted earnings per share is based on the following data:

i) Earnings for the purpose of basic and diluted earnings per share

	2025 £m	2024 £m
Profit for the period	**227.4**	141.4

ii) Number of shares

Six months ended 30 September

	2025	2024
	m	m
Weighted average number of ordinary shares for the purpose of basic earnings per share	**300.3**	299.4
Effect of dilutive potential ordinary shares:		
- share options and LTIPs	**0.8**	0.5
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**301.1**	299.9

b) Adjusted earnings per share

Six months ended 30 September

	2025	2024
	pence	pence
Adjusted basic earnings per share	**101.0**	58.0
Adjusted diluted earnings per share	**100.7**	57.9

Adjusted earnings per share figures are presented for continuing operations. These exclude the effects of net gains/losses on financial instruments, current tax on net gains/losses on financial instruments and deferred tax. The Directors consider that the adjusted figures provide a useful additional indicator of performance. The denominators used in the calculations of adjusted basic and diluted earnings per share are the same as those used in the unadjusted figures set out above.

The adjustments to earnings are as follows:

Six months ended 30 September

	2025	2024
	£m	£m
Earnings for the purpose of basic and diluted earnings per share	**227.4**	141.4
Adjustments for:		
- net gains on financial instruments	**(4.4)**	(18.5)
- deferred tax	**80.3**	50.7
Earnings for the purpose of adjusted basic and diluted earnings per share	**303.3**	173.6

9. Fair value of financial instruments

a) Fair value measurements

The valuation techniques that the Group applies in determining the fair values of its financial instruments on a recurring basis are described below. The techniques are classified under the hierarchy defined in IFRS 13 which categorises valuation techniques into Levels 1 - 3 based on the degree to which the fair value is observable. The Group's valuation techniques are Level 2 unless otherwise stated below:

	30 September 2025 £m	31 March 2025 £m	**Valuation techniques and key inputs**
Cross currency swaps			Discounted cash flow.
Assets	**77.2**	23.2	Future cash flows are estimated based on forward
Liabilities	**(19.9)**	(39.3)	interest rates from observable yield curves at the period end and contract interest rates discounted at a rate that reflects the credit risk of counterparties. The currency cash flows are translated at spot rate.
Interest rate swaps			Discounted cash flow.
Assets	**30.0**	35.6	Future cash flows are estimated based on forward
Liabilities	**(5.2)**	(5.1)	interest rates from observable yield curves at the period end and contract interest rates discounted at a rate that reflects the credit risk of counterparties.
Energy swaps			Discounted cash flow.
Assets	**2.2**	0.7	Future cash flows are estimated based on forward
Liabilities	**(1.8)**	(3.2)	electricity prices from observable indices at the period end and contract prices discounted at a rate

			period end and contract prices discounted at a rate that reflects the credit risk of counterparties.
Inflation swaps Assets	**3.3**	6.0	Discounted cash flow. Future cash flows on the RPI leg of the instrument are estimated based on observable forward inflation indices. Future cash flows on the CPI leg of the instrument are estimated based on the future expected differential between RPI and CPI ('the wedge'). Both legs are discounted using observable swap rates at the period end, at a rate that reflects the credit risk of counterparties. This is considered to be a Level 3 valuation technique.

Changes in the carrying values of instruments that are measured using a Level 3 technique were as follows:

	Inflation swaps £m
At 1 April 2024	8.8
Net losses recognised in the income statement	(2.8)
At 31 March 2025	6.0
Net losses recognised in the income statement	(2.7)
At 30 September 2025	**3.3**

These Level 3 instruments are valued using unobservable inputs. In valuing the inflation swaps, we have identified the unobservable input as the CPI wedge. A change of 10bps in the CPI wedge would result in a change in the carrying value of £4.0 million.

9. Fair value of financial instruments (continued)

b) Comparison of fair value of financial instruments with their carrying amounts

The carrying values and estimated fair values of the Group's borrowings are set out below. The Directors consider that the carrying amounts of all other financial instruments approximate to their fair values.

	30 September 2025		31 March 2025	
	Carrying value £m	**Fair value £m**	Carrying value £m	Fair value £m
Floating rate debt				
Bank loans	**627.3**	**627.3**	629.1	629.1
Other loans	**147.7**	**152.5**	147.7	154.7
Overdraft	**4.9**	**4.9**	3.3	3.3
	779.9	**784.7**	780.1	787.1
Fixed rate debt				
Other loans	**7,462.5**	**7,050.9**	6,472.2	5,985.7
Lease liabilities	**113.7**	**113.7**	111.1	111.1
	7,576.2	**7,164.6**	6,583.3	6,096.8
Index-linked debt				
Bank loans	**160.1**	**146.0**	155.6	145.9
Other loans	**2,234.0**	**1,501.4**	2,178.1	1,557.5
	2,394.1	**1,647.4**	2,333.7	1,703.4
	10,750.2	**9,596.7**	9,697.1	8,587.3

The above classification does not take into account the impact of interest rate swaps or cross currency swaps.

Fixed rate loans are valued using market prices for similar instruments, which is a Level 2 valuation technique.

Index-linked loans are rarely traded and therefore quoted prices are not considered to be a reliable indicator of fair value. Therefore, these loans are valued using discounted cash flow models with discount rates derived from observed market prices for a sample of bonds, which is a Level 2 valuation technique.

Fair values of the other debt instruments are also calculated using discounted cash flow models with discount rates derived from observed market prices, which is a Level 2 valuation technique.

10. Interests in joint ventures

Our joint venture undertaking, Water Plus, is the largest business retailer in the non-household retail water market in England.

During the current period, the Group has recognised a loss of £1.6 million in its share of Water Plus against the value of the investment.

Movements in the investment in joint venture balances during the period were:

	Investment in joint venture £m
At 1 April 2025	1.6
Share of loss for the period	(1.6)
At 30 September 2025	**-**

11. Retirement benefit schemes

The Group operates three defined benefit schemes in the UK, two from Severn Trent and one from Dee Valley Water. The Severn Trent schemes are closed to future accrual. The Group also has an unfunded obligation to provide benefits to certain former employees whose earnings were in excess of the pensions cap that operated when the benefits were accrued. The Group participates in the Dee Valley Water plc Section of the Water Companies Pension Scheme, which is a defined benefit sectionalised scheme (the 'DVWS'). The most recent completed formal triennial actuarial valuations and funding agreements were carried out as at 31 March 2022 for the Severn Trent Pension Scheme ('STPS') and Severn Trent Mirror Image Pension Scheme ('STMIPS') and 31 March 2023 for DVWS.

The assumptions used in calculating the defined benefit obligations have been updated to reflect market conditions prevailing at the balance sheet date as follows:

	30 September 2025 %	31 March 2025 %
Price inflation - RPI	**2.9**	3.1
Price inflation - CPI		
Pre 2030	**1.9**	2.1
Post 2030	**2.8**	3.0
Discount rate	**5.8**	5.8
Pension increases in payment	**2.9**	3.1
Pension increases in deferment	**2.9**	3.1

The defined benefit scheme assets have been updated to reflect their market value at 30 September 2025. Actuarial gains and losses on the scheme assets and defined benefit obligations have been reported in the statement of comprehensive income. Service cost, and the cost of administrating the scheme, are recognised in operating costs and interest cost is recognised in net finance costs.

The scheme assets at the balance sheet date were:

STPS, STMIPS, and DVWS	30 September 2025 £m	31 March 2025 £m
Fair value of scheme assets		
Equities	**10.1**	21.0
Annuity policies*	**102.0**	104.1
Corporate bonds	**595.2**	491.0
Liability-driven investment funds ('LDI's)	**665.2**	727.7
Property	**207.8**	209.3
Cash	**89.3**	123.2
Other	**-**	0.4
	1,669.6	1,676.7

*In June 2021, the STMIPS Trustees completed the purchase of a bulk annuity contract with JUST, an insurance company, to secure the benefits of all members of the MIPS. The Trustees continue to pay benefits to members as before the transaction, but these cashflows are now matched exactly by income from JUST. In March 2023, the DVWS also entered into a bulk annuity buy-in investment policy with JUST that covers the majority of the scheme obligations.

Some of the invested assets have quoted prices in active markets, but there are equities, corporate bonds and LDI investments which are unquoted, amounting to £891.9 million (31 March 2025: £974.4 million).

11. Retirement benefit schemes (continued)

Movements in the net deficit recognised in the balance sheet were as follows:

	Fair value of plan assets	Defined Benefit Obligations	Net deficit
	£m	£m	£m
At 1 April 2025	1,676.7	(1,796.5)	(119.8)
Scheme administration costs	(2.5)	-	(2.5)
Interest income/(cost)	46.9	(50.3)	(3.4)
Actuarial gains	7.4	5.0	12.4
Employer contributions	0.5	-	0.5
Benefits paid	(59.4)	59.4	-
At 30 September 2025	**1,669.6**	**(1,782.4)**	**(112.8)**

The net deficit is presented on the balance sheet as follows:

	30 September 2025	31 March 2025
	£m	£m
Retirement benefit surplus	**5.0**	5.3
Retirement benefit obligations	**(117.8)**	(125.1)
	(112.8)	(119.8)

12. Acquisitions

a) Reigate Environmental Services Limited

On 1 May 2025, the Company acquired 100% of the issued shares in Reigate Environmental Services Limited for a total consideration of £6.5 million, £4.0 million of which was settled in cash on completion and £2.5 million contingent on revenue targets for Reigate Environmental Services Limited. The fair value of the acquired net assets of £0.9 million is provisional.

b) Watertight Management Limited and Synergen Holdings Limited

On 31 July 2025, the Company acquired 100% of the issued shares in Watertight Management Limited and Synergen Holdings Limited as part of a strategic supply chain integration, for a total consideration of £28.5 million. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£m
Purchase consideration	
Cash paid	20.0
Deferred consideration	7.0
Contingent consideration	1.5
Total consideration	28.5

The assets and liabilities recognised as a result of the acquisition are as follows:

	£m
Property, plant and equipment	1.3
Trade and other receivables	4.3
Cash and cash equivalents	4.4
Inventory	0.6
Trade and other payables	(3.5)
Borrowings	(0.3)
Current tax payable	(0.3)
Deferred tax	(0.3)
Net identifiable assets acquired	6.2
Add: goodwill	22.3

The fair value of the acquired net assets of £6.2 million is provisional. Acquisition-related costs of £0.3 million are recognised as an expense in the income statement.

c) Industrial Water Jetting Systems Limited

On the same date, the Company acquired the trade and assets of Industrial Water Jetting Systems Limited for a total consideration of £13.0 million. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£m
Purchase consideration	

Cash paid	12.5
Deferred consideration	0.5
Total consideration	13.0

The assets and liabilities recognised as a result of the acquisition are as follows:

	£m
Property, plant and equipment	6.2
Trade and other receivables	0.1
Inventory	0.1
Net identifiable assets acquired	6.4
Add: goodwill	6.6

The fair value of the acquired net assets of £6.4 million is provisional. Acquisition-related costs of £0.3 million are recognised as an expense in the income statement.

13. Share capital

At 30 September 2025 the issued and fully paid share capital was 303.3 million shares of $97^{17}/_{19}$p amounting to £296.9 million (31 March 2025: 302.7 million shares of $97^{17}/_{19}$p amounting to £296.3 million).

During the period the Company issued 0.6 million (2024/25: 0.8 million) shares as a result of the exercise of employee share options. At 30 September 2025 the Company held 2.2 million (31 March 2025: 2.4 million) treasury shares.

14. Cash flow

a) Reconciliation of PBIT to operating cash flows

Six months ended 30 September

	2025 £m	2024 £m
Profit before interest and tax	**466.2**	297.8
Depreciation of property, plant and equipment	**216.9**	203.8
Depreciation of right-of-use assets	**3.3**	3.2
Amortisation of intangible assets	**23.4**	18.8
Impairment of property, plant and equipment	**6.4**	-
Defined benefit pension scheme administration costs	**2.5**	1.9
Defined benefit pension scheme contributions	**(0.5)**	(0.4)
Share based payment charge	**6.4**	5.5
Profit on sale of property, plant and equipment and intangible assets	**(4.3)**	(0.4)
Release from deferred credits	**(9.2)**	(8.8)
Contributions and grants received	**29.4**	13.7
Provisions charged to the income statement	**14.9**	22.2
Utilisation of provisions for liabilities	**(17.8)**	(25.9)
Operating cash flows before movements in working capital	**737.6**	531.4
Increase in inventory	**(0.7)**	(0.4)
Increase in amounts receivable	**(167.1)**	(38.5)
Increase in amounts payable	**85.3**	63.1
Cash generated from operations	**655.1**	555.6
Tax paid	**(0.6)**	(0.7)
Net cash generated from operating activities	**654.5**	554.9

b) Reconciliation of movements in adjusted net debt

	Net cash and cash equivalents £m	**Bank loans £m**	**Other loans £m**	**Lease liabilities £m**	**Fair value accounting adjustments £m**	**Exchange on currency debt not hedge accounted £m**	**Loans due from joint venture £m**	**Adjusted net debt £m**
At 1 April 2025	1,044.8	(784.7)	(8,798.0)	(111.1)	23.1	9.4	71.2	(8,545.3)
Cash flow	404.4	2.6	(926.4)	0.6	–	–	(17.5)	(536.3)
Fair value adjustments	–	–	4.5	–	(4.5)	–	–	–
Inflation uplift on index-linked debt	–	(4.2)	(57.6)	–	–	–	–	(61.8)
Foreign exchange	–	–	(64.5)	–	–	64.5	–	–
Other non-cash movements	–	(1.1)	(2.2)	(3.2)	–	–	0.1	(6.4)
At 30 September 2025	**1,449.2**	**(787.4)**	**(9,844.2)**	**(113.7)**	**18.6**	**73.9**	**53.8**	**(9,149.8)**

15. Post balance sheet events

On 21 October 2025, Severn Trent Water Limited agreed £391.7 million committed bank facilities and Severn Trent Plc agreed £25.0 million new committed bank facilities.

16. Contingent liabilities

Details of the Group's contingent liabilities were disclosed in the financial statements for the year ended 31 March 2025 which were approved on 20 May 2025. There have been no significant developments relating to the contingent liabilities disclosed in those financial statements other than what is set out below.

Collective Action Claim

In December 2023, STW and Severn Trent Plc were served with the collective proceedings order ('CPO') application, alongside five other water and sewerage companies for separate (but equivalent) claims, in respect of potential collective proceedings to be brought before the Competition Appeal Tribunal ('CAT') (formerly referred to as the "Leigh Day Claim"). The claim was for £239 million (excluding interest) and was served on behalf of a class comprising certain consumers of STW (on an opt-out basis) who alleged to have been overcharged for sewerage services as a result of an alleged abuse of a dominant position.

The preliminary Certification Hearing to determine if the claim is capable of being heard by the CAT and should proceed to trial was held on 23 September 2024 and on 7 March 2025 the CAT handed down judgment. The CAT unanimously held that the claims for abuse of dominance were excluded by s18(8) of the Water Industry Act 1991 and dismissed.

The Court of Appeal has given the claimant permission to appeal the judgment and this appeal will be heard in February 2026. The CAT's original judgment was robust, and we maintain that the judgment will be upheld by the Court of Appeal.

17. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in this note. Trading transactions between the Group and its joint venture, Water Plus, are disclosed below.

Six months ended 30 September

	2025 £m	2024 £m
Sale of services	**105.1**	118.7
Net interest income	**2.1**	2.7

Loans receivable from Water Plus of £53.8 million were outstanding at the balance sheet date (31 March 2025: £71.2 million), £17.5 million of repayments were made in the period.

The retirement benefit schemes operated by the Group are considered to be related parties. Details of transactions and balances with the retirement benefit schemes are disclosed in note 11.

18. Alternative performance measures

Financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures (APMs). 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 with other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

a) Adjusted earnings per share

Adjusted earnings per share figures exclude the effects of net gains/losses on financial instruments, current tax on net gains/losses on financial instruments and deferred tax. The Directors consider that the adjusted figures provide a useful additional indicator of performance and remove non-performance related distortions. See note 8.

b) Adjusted net debt

Adjusted net debt comprises borrowings excluding fair value accounting adjustments on debt, net cash and cash equivalents, and loans to joint ventures. Foreign currency borrowings that are hedged by cross currency swaps are included at the notional principal of the sterling payable leg of the swap.

c) Effective interest cost

The effective interest cost is calculated as net finance costs, excluding net finance costs from pensions, plus capitalised finance costs divided by the monthly average adjusted net debt during the period.

	2025	2024

	£m	£m
Net finance costs	**161.2**	124.6
Net finance costs from pensions	**(3.4)**	(5.0)
Capitalised finance costs	**72.0**	43.0
	229.8	162.6
Annualised*	**459.6**	325.2
Average adjusted net debt	**8,840.1**	7,469.1
Effective interest cost	**5.2%**	4.4%

** the rate is the annualised equivalent interest rate based on that calculated for the six-month period*

This APM is used to show the average interest rate that is attributable to the adjusted net debt of the business.

d) Effective cash cost of interest

The effective cash cost of interest is calculated on the same basis as the effective interest cost except that it excludes finance costs that are not paid in cash but are accreted to the carrying value of the debt (principally inflation adjustments on index-linked debt).

	2025 £m	2024 £m
Net finance costs	**161.2**	124.6
Net finance costs from pensions	**(3.4)**	(5.0)
Indexation adjustments	**(62.4)**	(39.7)
Capitalised finance costs	**72.0**	43.0
	167.4	122.9
Annualised*	**334.8**	245.8
Average adjusted net debt	**8,840.1**	7,469.1
Effective cash cost of interest	**3.8%**	3.3%

** the rate is the annualised equivalent interest rate based on that calculated for the six-month period*

This APM is used to show the average finance cost that is paid in cash.

e) PBIT interest cover

The ratio of PBIT to net finance costs excluding finance costs from pensions.

	2025 £m	2024 £m
PBIT	**466.2**	297.8
Net finance costs	**161.2**	124.6
Net finance costs from pensions	**(3.4)**	(5.0)
Net finance costs excluding net finance costs from pensions	**157.8**	119.6
	Ratio	Ratio
PBIT interest cover ratio	**3.0**	2.5

This APM is used to show how the PBIT of the business covers the financing costs associated only with adjusted net debt on a consistent basis.

f) EBITDA and EBITDA interest cover

The ratio of profit before interest, tax, depreciation, amortisation and impairment to net finance costs excluding net finance costs from pensions.

	2025 £m	2024 £m
PBIT	**466.2**	297.8
Depreciation (including right-of-use assets)	**220.2**	207.0
Amortisation	**23.4**	18.8
Impairment of property, plant and equipment	**6.4**	-
EBITDA	**716.2**	523.6
Net finance costs	**161.2**	124.6
Net finance costs from pensions	**(3.4)**	(5.0)
Net finance costs excluding finance costs from pensions	**157.8**	119.6
	Ratio	Ratio
EBITDA interest cover ratio	**4.5**	4.4

This APM is used to show how the EBITDA of the business covers the financing costs associated only with adjusted net debt on a consistent basis.

g) Adjusted effective current tax rate

The current tax charge for the year, excluding prior year charges and current tax on financial instruments, divided by profit before tax, net gains/losses on financial instruments and share of net profit/loss of our joint venture accounted for using the equity method.

	2025 £m	2025 Current tax thereon £m	2024 £m	2024 Current tax thereon £m
Profit before tax	**307.8**	**(0.1)**	192.3	(0.1)
Adjustments				
Share of net loss/(profit) of joint venture	**1.6**	**-**	(0.6)	-
Net gains on financial instruments	**(4.4)**	**-**	(18.5)	-
	305.0	**(0.1)**	173.2	(0.1)
Adjusted effective current tax rate		**0.0%**		0.1%

This APM is used to remove distortions in the tax charge and create a metric consistent with the calculation of adjusted earnings per share in note 8. Share of net profit/loss of joint venture is excluded from the calculation because the loss is included after tax and so the tax on joint venture profit/loss is not included in the current tax charge.

h) Operational cashflow

Cash generated from operations less contributions and grants received.

	2025 £m	2024 £m
Cash generated from operations	**655.1**	555.6
Contributions and grants received	**(29.4)**	(13.7)
Operational cashflow	**625.7**	541.9

This APM is used to show operational cash excluding the effect of contributions and grants received as part of capital programmes.

i) Cash capex

Cash paid to acquire property, plant and equipment and intangible fixed assets less contributions and grants received and proceeds on disposal of property, plant and equipment and intangible fixed assets.

	2025 £m	2024 £m
Purchase of property, plant and equipment	**794.1**	663.5
Purchase of intangible assets	**23.1**	18.7
Contributions received	**(29.4)**	(13.7)
Proceeds on disposal of property, plant and equipment	**(6.0)**	(6.5)
Cash capex	**781.8**	662.0

This APM is used to show the cash impact of the Group's capital programmes.

j) Capital Investment

Additions to property, plant and equipment and intangible fixed assets less contributions and grants received, assets contributed at no cost and capitalised finance costs.

	2025 £m	2024 £m
Additions to property, plant and equipment	**910.3**	802.5
Additions to intangible assets	**23.1**	18.7
Contributions and grants received	**(29.4)**	(13.7)
Assets contributed at no cost	**(63.0)**	(98.6)
Capitalised finance costs	**(72.0)**	(43.0)
Capital Investment	**769.0**	665.9

Includes £1.9 million (2024: £26.8 million) of additions to provisions for future capital expenditure arising from regulatory obligations.

Responsibility Statement

Responsibility Statement

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

(a) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

Signed on behalf of the Board who approved the half yearly financial report on 18 November 2025.

Christine Hodgson
Chair

Helen Miles
Chief Financial Officer

Independent review report to Severn Trent Plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Severn Trent Plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Yearly Financial Report of Severn Trent Plc for the 6 month period ended 30 September 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 September 2025;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Yearly Financial Report of Severn Trent Plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Yearly Financial Report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Yearly Financial Report, including the interim financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Yearly Financial Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
18 November 2025

Glossary

Asset Management Plan (AMP)

Price limit periods are sometimes known as AMP periods. The current period is known as AMP8 (2025-2030) because it is the eighth cycle since the water industry was privatised in 1989.

Compliance Risk Index (CRI)

A risk-based monitoring methodology designed to illustrate the risk arising from treated water compliance failures.

Customer Measure of Experience (C-MeX)

The incentive mechanism for companies to improve the experience of residential customers. C-MeX comprises two surveys - the customer service survey of residential customers who have recently contacted their water company and the customer experience survey of random members of the public in relation to their experience of their water company.

Developer Services Measure of Experience (D-MeX)

The incentive mechanism for companies to improve the experience of developer services customers. D-MeX comprises a qualitative element which is a survey of developer services customers who have recently completed a transaction with their water company and a quantitative element which measures performance against a set of Water UK developer services level of service metrics.

Final Determination (FD)

The final outcome of the price review process that sets price, investment and service packages that customers receive.

Green Recovery

The additional expenditure approved by Ofwat in May 2021 over and above the Final Determination for AMP7 to fund a number
of programmes aimed at boosting recovery after the Covid-19 pandemic and providing environmental benefits.

Infrastructure Renewals Expenditure (IRE)

The costs of like-for-like replacement of infrastructure components. These are recognised in the income statement as they arise.

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.

Price Control Deliverables (PCDs)

A framework which sets expectations for delivery of improvements funded through enhancement expenditure allowances. Where water companies fail to deliver these outcomes they will return funding to customers, and where they deliver their programme on time they will outturn a reward.

Price limits

The price limits are set to enable water companies to deliver the services required of them over the AMP period. These include allowing for capital maintenance of assets, ensuring security of supply and meeting drinking water and environmental quality requirements.

Price Review 24 (PR24)

A financial review process led by Ofwat to set wholesale price controls for water and sewerage companies for 2025 to 2030.

Regulatory Capital Value (RCV) / Regulatory Asset Base

The measure of the asset base of a company which is used when setting price limits. The RCV increases each year by a proportion of total expenditure that is set at each price review and 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.

Regulatory Return

The return generated on actual regulatory equity, calculated using average actual gearing applied to the Final Determination RCV. It encompasses the base return, outperformance, and the uplift to our regulatory asset base from inflation, and is stated on the actual company structure.

Reopener

Additional expenditure approved by Ofwat over and above the Final Determination.

Return on Regulatory Equity (RoRE)

A measure of the return (after tax and interest) that companies have earned by reference to regulatory equity, where regulatory equity is calculated from the RCV and net debt.

Transition Expenditure

Amounts spent during AMP7 that relate to programmes included in the AMP8 plan.

Cautionary statement regarding forward-looking statements

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. No assurances can be given that the forward-looking statements in this document will be realised. 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.

Nothing in this document should be regarded as a profits forecast.

Certain information contained herein is based on management estimates and Severn Trent's own internal research. Management estimates have been made in good faith and represent the current beliefs of applicable members of Severn Trent's management. While those management members believe that such estimates and research are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice, and, by their nature, estimates may not be correct or complete. Accordingly, no representation or warranty (express or implied) is given to any recipient of this document that such estimates are correct or complete.

This document is not an offer to sell, exchange or transfer any securities of Severn Trent Plc or any of its subsidiaries and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction. Securities may not be offered, sold or transferred in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act of 1933 (as amended).

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