

30 April 2026: United Utilities Group PLC today announces its preliminary, unaudited full year results for the year to 31 March 2026, alongside a strategic update available [here](#).

Louise Beardmore, Chief Executive Officer, said:

“Our BIG North West upgrade is now well underway, marking the most significant transformation of our region’s water and wastewater infrastructure in more than a century. One year into our five-year AMP8 programme, we are delivering at pace and at scale – strengthening the resilience and quality of our services, protecting and enhancing the environment, and supporting sustainable economic growth and thousands of new jobs across the North West.

“We already have more than 1,000 projects live across the region, supported by over 100 supply chain partners, and we have delivered our year one regulatory commitments on time. Operationally, we are making real progress on the issues that matter most, including significant reductions in storm overflow spills and sewer flooding, alongside strong customer service performance.

“Building on this platform, today we are announcing a plan for additional investment in our region¹ – including proposals for new water and wastewater infrastructure critical to the development of homes, data centres and clean energy. We expect it could create a further 4,000 jobs across our supply chain, on top of the 30,000 supported by our existing AMP8 programme. This focused, disciplined and well-funded plan will help us accelerate delivery of the transformation in infrastructure and services that the North West expects and deserves.”

Key financials – year ended 31 March

£m	Reported			Underlying ^{2,3,4}		
	2026	2025	% change	2026	2025	% change
Revenue	2,616.3	2,145.2	+22.0%	2,576.4	2,145.2	+20.1%
EBITDA	1,599.9	1,096.4	+45.9%	1,560.0	1,250.6	+24.7%
Operating profit	1,099.4	631.5	+74.1%	1,059.5	785.7	+34.8%
Profit before tax	779.0	355.0	+119.4%	738.0	513.6	+43.7%
Profit after tax	586.8	264.7	+121.7%	730.0	513.3	+42.2%
EPS (pence)	86.1	38.8	+121.7%	107.1	75.3	+42.2%

	2026	2025	% change
DPS (pence)	53.66	51.85	+3.5%
Net regulatory capex (£m)	1,525.1	1,082.7	+40.9%
RCV ⁵ (£m)	16,527	15,367	+7.5%
Net debt (£m)	9,943	9,346	+6.4%
RCV gearing ⁶ (%)	60%	60%	0%
Regulatory return ⁷ (%)	13.0%	4.4%	+8.6%

Operational highlights

- **Great start to the first year of the AMP**, our supply chain is mobilised and delivering efficiently at scale, with over 1,000 live projects and year one regulatory commitments met
- **Driving down spills**, achieving a 23% reduction in the number of spills and a 27% reduction in duration since the prior year

- **Significant reduction in sewer flooding**, with 42% fewer internal flooding incidents and 25% fewer external sewer flooding cases year-on-year
- **Zero category 1 pollutions**, the most serious form of pollution
- **Year-on-year improvement**, with over 80% of our key performance metrics improved since 2024/25
- **Improving customer service**, achieving 4.5 out of 5 and Excellent in our Trustpilot score, and above the median on all regulatory customer service measures
- **Guiding to ODI reward in AMP8**, with FY26 performance in line with management expectations at ~£35 million net penalty
- **Committed and engaged colleagues**, with levels of employee engagement at 90% significantly higher than the UK high performance average, and a rating of 4.6 out of 5 on Glassdoor as an employer in the region

Financial highlights

- **Underlying operating profit of £1,060m**, +35% on the prior year, driven by higher allowed revenues, partially offset by higher underlying operating costs
- **Underlying EPS of 107.1p**, up from 75.3p, and slightly ahead of guidance, reflecting a £274m increase to underlying operating profit, and higher net finance expense
- **Financially resilient, with gearing at 60% in the middle of our 55-65% range**, supporting solid credit ratings with Moody's, Fitch and S&P
- **Capital investment of £1,525m**, with asset base growth of 7.5% to £16.5bn
- **Regulatory return of 13.0%**, ahead of guidance reflecting profiling of financing outperformance being weighted towards the start of the AMP
- **Liquidity extending to the second half of FY28**, supported by additional £1.5 billion of debt capital
- **Recommended final dividend of 35.78p**, in line with policy

Upgraded financial framework reflecting today's announcement

- **Targeting regulatory returns of 10-11% in AMP8**, an increase of 100bps outperformance compared with prior guidance
- **Capital investment increasing** from c.£9 billion to **c.£11.5 billion in AMP8**
- **Asset base compound annual growth rate of around 10%⁸**, up from around 7% previously
- Maintain **dividend growth in line with CPIH⁹**
- Maintain **gearing within target range** of 55–65%, supported by a c.£800 million equity raise

Enquiries

Investors and Analysts

Chris Laybutt – Investor Relations and Clean Energy Strategy Director +44 7769 556 858

Jenny Platt – Investor Relations Manager +44 7733 064 907

Media

Andrew Ward – Corporate Affairs Director +44 734 168 3924

Graeme Wilson / Louise Male – Teneo Communications +44 207 260 2700

Preliminary full year results presentation and strategic update webcast – Thursday 30 April 2026

We will host a presentation and Q&A session with management at 8am (BST), which can be accessed using the details provided below. A replay will be available on the company website.

<https://teams.microsoft.com/meet/360160455663116?p=tcTOMJf34cDlau2b2r>

Meeting ID:360 160 455 663 116, Passcode: tv7it6Wu

Notes

¹ See separate strategic update announcement

² Underlying measures are reconciled to reported measures per the items in tables on pages 17 to 18.

³ Prior year comparatives have been re-presented with unaudited pro forma adjustments to reflect the estimated impact of changes in accounting approach in 2025/26 had they been applied in the prior year. In particular, the change in estimation technique for the measurement of inflation-linked debt is estimated to have had a positive impact on net finance expense of £23 million if applied in 2024/25, and that the adoption of a more granular approach to the capitalisation of IRE is estimated to have had a positive impact on operating profit of £152 million if applied in 2024/25.

⁴ Underlying EPS for 2026 includes positive 3p impact of change in estimation technique for the measurement of inflation-linked debt introduced in 2025/26 and positive 37p impact of higher capitalisation of IRE.

⁵ United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including expected value of AMP8 ex-post adjustment mechanisms).

⁶ RCV gearing calculated as group net debt including loan receivable from joint venture/United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including expected value of AMP8 ex-post adjustment mechanisms).

⁷ Regulatory return is the return on regulatory equity comprising the base return, outperformance and inflation as per Table 1F of the Ofwat Annual Performance Report.

⁸ From the 2024/25 baseline of £15,367 million assuming CPIH inflation of c.3.0% on average in AMP8

⁹ Target dividend growth in line with CPIH based on FY26 DPS of 53.66 pence

OPERATIONAL REVIEW

Efficient delivery at scale – the BIG North West upgrade

Our AMP8 capital delivery is progressing to plan. We have successfully recruited over 1,300 new colleagues to join United Utilities whilst at the same time onboarding over 100 suppliers to help us deliver our ambitious programme. The scaling-up of our activity has not impacted its quality, with the Capital Programme Delivery Incentive (CPDI), our measure of effective, efficient and quality deliver¹¹of the capital programme, hitting 100%. We have achieved our year one regulatory outcomes with our spend in line with expected profile.

As AMP8 scales up, our award-winning approach to standardisation, Project Blueprint, is playing a vital role in keeping us within cost and quality allowances while accelerating delivery for customers and communities. By standardising designs, bulk-purchasing materials and embedding more efficient maintenance regimes, we are cutting cost and time across multiple projects. This approach allows us to identify repeatable solutions, streamline design, and secure critical components early.

Continuous improvement across our operations

We are pleased to report a strong start to the year, with the majority of our operational performance measures improving year-on-year. We met our stretching targets for both internal and external sewer flooding – two of the outcomes customers value most. Long-term investment in dynamic network management is supporting this improved performance, despite last year's stormy weather, with internal sewer flooding down 42% and external flooding down 25%.

While the UK overall experienced a relatively dry year, the North West still saw above-average rainfall. Despite this, our spills performance improved, with activations falling 23% and duration falling 27% versus the prior year. We remain firmly on track to deliver a 60% reduction in spills by 2030.

We also made strong progress on smart metering, installing more than 200,000 meters during the year. This marks the first phase of a sustained rollout across the region. Smart meters are a critical enabler of better network insight, helping us identify losses earlier, improve water efficiency and support long-term demand management.

Due to the current geo-political environment, energy markets remain volatile. We continue to benefit from our disciplined and prudent energy hedging. Our hedging levels remain above policy minimums, reflecting proactive execution during the benign market conditions experienced in the third and fourth quarters. We are fully hedged for Summer 2026 and over 90% hedged for Winter 2026/27. In addition, the regulatory true-up mechanism introduced for AMP8 provides further protection against any potential future commodity price movements.

Future areas of focus

We are delivering strong all-round performance, while staying focused on the areas where we can go further. One of these is total pollution incidents – importantly, we recorded no category 1 pollutions, the most serious form of pollution. Despite a reduction in category 2 and 3 pollution incidents compared with the previous year, we expect an overall penalty for FY26 for this measure. Industry reporting rules have changed, meaning incidents previously excluded, such as those caused by

extreme weather and power supply interruption, are now counted. Around 21% of our 2025 incidents were linked to named storms, including 12% during Storm Éowyn. We remain fully committed to driving pollution down and are confident in our Pollution Incident Reduction Plan, which focuses on strengthening asset resilience, boosting customer engagement on responsible waste disposal and deepening partnerships to tackle wider pollution drivers.

Leakage is another key area of focus. This year we fixed more leaks than ever and replaced over 150 km of mains, more than in the previous five years combined, supporting long-term leakage reduction and fewer supply interruptions. Our in-year leakage performance is the best the North West has ever seen. Despite this progress, we expect to miss our regulatory three-year rolling average target, reflecting the impact of prior years and the time it takes for the rolling methodology to capture improvements. We are confident that the investment and momentum built in year one will continue to strengthen performance as we move through the AMP.

Prioritising customers

Delivering a high-quality service every time customers contact us is central to building trust. We are proud that every caller speaks directly to our North West-based customer service team, whose strong service culture is reflected in our Trustpilot score of 4.5 (Excellent) out of 5. We remain above the median and 'in reward' for our regulatory customer service measures. While performance is strong, our ambition is higher: to deliver a consistently leading customer experience, benchmarked not just within the water sector but against the best service providers in any industry.

With bills rising this year, we strengthened our sector-leading affordability support. Our ambition to help one in six customers is progressing well, with over 422,000 customers now receiving support. Working with partners such as the Department for Work and Pensions, we have proactively moved 180,000 customers onto better tariffs without them needing to get in touch. We know how important this support is, and we are proud to be among the first in the sector to achieve the Martin Lewis Money and Mental Health accreditation.

We are equally committed to accessibility. More than 580,000 customers are now registered for priority services, enabling us to tailor support for those who need it most. We are leading the sector both in the breadth of services offered and the number of customers enrolled, working closely with outreach partners to ensure our services flex and adapt to meet the needs of every community we serve.

A great place to work

Our 7,000 colleagues are at the forefront of the BIG North West upgrade, delivering for customers across the five counties. Given the size and scale of our investment programme, health and safety remains a top priority. Over the year, we have further strengthened our *Home, Safe and Well* programme, which underpins our approach to occupational health and safety. The increased focus, awareness and capability delivered through these initiatives has resulted in meaningful improvements in safety performance. Our Lost Time Injury Rate (LTIR) reduced by 30% during the year, reflecting the collective commitment of our people to continuous improvement. These initiatives will remain central to our approach throughout AMP8 as we work towards sustained, long-term improvements in keeping colleagues safe.

Engaged, committed colleagues are central to our success. This year, 86% of employees took part in our engagement survey, and we are proud to report an outstanding 90% engagement score - well above global utilities and UK high-performance benchmarks. Our strong culture is also reflected in our Glassdoor rating of 4.6 out of 5. The strength of our brand as an employer is critical to ensure we retain and attract the talent that we need to deliver our ambitious plans.

Looking ahead – unlocking growth in the new economy

Today we submitted to Ofwat our plans for additional investment to support housing growth, the new economy and proactive asset replacement. This £1.4 billion programme reinforces our role as an enabler of the country's broader growth ambitions through the construction of essential infrastructure. We expect our investment could support a further 4,000 jobs across our supply chain, on top of the 30,000 supported by our existing AMP8 programme.

The investment programme sets out how we will deliver the vital water infrastructure required for thousands of new homes across the region, unlock capacity for data centre expansion and facilitate decarbonisation. We have also outlined further investment in our assets to strengthen the resilience and reliability of our networks, treatment works, and services.

It is a proposal which will enable an additional £17 billion of economic value in the North West and £31 billion nationally by 2050¹. It will support housing growth that our region needs, and help to turbocharge the UK's digital economy. We expect Ofwat's draft decisions in August, with final decisions due in December.

Plans for a further c.£1.2 billion of investment are expected to be submitted for approval through subsequent submissions in 2027 and 2028 and transitional investment into AMP9, taking total incremental investment to c.£2.5 billion and total AMP8 capital investment to c.£11.5 billion.

¹ As per Hynet North West estimates: [HyNet NW-Vision-Document-2020 FINAL.pdf](#)

FINANCIAL FRAMEWORK

We have upgraded our five-year financial framework to reflect the accelerated investment and equity raise announced today. Our financial framework captures anticipated performance in the five years to 31 March 2030. This period aligns with the AMP8 regulatory period.

Regulatory return

The regulatory return is the return generated on actual regulatory equity, calculated using average actual gearing applied to the regulatory capital value (RCV), as per Table 1F – Financial Flows of the Ofwat Annual Performance Report. It encompasses the base return, outperformance, and the uplift to our regulatory asset base from inflation. We are targeting regulatory returns of 10-11% in AMP8, an increase of 100bps outperformance compared with prior guidance.

Capital investment and regulated asset growth

Our capital programme for the five years to March 2030 (AMP8) is significantly larger than previous regulatory periods, due to long-term investment drivers. We expect capital investment to be c.£11.5 billion, up from prior guidance of c.£9 billion, supporting a c.10% compound growth in the asset base between 2025 and 2030.

Dividend policy

The group maintains a dividend policy to target a growth rate of CPIH inflation each year, having increased the dividend at least in line with inflation for the past 15 years. The annual increase in the dividend is based on the CPIH element included within allowed regulated revenue for the current financial year. This is calculated using the CPIH annual rate from the November prior (i.e. the 2025/26 dividend is equal to the 2024/25 dividend indexed for the movement in CPIH between November 2023 and November 2024).

Balance sheet

The board has maintained a target gearing range of 55-65% net debt to regulated capital value. As at 31 March 2026, our gearing is comfortably within this range at 60%.

FY27 OUTLOOK AND GUIDANCE

Underlying revenue

Revenue is expected to increase to between £2.7 billion and £2.8 billion in 2026/27. This figure includes pass-through items of c.£110m relating to the Haweswater Aqueduct Resilience Programme (HARP) (£70m, FY26: nil) and HS2 diversions income (£40m, FY26: £40m).

Underlying operating costs

Underlying operating costs are expected to increase by around £100 million relating to growth in the asset base and price increases, including business rates.

Depreciation

Increasing by £50 million - £60 million due to continued growth in our asset base.

Underlying finance expense

Underlying net finance expense is expected to be lower year-on-year.

Underlying tax

Full expensing expected to continue, resulting in a negligible current tax charge.

Capital expenditure

Capex in 2026/27 is expected to be around £2 billion.

Asset base growth

Our asset base in 2026/27 is expected to increase by around 10%, assuming CPIH inflation of 3.6%.

ODIs¹

We are forecasting a customer ODI penalty for 2026/27, with year-on-year improvement.

Dividend

Our dividend continues to grow in line with CPIH, resulting in a dividend per share of 55.54 pence.

¹ The final position will be confirmed once Ofwat's Outturn Adjustment Mechanism (OAM) is finalised later in the year.

FINANCIAL REVIEW

Key financials (£m) – year ended 31 March

	Reported			Underlying ^{1,2,3}		
	2026	2025	% change	2026	2025	% change
Revenue	2,616.3	2,145.2	+22.0%	2,576.4	2,145.2	+20.1%
Operating expenses	(978.3)	(857.7)	+14.1%	(978.3)	(857.0)	+14.2%
Infrastructure renewals expenditure ²	(38.1)	(191.1)	-80.1%	(38.1)	(37.6)	+1.3%
EBITDA	1,599.9	1,096.4	+45.9%	1,560.0	1,250.6	+24.7%
Depreciation and amortisation	(500.5)	(464.9)	+7.7%	(500.5)	(464.9)	+7.7%
Operating profit	1,099.4	631.5	+74.1%	1,059.5	785.7	+34.8%
Net finance expense	(315.8)	(265.7)	+18.8%	(316.9)	(261.3)	+21.3%
Share of (losses)/profits of JVs	(4.6)	(10.8)	-57.4%	(4.6)	(10.8)	-57.4%
Profit before tax	779.0	355.0	+119.4%	738.0	513.6	+43.7%
Tax charge	(192.2)	(90.3)	+112.8%	(8.0)	(0.3)	+nm%
Profit after tax	586.8	264.7	+121.7%	730.0	513.3	+42.2%
EPS (pence)	86.1	38.8	+121.7%	107.1	75.3	+42.2%
	2026	2025	% change			
DPS (pence)	53.66	51.85	+3.5%			
Net regulatory capex (£m)	1,525.1	1082.7	+40.9%			
RCV ⁴ (£m)	16,527	15,367	+7.5%			
Net debt (£m)	9,943	9,346	+6.4%			
RCV gearing ⁵ (%)	60%	60%	0%			
Regulatory return ⁶ (%)	13.0%	4.4%	+8.6%			

Notes

¹ Underlying measures are reconciled to reported measures per the items in tables on pages 17 to 18.

² Prior year comparatives have been re-presented with unaudited pro forma adjustments to reflect the estimated impact of changes in accounting approach in 2025/26 had they been applied in the prior year. In particular, the change in estimation technique for the measurement of inflation-linked debt is estimated to have had a positive impact on net finance expense of £23 million if applied in 2024/25, and that the adoption of a more granular approach to the capitalisation of IRE is estimated to have had a positive impact on operating profit of £152 million if applied in 2024/25.

³ Underlying EPS for 2026 includes positive 3p impact of change in estimation technique for the measurement of inflation-linked debt introduced in 2025/26 and positive 37p impact of higher capitalisation of IRE.

⁴ United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including expected value of AMP8 ex-post adjustment mechanisms).

⁵ RCV gearing calculated as group net debt including loan receivable from joint venture/United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including expected value of AMP8 ex-post adjustment mechanisms).

⁶ Regulatory return is the return on regulatory equity comprising the base return, outperformance and inflation as per Table 1F of the Ofwat Annual Performance Report.

We have delivered strong financial performance this year. Underlying revenue increased 20% in line with allowances set out in our PR24 Final Determination. This revenue increase, partially offset by higher operating costs reflecting growth in our asset base and price increases in the year, resulted in an underlying operating profit of £1,060 million, a 35% increase compared with the prior year. Underlying EPS at 107.1 pence has increased 42% largely reflecting the big step up in revenue allowances in the first year of the AMP, with increases in revenue allowances over subsequent years expected to be lower, consistent with the typical regulatory approach to setting prices.

Underlying net finance expense increased as a result of increased debt to fund the AMP8 capital programme, resulting in an underlying profit after tax of £730 million and underlying earnings per share of 107.1 pence. Reported profit after tax was at £587 million, with reported earnings per share of 86.1 pence. Adjusted items between underlying and reported are set out on pages 17 to 18.

Our balance sheet remains strong, with RCV gearing at 60%, in the middle of our target range of 55-65%, supporting robust credit ratings.

Revenue

	£m
Underlying - Year to 31 March 2025	2,145.2
Regulatory revenue impact	446.8
Other impacts	(15.6)
Underlying – Year to 31 March 2026	2,576.4
Adjusted items*	39.9
Reported - Year to 31 March 2026	2,616.3

* Adjusted items are set out on pages 17 to 18.

Revenue was up £471 million at £2,616 million, with £447 million attributable to regulatory adjustments. Adjustments include a c.23% real increase in allowed wholesale revenues as set out in our PR24 Final Determination as well as a 3.5% CPIH-linked increase to the revenue cap.

Other revenue impacts largely reflect variances in consumption. Reported revenue included £40 million of revenue allowed by Ofwat for recovery in AMP8 related to diversions activity to accommodate the now-aborted northern leg of HS2, which will be returned to customers over the course of AMP9. The £40 million of revenue recognised in relation to this diversions activity has been adjusted for in arriving at underlying revenue.

Operating profit

	£m
Underlying - Year to 31 March 2025*	785.7
Revenue increase	431.2
Growth in the asset base	(64.7)
Price increases	(51.5)
Bad debt charge	(12.5)
Other	(28.7)
Underlying operating profit – Year to 31 March 2026	1,059.5
Adjusted items*	39.9
Reported – Year to 31 March 2026	1,099.4

* Adjusted items are set out on pages 17 to 18.

Underlying operating profit at £1,060 million was £274 million higher than last year, reflecting the increase in revenue, partially offset by higher operating costs than the prior year. Operating costs have increased primarily due to expenditure associated with growth in our underlying asset base, as well as price increases across regulatory fees, power and chemicals.

Reported operating profit was higher than underlying operating profit, reflecting the adjustment to revenue detailed above.

Our comprehensive affordability schemes, combined with effective credit collection practices and utilisation of technology, have meant that current year cash collection has been encouraging. Our bad debt position at 1.8% of statutory revenue is in line with management expectations.

Profit before tax

	£m
Underlying – Year to 31 March 2025*	513.6
Underlying operating profit increase	273.8
Underlying net finance expense increase	(55.6)
Share of JVs losses decrease	6.2
Underlying profit before tax – Year to 31 March 2026	738.0
Adjusted items *	41.0
Reported – Year to 31 March 2026	779.0

* Adjusted items are set out on pages 17 to 18.

Underlying profit before tax is £738 million compared with £514 million underlying profit before tax last year. The £224 million increase reflects the £274 million increase in underlying operating profit and a £6 million reduction in the share of losses of joint ventures, partially offset by a £56 million increase in underlying net finance expense.

Reported profit before tax is £41 million higher at £779 million, reflecting adjustments outlined on pages 17 to 18.

Net finance expense

	£m
Underlying – Year to 31 March 2025*	261.3
Increase in non-cash indexation on debt and derivatives	15.7
Increase in net interest payable on debt, derivatives and cash	50.8
Increase in capitalised interest	(6.9)
Increase in pension interest income	(4.6)
Other	0.6
Underlying net finance expense – Year to 31 March 2026	316.9
Adjusted items *	(1.1)
Reported – Year to 31 March 2026	315.8

* Adjusted items are set out on pages 17 to 18.

The underlying net finance expense of £317 million was £56 million higher than in the prior year mainly due to the increase in debt to fund the AMP8 capital programme, and a £16 million increase in non-cash interest expense on our debt and derivative portfolio, taking into account higher inflation incurred in the year and a rise in future indications of inflation. This is partially offset by an increase in capitalised interest and pension interest income.

Cash interest expense has increased by £67 million, primarily reflecting the increase in debt to fund the AMP8 capital programme.

Reported net finance expense is £1 million lower than underlying net finance expense, reflecting adjustments outlined on pages 17 to 18.

Profit after tax and earnings per share

	PAT £m	Earnings per share Pence/share
Underlying – Year to 31 March 2025*	513.3	75.3
Underlying profit before tax increase	224.4	
Tax charge increase	(7.7)	
Underlying profit after tax – Year to 31 March 2026	730.0	107.1
Adjusted items *	(143.2)	
Reported – Year to 31 March 2026	586.8	86.1

* Adjusted items are set out on pages 17 to 18.

The underlying profit after tax of £730 million was £217 million higher than the prior year, reflecting the increase to underlying profit before tax, partially offset by £8 million increase to the current tax charge.

Reported profit after tax was lower at £587 million with reported earnings per share at 86.1 pence. Adjusted items between underlying and reported set out on pages 17 to 18.

Tax

For the year to 31 March	2026 £m	2025 £m
Current tax	8.0	0.3
Deferred tax	184.2	90.0
Effective tax rate	24.7%	25.4%
Tax adjustments taken to other comprehensive income	4.3	8.1

We continue to be fully committed to paying our fair share of tax and acting in an open and transparent manner in relation to our tax affairs and are delighted to have been accredited with the Fair Tax Mark again in 2025 for the seventh year running.

In addition the group has made further contributions to the public finances of around £290 million, in the form of business rates, employer's national insurance contributions, environmental taxes, other regulatory service fees such as water abstraction charges as well as employment taxes on behalf of our 6,800 strong workforce.

The key reconciling item to the headline rate of corporation tax continues to be allowable tax deductions on capital investment, these being deductions put in place by successive governments to encourage such investment and thus reflecting responsible corporate behaviour in relation to taxation.

The current tax charge of £8m reflects a £4m prior year adjustment to management's estimate of the most likely amount that will be received in relation to Research and Development allowances available on certain capital projects that remain under enquiry and consortium relief totaling £4 million in relation to the years ended 31 March 2024 and 31 March 2025 claimed from the group's joint venture, Water Plus.

In the period, there were £4.3 million of tax adjustments taken to other comprehensive income, primarily relating to remeasurement movements on the group's defined benefit pension schemes and on hedge effectiveness.

An overall prior year net deferred tax credit of £6.5m has been the most significant factor in reducing the effective tax rate below the standard rate of tax of 25% along with reductions of tax sensitive items.

Dividend per share

The Board has proposed a final dividend of 35.78 pence per ordinary share in respect of the year ended 31 March 2026. This is an increase of 3.5% compared with the dividend last year, in line with the group's dividend policy of targeting a growth rate of CPIH inflation each year. The 3.5% increase is based on the CPIH element included within allowed regulated revenue for the 2025/26 financial year (i.e. the movement in CPIH between November 2023 and November 2024).

The final dividend is expected to be paid on 3 August 2026 to shareholders on the register at the close of business on 26 June 2026. The ex-dividend date for the interim dividend is 25 June 2026.

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. The closing date for DRIP elections is 13 July 2026.

The ISIN for UUG is GB00B39J2M42 and the TIDM is UU.

Cash flow

Net cash generated from operating activities for the year was £1,382 million, £464 million higher than in the prior year, principally due to increased revenue. This is partially offset by higher net interest paid on debt and derivatives as a result of higher debt associated with the AMP8 capital programme. The net cash generated from continuing operating activities supports the dividends paid of £358 million and partially funds some of the group's net capital expenditure of £1,499 million, with the balance being funded by net borrowings and cash and cash equivalents.

Pensions

As at 31 March 2026, the group had an IAS 19 net pension surplus of £311 million, compared with a surplus of £302 million at 31 March 2025. This is driven largely by interest earned on the surplus and is partially offset by a remeasurement loss of £8 million due to updates to the mortality projections and actual inflation over the year being higher than assumed at the prior reporting period. The remeasurement loss is more than offset by the net pension income credited to the income statement before tax of £11m.

Further detail on pensions is provided in note 12 ('Retirement benefit surplus') of these condensed consolidated financial statements.

Financing

Net debt	£m
At 31 March 2025	9,345.5
Cash generated from operations	(1,602.1)
Net capital expenditure	1,499.0
Dividends	357.6
Indexation	154.2
Interest	236.3
Fair value movements	(78.3)
Exchange rate movements on bonds and term borrowings	45.1
Repayment of loans by joint ventures	(21.0)
Other	6.9
At 31 March 2026	9,943.2

Net debt at 31 March 2026 was £9,943 million, compared with £9,346 million at 31 March 2025. This comprises gross borrowings with a carrying value of £11,491 million, net derivative liabilities hedging specific debt instruments of £95 million and cumulative indexation on inflation swaps of £151 million and is net of cash and bank deposits of £1,794 million.

Gearing, measured as group net debt including a £50 million loan receivable from joint venture divided by U UW's adjusted RCV (adjusted for actual spend, timing differences and including full expected value of AMP8 ex-post adjustment mechanisms) of £16.5 billion, was 60% at 31 March 2026.

Cost of debt

As at 31 March 2026, the group had approximately £3.3 billion of RPI-linked instruments and £0.5 billion of CPI or CPIH-linked instruments held as debt. Including swaps, the group has RPI-linked debt exposure of £3.2 billion at an average real rate of 1.5%, and £1.4 billion of CPI or CPIH-linked debt exposure at an average real rate of -0.6%.

Debt issuances during the prior and current financial year contributed to the group's average effective interest rate of 4.2% being higher than the rate of 3.8% last year. More information on this can be found on page 19.

The group has fixed the interest rates on its non index-linked debt in line with its 10-year reducing balance basis at an average effective nominal interest rate of 4.1% for the current financial year.

Credit ratings

U UW's senior unsecured debt obligations are rated Baa1 with Moody's Investors Service Ltd (Moody's), A- with Fitch Ratings Ltd (Fitch) and BBB+ with S&P Global Ratings UK Limited (S&P). United Utilities PLC's senior unsecured debt obligations are rated Baa2 with Moody's, BBB+ with Fitch and BBB- with S&P. All ratings are on a stable outlook.

Debt financing

The group has access to the international debt capital markets through its £12 billion medium-term note (MTN) programme.

In the year to 31 March 2026, we raised c£1.0 billion of term funding. This consisted of a £100m term loan from a relationship bank with a 5+1+1 year maturity and c£900 million in the public bond markets, including a EUR500m 10-year green public bond issued in August, a EUR100m tap of our existing EUR 3.75% bond due 2034 in September, a £300m 14-year public bond issued in December and a EUR100m tap of our existing EUR 3.75% bond due 2035 in March. In addition, £400 million of committed facilities were executed, renewed and/or increased with relationship banks. Subsequent to the year end a EUR150m tap of our existing EUR 3.5% bond due 2033 was issued in April. The term debt raised in AMP8 so far has typically outperformed the Ofwat debt index mechanism by c80bps providing a sustained benefit across all five years of the AMP.

In March 2026, with the written consent of the noteholder, we amended three of our RPI-linked notes to adopt updated replacement 'fallback' provisions (which are applicable upon cessation of, or fundamental changes to RPI, and now effectively follow index-linked gilts) and we took the opportunity to shorten the maturity on two of those notes from 2056 to 2047. In addition, in March 2026 the group's sustainable finance framework was updated.

Interest rate management

Long-term sterling inflation index-linked debt provides a natural hedge to assets and earnings under the regulatory model. At 31 March 2026, approximately 32% of the group's net debt was in RPI-linked form, representing around 19% of U UW's regulatory capital value (RCV), with an average real interest rate of 1.5%. A further 14% of the group's net debt was in CPI or CPIH-linked form, representing around 8% of U UW's RCV, with an average real rate of -0.6%. The long-term nature of this funding also provides a good match to the company's long-life infrastructure assets and is a key contributor to the group's average term debt maturity profile, which is around 14 years.

Across AMP8 we expect to move from having around half of our net debt in index-linked form to around a third. This reflects a balanced assessment across a range of factors, and will happen progressively over the period.

Where nominal debt is raised in a currency other than sterling and/or with a fixed interest rate, the debt is generally swapped to create a floating rate sterling liability for the term of the debt. To manage exposure to medium-term interest rates, the group fixes underlying interest costs on nominal debt out to ten years on a reducing balance basis.

Liquidity

Short-term liquidity requirements are met from the group's normal operating cash flows, cash and bank deposits primarily sourced from pre-funding in the debt capital markets, supported by committed but undrawn credit facilities. Our MTN programme and investment grade credit ratings support our ability to replenish liquidity over time.

At 31 March 2026, we had liquidity to cover projected needs through to the second half of FY28, comprising cash and bank deposits, plus committed undrawn revolving credit facilities. This gives us flexibility in terms of when and how further debt finance is raised to help refinance maturing debt and support the delivery of our ongoing capital investment programme.

Regulatory return

The regulatory return for 2025/26 was 13.0%. In addition to the base return of 5.2% (including our 5 basis point business plan reward), we delivered net outperformance of 2.4%, comprising:

Financing outperformance

We earned financing outperformance this year of 3.1%. We have consistently issued debt at efficient rates that compare favourably with the industry average and sector debt indexation mechanism, thanks to our strong balance sheet and credit ratings, along with our leading treasury management, clear and transparent financial risk management policies, and ability to act swiftly to access pockets of opportunity as they arise.

Customer outcome delivery incentives (ODIs)

In 2025/26 we incurred a net customer ODI penalty of around £35m, or 0.5 as a percentage on returns. With the introduction of new measures in AMP8 we expect performance to be progressive, resulting in a net reward across the AMP.

Customer ODI rewards and penalties are applied to revenues with a two-year lag. As such, the penalty incurred this year will be reflected as a reduction to revenues in 2027/28.

In 2025/26 PCDs had a 0.02% impact on returns. We are on track to deliver against the PCDs set out in the Final Determination over the remainder of AMP8 and remain focused on efficient delivery.

Totex performance

The totex impact on returns in 2025/26 is -0.1%, representing costs not subject to cost sharing.

Retail performance

The retail impact on returns of -0.2% reflects the additional investment that we've made to improve customer service and support cash collection and affordability as we support customers through bill increases.

After accounting for the impact of our actual gearing of 1.7%, as well as inflation of 3.8%, our regulatory return is 13.0% in 2025/26.

Underlying profit

The underlying profit measures in the following table represent alternative performance measures (APMs) as defined by the European Securities and Markets Authority (ESMA). These measures are linked to the group's financial performance as reported in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006 in the group's consolidated income statement, which can be found on page 30. As such, they represent non-GAAP measures.

These APMs can assist in providing a representative view of business performance, and may not be directly comparable with similarly titled measures presented by other companies. The group determines adjusted items in the calculation of its underlying measures against a framework which considers significance by reference to profit before tax, in addition to other qualitative factors such as whether the item is deemed to be within the normal course of business, its assessed frequency of reoccurrence and its volatility, which is either outside the control of management and/or not representative of current year performance.

In addition, a reconciliation of the group's average effective interest rate has been presented, together with a prior period comparison. In arriving at net finance expense used in calculating the group's effective interest rate, underlying net finance expense is adjusted to add back net pension interest income and capitalised borrowing costs in order to provide a view of the group's cost of debt that is better aligned to the return on capital it earns through revenue.

Adjusted item	Rationale
Adjustments not expected to recur	
Prior year comparatives (unaudited pro forma adjustments)	Prior year comparatives have been re-presented with unaudited pro forma adjustments to reflect the approximate impact of changes in accounting approach in 2025/26 based on estimates of their effect had they been applied in the prior year. In particular, it is estimated that the change in estimation technique for the measurement of inflation-linked debt would have had a positive impact on net finance expense of £23 million if applied in 2024/25, and that the adoption of a more granular approach to the capitalisation of IRE would have had a positive impact on operating profit of an estimated £152 million if applied in 2024/25 using assumptions derived from the more granular data available in 2025/26. While these accounting changes have been adopted prospectively from 1 April 2025, prior year figures have been re-presented as pro forma adjustments for ease of comparison to 2025/26 figures and forward-looking financial guidance on a like-for-like basis.
Consistently applied presentational adjustments	
High Speed Two (HS2) income	Management adjusts to exclude the revenue allowed by Ofwat for recovery in AMP8 related to diversions activity that will no longer take place following the cancellation of the northern leg of HS2. This adjustment will recur in each of the remaining years of AMP8. The revenue allowance to be recovered in AMP8 will be offset by negative adjustments to the revenue allowed by Ofwat for recovery in AMP9, resulting in a neutral position over time. Adjustments in arriving at underlying operating profit will therefore also be required during AMP9.
Fair value (gains)/losses on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	Fair value movements on debt and derivative instruments can be both very significant and volatile from one period to the next, and are, therefore, excluded in arriving at underlying net finance expense as they are determined by macro-economic factors, which are outside of the control of management and relate to instruments that are purely held for funding and hedging purposes (not for trading purposes). Included within fair value movement on debt and derivatives is interest on derivatives and debt under fair value option. In making this adjustment it is appropriate to add back interest on derivatives and debt under fair value option to provide a view of the group's cost of debt, which is better aligned to the return on capital it earns through revenue. Taking these factors into account, management believes it is useful to adjust for these fair value movements to provide a more representative view of performance.
Deferred tax adjustment	Management adjusts to exclude the impact of deferred tax in order to provide a more representative view of the group's profit after tax and tax charge for the year given that the regulatory model allows for cash tax to be recovered through revenues, with future revenues allowing for cash tax including the unwinding of any deferred tax balance as it becomes current. By making this adjustment, the group's underlying tax charge does not include tax that will be recovered through revenues in future periods, thus reducing the impact of timing differences.
Tax in respect of adjustments to underlying profit/ (loss) before tax	Management adjusts for the tax impacts of the above adjusted items to provide a more representative view of current year performance.

Underlying profit

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Operating profit per published results	1,099.4	631.5
Adjustments:		
HS2 revenue	(39.9)	-
Fleetwood outfall pipe fracture	-	2.3
More granular approach to IRE capitalisation	-	151.9
Underlying operating profit	1,059.5	785.7
Net finance expense		
Finance expense	(415.7)	(371.9)
Investment income	99.9	106.2
Net finance expense per published results	(315.8)	(265.7)
Adjustments:		
Fair value losses/(gains) on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(1.1)	(18.7)
Change in estimation technique for measuring index-linked debt	-	23.1
Underlying net finance expense	(316.9)	(261.3)
Share of (losses)/profits of joint ventures	(4.6)	(10.8)
Profit before tax per published results	779.0	355.0
Adjustments:		
In respect of operating profit	(39.9)	154.2
In respect of net finance expense	(1.1)	4.4
Underlying profit before tax	738.0	513.6
Profit after tax per published results	586.8	264.7
Adjustments:		
In respect of profit before tax	(41.0)	158.6
Deferred tax adjustment	184.2	90.0
Underlying profit after tax	730.0	513.3
Earnings per share		
	£m	£m
Profit after tax per published results (a)	586.8	264.7
Underlying profit after tax (b)	730.0	513.3
Weighted average number of shares in issue, in millions (c)	681.9	681.9
Earnings per share per published results, in pence (a/c)	86.1p	38.8p
Underlying earnings per share, in pence (b/c)	107.1p	75.3p
Dividend per share, in pence	53.66p	51.85p

In arriving at net finance expense used in calculating the group's effective interest rate, management adjusts underlying net finance expense to add back pension income and capitalised borrowing costs in order to provide a view of the group's cost of debt that is better aligned to the return on capital it earns through revenue.

Average effective interest rate

	Year ended 31 March 2026 £m	Year ended 31 March 2025 ¹ £m
Underlying net finance expense	(316.9)	(261.3)
Adjustments:		
Net pension interest income	(17.5)	(12.9)
Adjustment for capitalised borrowing costs	(75.4)	(68.5)
Net finance expense for effective interest rate	(409.8)	(342.7)
Average notional net debt²	(9,683)	(8,964)
Average effective interest rate	4.2%	3.8%
Effective interest rate on index-linked debt	4.2%	4.1%
Effective interest rate on other debt	4.1%	3.8%

Notes

¹ Prior year comparatives have been re-presented with an unaudited pro forma adjustment to reflect the estimated impact of the change in estimation technique for the measurement of inflation-linked debt. The change in approach is estimated to have a positive impact on net finance expense of £23 million if applied in 2024/25.

² Notional net debt is calculated as the principal amount of debt to be repaid, net of cash and bank deposits, taking: the face value issued of any nominal sterling debt, the inflation accreted principal on the group's index linked debt, and the sterling principal amount of the cross currency swaps relating to the group's foreign currency debt.

Regulatory Return

UUW's regulatory return

	Year ended 31 March 2026
Base return	5.2%
Financing performance	3.1%
Customer ODI performance	(0.5)%
Totex performance	(0.1)%
Retail performance	(0.2)%
RoRE	7.5%
Impact of gearing	1.7%
Inflation	3.8%
Regulatory return	13.0%

PRINCIPAL RISKS AND UNCERTAINTIES

Our approach to risk management

Our approach to risk management, including how we identify and assess risk, the oversight and governance process and focus on continual improvement remains largely unchanged from last year as described in our Annual Report.

Risk profile

A key feature of the business risk profile is inherent risk areas. These are categories of risk that are based on the value chain of the company, reflecting the interrelationship of the primary (water service, wastewater service, bioresources and retail and revenue), and supportive activities or areas of responsibility such as finance, technology and data, and health and safety where value can be gained, preserved or lost. As a result, the inherent risk areas support the identification and/or gap analysis of all types of risks, facilitate analysis of correlation and interdependency, and provide the platform for determining risk appetite and tolerance, which in turn helps us to articulate our direction and priorities to support decision-making around risk and resilience. Underpinning the inherent risk areas are approximately 100 event-based risks, which are inherent to the company's objectives and obligations, and cover core elements of the production lines, systems, networks and activities across the business.

Each event-based risk remains dynamic by reflecting new and emerging circumstances relative to the ever-changing external threats and internal vulnerabilities.

We have identified a number of common causal and consequence themes that relate to multiple risks. This allows us to understand correlating risk, enabling us to take a holistic view of the strengths, weaknesses and gaps in our controls, and to consider the short, medium and long-term implications of risks materialising. Categorisation indicates seven causal themes and six consequence themes:

- Causal themes: asset health; climate change/extreme weather; culture; demographic change; economic conditions; legislative and regulatory change; third party assets and service; and technology and data.
- Consequence themes: environmental impact; investors; non-compliance; people; service delivery; and suppliers.

Our principal risks

In January 2024, the FRC published a revised UK Corporate Governance Code (the code), with the most significant change being in respect of Provision 29 which relates to the board monitoring the risk management and internal control framework. In accordance with the revised code, the board will make a declaration of the effectiveness of material controls from financial year 2026/27, which will supplement the existing annual assessment of risk management and internal control systems. In preparation for the material controls declaration we have, as reported in last year's Annual Report, renewed our definition of which event-based risks, individually or collectively, are to be considered as a principal risk:

- Material impact risks – risks, which in the maximum worst case, have severe one-off financial and non-financial impacts; and
- Significant long-term risks – risks with significant exposure (likelihood of occurrence of the event multiplied by the most likely financial impact over the long-term after consideration of the current control environment).

Our principal risks therefore represent those risks which, in a remote but plausible scenario, could initiate corporate failure (material impact risks) and those risks which are likely to have a significant long-term impact on company value if they were to crystallise. As our definition of material impact

risks highlights those risks that have the most significant impact (if they crystallise in the worst case), it naturally identifies risks which place significant reliance on mitigating controls. Therefore, our future material controls declaration will be in respect of the key controls which mitigate our material impact risks.

A. Strategic aqueduct failure

Material impact & Long-term risk

Risk exposure: We own and operate nine aqueducts, which transfer water from major treatment works and large service reservoirs to the wider network. Asset deterioration and damage (caused by third party or natural event) are key risk factors to water supply and/or quality relative to large proportions of our customer base. The Haweswater Aqueduct is the most significant asset of this type and currently has the lowest level of resilience.

Control/mitigation: We are committed to delivering a resilient supply of water. Material controls are:

- **Rehabilitation/restoration:** The Large Diameter Trunk Mains (LDTM) inspections regime, along with existing asset maintenance programmes, are structured and reviewed periodically to identify where major rehabilitation or restoration programmes are required. The programmes are centrally governed and delivered to ensure the successful rehabilitation and restoration of strategic aqueducts, reducing the likelihood and impact of structural failure. Current initiatives include the Haweswater Aqueduct Resilience Programme and Vyrnwy Aqueduct Modernisation Programme.
- **Aqueduct loss contingency plans:** Plans to outline response of total loss of supply (in the event of breach) or restrictions on use (in the event of a water quality event) are developed, maintained and periodically exercised to enable the rapid deployment of resources and engagement with external agencies to maintain community function.

Other controls include protective easements, inspections, and monitoring of flow, pressure and turbidity via sensors and alarms.

Governance: Water quality first board, Water price control, Ofwat Liaison Committee (HARP), HARP Delivery Board.

Assurance: Engineering team technical reviews; Assurance team reviews; and cyclical internal audits.

B. Treatment and transportation of wastewater

Material impact & Long-term risk

Risk exposure: We own and operate network and treatment assets to collect and treat wastewater before it is safely returned to the environment. Risk factors to the hydraulic and operational capacity include: population growth; extreme weather (amplified by climate change); increased surface runoff due to residential and commercial developments; improper or harmful use of the sewer systems; and inherent asset health issues. Consequential failure, now subject to tightening legislation, can result in unpermitted storm or emergency overflow activations, sewer flooding and environmental damage.

Control/mitigation: We focus on providing reliable and resilient wastewater services. Material controls are:

- **Maintenance:** Proactive and reactive inspection, servicing, repair and replacement activities are planned, prioritised and completed across wastewater assets to maintain operational reliability and reduce the likelihood of asset failure and environmental impact.
- **Licence to operate:** Mandatory training, certification and competence requirements for wastewater operations are defined, delivered and routinely refreshed to ensure staff maintain the necessary skills and qualifications to safely and effectively operate the wastewater processes and assets.
- **Power resilience:** Power resilience plans and assets are maintained for critical wastewater sites to ensure continuity of treatment and transportation during power interruptions and outages.

Other controls include customer awareness, trade effluent management, monitoring of sensors and alarms and emergency response. In addition, our Better Rivers programme focuses on improving river water quality and reducing spills from storm and emergency overflow operation.

Governance: Wastewater Price control; Flood committee; and Pollution committee.

Assurance: Assurance team reviews; and cyclical internal audits.

C. Cyber

Material impact & Long-term risk

Risk exposure: As we continue to develop our digital capability, we become more reliant on connected technology, not only in the way we operate, but also the way in which we communicate with our customers and the wider community. Cyber incidents continue to grow in all industries with a constantly changing threat landscape. The potential for data and technology assets to be compromised is a key risk to business processes and operations.

Control/mitigation: We employ a multi-layer control environment. Material controls are:

- Infrastructure access controls: Perimeter and internal firewalls, supported by intrusion detection systems, are centrally configured, monitored and routinely updated to restrict unauthorised access and detect malicious activity across the corporate and operational technology networks.
- System access controls: System, data and internet access is restricted through centrally managed authentication, authorisation and usage controls, ensuring users are granted only the permissions required for their role and preventing unauthorised or inappropriate access across information and operational technology (IT and OT) environments.
- Point protection: Anti-malware suite and mail gateway service which includes malware detection, transmission protocols, and endpoint actions.
- Monitoring and response: The Security Operations Centre continuously monitors security events, analyses threat activity and coordinates timely incident response actions to detect, contain and mitigate cyber threats across the organisation's IT and OT environments. UU also operates a comprehensive Cyber Security Incident Response plan with associated training and exercising.

Other controls include security awareness training and business continuity plans.

Governance: Security steering group, NIS governance board, Group audit and risk board (GARB).

Assurance: Security team reviews; annual internal audit; and external reviews.

D. Water availability

Material impact & Long-term risk

Risk exposure: Water availability is a long-term risk for the UK relative to climate change and increased demand from population growth and increasing industrial usage. It is one of the most sensitive risks to climate change with lower than average rainfall and changing seasons affecting water resources, while extended periods of hot weather increases evaporation and demand. Both the environment and the capacity to supply water can be affected with the potential for water use restrictions to be implemented. Changing environmental legislation on abstraction and compensation is also a factor.

Control/mitigation: We are committed to the sustainability and resilience of water resources.

Material controls are:

- Strategy: A central water resources planning team develops, maintains and periodically reviews the Water Resources Management Plan to ensure long-term supply and demand strategy reflects climate and demographic change and provides a resilient approach to water availability.
- Production planning: Production planning teams proactively balance water availability and treatment / production capacity against forecast demand by reviewing supply forecasts, operational constraints and risk indicators to ensure sustainable and resilient system operation.
- Contingency plan: The statutory Drought Plan is maintained, periodically reviewed and enacted when required to set out the operational and customer-facing actions the organisation will take to manage water shortages and protect system resilience during drought conditions.

Other controls include abstraction and leakage management, and water efficiency programmes.

Governance: Water quality first board; and Water price control

Assurance: Assurance team reviews; and internal audits.

E. Financial risk

Material impact risk

Risk exposure: We are inherently exposed to liquidity, market, credit and capital risk due to our debt financing, cash and derivative holdings, defined benefit pension scheme and a significant annual commodity spend, notably energy. Risk factors include market fluctuations, cost or revenue shocks, process or system errors or failures (internal or counterparty), and company or sector poor performance. Impacts can be conflated and range significantly relating to revenue, the group's Regulatory Capital Value, the cost of debt, the cost of goods and services, with the most material impact being insolvency associated with remote risks such as counterparty failures or a breach of covenants.

Control/mitigation: We have a robust and prudent approach to financial risk management. Material controls are:

- **Approved limits:** Approved parameters for funding, liquidity, interest rate, inflation and electricity price commodity exposures, along with credit rating and financial ratio tolerance levels, are centrally defined in Treasury policies, monitored and reported to ensure treasury and financing activities remain within the organisation's financial risk appetite.
- **Control of work:** Financial transactions are governed by an established control framework incorporating authorisation limits, defined transaction parameters, segregation of duties and supervisory review to ensure activities are executed in line with approved financial and operational standards and limits.
- **Licence to operate:** Mandatory training, certification and competency requirements for financial and treasury activities are defined, delivered and routinely refreshed to ensure staff maintain the skills and authorisations necessary to operate within regulatory, market and internal control expectations.

Other controls include company business planning and monitoring of both internal and counterparty performance. The banking resolution regime also provides protection in the event of bank failures.

Governance: Operational compliance review; Executive performance meeting; Quarterly Treasury MI Pack; and Treasury committee.

Assurance: External audit; and cyclical internal audit.

F. Dam failure

Material impact risk

Risk exposure: We own and operate a fleet of over 100 dams and service reservoirs, many of which fall under statutory regulations due to their significant capacity. The integrity of all dams is fundamental to water availability, and the safety of society and property downstream. Flood damage, overtopping, earthquake or erosion could, in remote circumstances, result in an uncontrolled release of a significant volume of water with catastrophic implications.

Control/mitigation: We focus on maintaining extremely low probabilities of individual dam failure. Material controls are:

- **Portfolio Risk Assessment (PRA):** A Portfolio Risk Assessment is periodically undertaken to evaluate individual dams against societal risk criteria, enabling consistent prioritisation of safety interventions across the dam portfolio.
- **Inspections:** Catchment teams and Supervising Engineers conduct regular inspections and monitoring of dam structures and associated assets to identify emerging defects and compliance issues, ensuring timely escalation and intervention to maintain dam safety.

- Remedial work: Remedial works identified through Portfolio Risk Assessments or statutory 'In the Interest of Safety' requirements are prioritised, designed and delivered to address identified dam safety risks and ensure continued compliance with regulatory obligations.

Other controls include ground maintenance to manage vegetation and erosion, and contingency plans.

Governance: Dam safety group.

Assurance: Assurance team reviews; cyclical internal audits; and Panel engineer inspections.

G. Physical security

Material impact risk

Risk exposure: The water industry is classed as one of 13 'Critical National Infrastructure' (CNI) sectors which are defined as facilities, systems, sites, information, people, networks and processes, necessary for a country to function and upon which daily life depends. Within this definition, a number of specific UU assets are assigned a CNI or 'National Infrastructure' (NI) designation which in a remote, but significant security incident (such as a terrorist attack) could be compromised, leading to severe economic and social consequences.

Control/mitigation: We employ a multi-layered approach in accordance with the Security and Emergency Measures Direction (SEMD) of the Water Industry Act. Material controls are:

- Physical access controls: Physical access to sites is controlled through gates, fencing, security guards, CCTV and electronic access control systems to prevent unauthorised entry and protect critical assets.
- Monitoring and response: Security alarms and site alerts are continuously monitored by the Integrated Control Centre, which initiates timely investigation and response to any unauthorised access or security events.

Other controls include the physical hardening of assets based on priority and operational site inspections.

Governance: Security steering group.

Assurance: Security team reviews; Assurance team reviews; cyclical internal audits; and external reviews.

H. Failure to treat water

Material impact risk

Risk exposure: Threats to water treatment include asset health, process failure and the contamination (natural, chemical or biological) of raw water. Climate change is a key factor of raw water contamination due to intensifying catchment erosion and runoff, more frequent wildfires and increasing algal bloom which can produce taste and odour problems. Failure to treat water can lead to non-compliance with regulatory standards, rejection of water by consumers for aesthetics or, in extreme cases, public health issues.

Control/mitigation: We are committed to providing wholesome drinking water. Material controls are:

- Sampling and testing: Water Quality teams perform scheduled sampling and accredited laboratory testing across the network, with results recorded and reviewed in the Water Quality Management System to ensure compliance and detect any treatment issues.
- Sensors and alarms: Automated sensors continuously monitor water quality and treatment parameters, triggering system-generated alarms for operational teams to investigate and address any deviations from acceptable limits.
- Maintenance: Operational and Engineering teams carry out scheduled and reactive inspection, servicing, repair and replacement of treatment and network assets, ensuring issues are identified and resolved to maintain asset performance and regulatory compliance.
- Licence to operate: Mandatory training, certification and competence requirements for water operations are defined, delivered and routinely refreshed to ensure staff maintain the necessary skills and qualifications to safely and effectively operate the water processes and assets.

- Power resilience: Power resilience plans and assets are maintained for critical water sites to ensure continuity of water treatment during power interruptions and outages.
- Chemical resilience: Chemical resilience plans (including stock levels, alternative supply routes, and contingency actions) are maintained and periodically reviewed to ensure critical treatment sites can continue operating during chemical supply interruptions.

Other controls include an end-to-end risk assessment process, contingency plans, and the monitoring of the regulatory position on emerging contaminants.

Governance: Water quality first board; and Water price control.

Assurance: Scientific service team reviews; Assurance team reviews; cyclical internal audits; and external evaluations.

I. Health and safety

Material impact risk

Risk exposure: Our activities inherently include exposure to chemical, biological and physical hazards, with the most material impact being a major incident at one of our process plants (two of which fall under the Control of Major Accident Hazard (COMAH) regulations). An unintentional release of chemicals, energy, or other potentially dangerous materials (including steam) could result in fire, explosion, and toxic releases, which in the worst case, results in multiple casualties and serious damage to our assets, adjacent infrastructure/buildings and the environment.

Control/mitigation: We continue to build a strong health and safety culture and are committed to improving health and safety performance, with process safety being a primary area of focus. Material controls are:

- Control of work and change: A management system to ensure activities are safely undertaken, with key components including the management of change through risk assessment, implementation of protections such as isolation, and authorisation and permit to work.
- Maintenance: Scheduled and reactive inspection, servicing, repair and replacement of safety-critical equipment and assets to ensure they remain fully functional and compliant with health and safety requirements.
- Licence to operate: Staff and contractors complete and maintain all required training, licences and competency assessments, with compliance tracked and evidenced through the corporate learning and authorisation systems to ensure safe and legally compliant operation.

Other controls include monitoring through sensors and alarms and emergency/contingency plans.

Governance: Process safety board; and Executive health & safety committee.

Assurance: H&S team reviews; Assurance team reviews; and cyclical internal audit.

J. Misstatement of reported information

Material impact risk

Risk exposure: We are bound by legislation and regulation to provide statutory financial accounts and regulatory reports to demonstrate financial health, performance, compliance with legal and regulatory requirements, and provide information to stakeholders for their ongoing interest and/or investment in the company. Failure to provide accurate and/or complete information is reputationally damaging and, depending on the nature of any misstatement or misreport, could accrue significant penalties.

Control/mitigation: We are committed to reporting in an open, compliant and transparent way. Material controls are:

- Financial controls: Financial control procedures (including journal processing controls, control accounts and analytical review) to ensure the accuracy, completeness and validity of reported financial information in accordance with accounting and reporting standards.
- Regulatory reporting framework: Application of a defined regulatory reporting framework that sets out reporting criteria, accountabilities, data capture requirements, governance, and

assurance processes to ensure reported information is accurate, complete and compliant with reporting requirements.

Other controls include accounting policies, schedules, risk assessment and management of queries.

Governance: Executive performance meetings; Audit committee; Compliance committee.

Assurance: Financial control team review; Regulation and compliance team review; internal audits; and external audit.

K. Fraud

Material impact risk

Risk exposure: The scale of UU's operations presents multiple opportunities for fraud to be perpetrated from inside and outside of the company, potentially impacting us, our stakeholders and third parties. Fraud can be committed by individuals or groups with examples including false representation, unauthorised disclosure of personal information, the supply of inferior products / false invoices and misuse or theft of company property. The Economic Crime and Corporate Transparency Act 2023 (ECCTA) introduced a new corporate offence for failure to prevent fraud, which can carry an unlimited fine. The most material fraud risks relate to treasury operations, cyber crime and reporting.

Control/mitigation: We are committed to preventing fraud. Material controls are:

- Control of work: Financial transactions are governed by an established control framework incorporating authorisation limits, defined transaction parameters, segregation of duties and supervisory review to ensure activities are executed in line with approved financial and operational standards and limits.
- System access controls: System, data and internet access is restricted through centrally managed authentication, authorisation and usage controls, ensuring users are granted only the permissions required for their role and preventing unauthorised or inappropriate access across information and operational technology (IT and OT) environments.
- Financial controls: Financial control procedures (including journal processing controls, control accounts and analytical review) to ensure the accuracy, completeness and validity of reported financial information in accordance with accounting and reporting standards.

Other controls include fraud awareness training, whistleblowing process for the confidential reporting and investigation of fraud, and fraud risk assessment.

Governance: Security steering group; Whistleblowing committee; Audit committee; and Group board.

Assurance: Departmental review; cyclical internal audit; and external review.

L. Recycling of biosolids

Long-term risk

Risk exposure: Wastewater treatment generates significant quantities of sludge, which is subsequently treated to produce biosolids, the majority of which are recycled to agriculture as the most practical environmental option. A reduction in the landbank could have significant implications to strategy, operations, and cost, with a total loss of the land bank being the worst-case scenario. Threats include: the quality of biosolids; changes in public or political perception; changes in regulations associated with emerging contaminants and climate change; and/or the willingness of farmers or landowners to receive biosolids.

Control/mitigation: Treatment, sampling and testing ensures that quality standards are met, and we work closely with farmers, landowners and contractors to ensure compliance with regulations (notably the Biosolids Assurance Scheme (BAS)). We are also investing in our sludge treatment assets to ensure capacity, reliability and environmental compliance is upheld. In addition, we continue to work closely with regulators to influence policy. We are also developing contingency plans should regulation change in the near term, with a notified item included in the final determination enabling an interim determination (IDOK) if significant investment is required to develop alternative disposal outlets before 2030.

Governance: Bioresource team review of BAS compliance; and Executive performance meetings.

Assurance: Assurance team reviews; cyclical internal audit; and external BAS audits.

M. Programme delivery

Long-term risk

Risk exposure: The capital programme involves significant investment in the development and improvement of point and linear assets through a series of projects to improve water supply and wastewater services. Delivery to time, cost and quality is under constant challenge due to ongoing exposure to natural hazards and the capacity and capability of third parties, partners and internal resource. This risk is amplified by the significant scale of the capital programme across this and future asset management periods (AMPs) coupled with challenging cost allowances and performance commitments.

Control/mitigation: Our capital programme operating model involves multiple construction and design partners, and a large supplier base, providing both efficiency and resilience. With strong emphasis placed on safety and the environment, we adopt a supplier relationship management framework to manage contracts and performance, a runway approach for project allocation, and category management for the supply of products and materials. Performance is measured through our capital programme delivery incentive and monitoring delivery of performance commitments. For operations a transformation programme is in development with five clear areas of focus within an agreed prioritisation framework.

Governance: Project management office; Capital investment committee; and Executive performance meetings.

Assurance: Assurance team reviews; and cyclical internal audit.

Material litigation

The group robustly defends litigation where appropriate and seeks to minimise its exposure by establishing provisions and seeking recovery wherever possible. Litigation of a material nature is regularly reported to the group board. While our directors remain of the opinion that the likelihood of a material adverse impact on the group's financial position is remote, based on the facts currently known to us and the provisions in our financial statements, the following two cases are worthy of note:

- As reported in previous years, in February 2009, United Utilities International Limited (UUIL) was served with notice of a multiparty 'class action' in Argentina related to the issuance and payment default of a US\$230 million bond by Inversora Eléctrica de Buenos Aires S.A. (IEBA), an Argentine project company set up to purchase one of the Argentine electricity distribution networks that was privatised in 1997. UUIL had a 45% shareholding in IEBA, which it sold in 2005. The claim is for a non-quantified amount of unspecified damages and purports to be pursued on behalf of unidentified consumer bondholders in IEBA. The claim has not advanced procedurally in the last year and the proceedings remain in the evidentiary stage. UUIL will vigorously resist the proceedings given the robust defences that UUIL has been advised that it has on procedural and substantive grounds.
- Collective proceedings in the Competition Appeal Tribunal ('CAT') were issued on 8 December 2023 against U UW and United Utilities Group PLC on behalf of approximately 5.6 million domestic customers following an application by the Proposed Class Representative (PCR), Professor Carolyn Roberts. The PCR alleges that customers have collectively paid an overcharge for sewerage services during the claim period (which runs from 1 April 2020 and may continue into the early years of the PR24 period) as a result of U UW allegedly abusing a dominant position by providing misleading information to regulatory bodies. The estimated total aggregate amount the PCR is claiming against U UW (including interest) is at least £141 million. . Separate letters before action were issued on 20 December 2024 in relation to similar claims in respect of non-household customers, however it is not clear how these will proceed following the CAT and Court of Appeal's decision not to certify the claims brought in respect of domestic customers. On 7 March 2025, the CAT unanimously concluded that claims could not proceed on the basis that the claims brought forward are excluded by section 18(8) of the Water Industry Act 1991. This conclusion was upheld by a majority decision of the Court of Appeal on 5 March 2026. Having subsequently been refused permission to appeal by the Court of Appeal, on 9 April 2026 the PCR applied directly to the Supreme Court for permission to appeal, the outcome of which application is expected later this year. U UW believes the claim is without merit and will robustly defend it, should the certification decision be overturned on appeal.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This financial report contains certain forward-looking statements with respect to the operations, performance and financial condition of the group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. These forward-looking statements include without limitation any projections or guidance relating to the results of operations and financial conditions of the group as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure and any strategic initiatives relating to the group, as well as discussions of our business plan and our assumptions, expectations, objectives and resilience with respect to climate scenarios. The forward-looking statements reflect knowledge and information available at the date of preparation of this financial report and the company undertakes no obligation to update these forward-looking statements. Nothing in this financial report should be construed as a profit forecast.

Certain regulatory performance data contained in this financial report is subject to regulatory audit.

This announcement contains inside information, disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016 and for UK Regulatory purposes the person responsible for making the announcement is Simon Gardiner, Company Secretary.

LEI 2138002IEYQAOC88ZJ59

Classification – Preliminary, unaudited full year results

Unaudited consolidated income statement

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Revenue (note 3)	2,616.3	2,145.2
Other income	23.3	17.5
Staff costs	(260.9)	(224.1)
Other operating costs (note 4)	(707.4)	(630.6)
Allowance for expected credit losses - trade and other receivables	(33.3)	(20.5)
Depreciation of property, plant and equipment	(471.4)	(435.7)
Amortisation of intangible assets	(29.1)	(29.2)
Infrastructure renewals expenditure	(38.1)	(191.1)
Total operating expenses	(1,516.9)	(1,513.7)
Operating profit	1,099.4	631.5
Investment income (note 5)	99.9	106.2
Finance expense (note 6)	(415.7)	(371.9)
Investment income and finance expense	(315.8)	(265.7)
Share of losses of joint venture (note 11)	(4.6)	(10.8)
Profit before tax	779.0	355.0
Current tax charge	(8.0)	(0.4)
Deferred tax charge	(184.2)	(89.9)
Tax (note 7)	(192.2)	(90.3)
Profit after tax	586.8	264.7
Earnings per share (note 8)		
Basic	86.1p	38.8p
Diluted	85.8p	38.7p
Dividend per ordinary share (note 9)	53.66p	51.85p

All of the results shown above relate to continuing operations.

Unaudited consolidated statement of comprehensive income

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Profit after tax	586.8	264.7
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Cash flow hedges – effective portion of fair value movements	4.0	8.6
Tax on items that may be reclassified to profit or loss	(1.0)	(2.2)
Reclassification of items recorded in other comprehensive income to profit or loss	21.8	(1.3)
Tax reclassified to income statement	(5.5)	0.3
	<u>19.3</u>	5.4
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement (losses)/gains on defined benefit pension schemes (note 12)	(7.9)	18.6
Change in credit assumption for debt reported at fair value through profit and loss	(3.1)	1.9
Cost of hedging - cross currency basis spread adjustment	2.7	3.6
Tax on items recorded in other comprehensive income	2.2	(6.0)
	<u>(6.1)</u>	18.1
Total comprehensive income	<u>600.0</u>	<u>288.2</u>

Unaudited consolidated statement of financial position

	31 March 2026 £m	31 March 2025 £m
ASSETS		
Non-current assets		
Property, plant and equipment	15,084.0	13,873.0
Intangible assets	119.9	105.8
Interests in joint ventures (note 11)	-	1.6
Trade and other receivables	54.6	73.6
Retirement benefit surplus (note 12)	310.9	302.3
Derivative financial instruments	334.0	329.3
	<u>15,903.4</u>	<u>14,685.6</u>
Current assets		
Inventories – properties held for resale	2.9	2.7
Inventories – other	6.2	21.9
Trade and other receivables	333.3	282.0
Current tax asset	73.2	93.3
Cash and cash equivalents	1,794.3	1,672.6
Derivative financial instruments	13.7	11.4
	<u>2,223.6</u>	<u>2,083.9</u>
Total assets	<u>18,127.0</u>	<u>16,769.5</u>
LIABILITIES		
Non-current liabilities		
Trade and other payables	(1,168.5)	(1,063.8)
Borrowings (note 13)	(11,325.7)	(10,326.5)
Deferred tax liabilities	(2,216.9)	(2,028.4)
Derivative financial instruments	(302.4)	(275.0)
	<u>(15,013.5)</u>	<u>(13,693.7)</u>
Current liabilities		
Trade and other payables	(682.7)	(577.2)
Borrowings (note 13)	(164.9)	(462.1)
Provisions	(17.5)	(19.0)
Derivative financial instruments	(7.0)	(17.6)
	<u>(872.1)</u>	<u>(1,075.9)</u>
Total liabilities	<u>(15,885.6)</u>	<u>(14,769.6)</u>
Total net assets	<u>2,241.4</u>	<u>1,999.9</u>
EQUITY		
Share capital	499.8	499.8
Share premium account	2.9	2.9
Other reserves (note 16)	340.5	319.2
Retained earnings	1,398.2	1,178.0
Shareholders' equity	<u>2,241.4</u>	<u>1,999.9</u>

Unaudited consolidated statement of changes in equity

Year ended 31 March 2026

	Share capital £m	Share premium account £m	⁽¹⁾ Other reserves £m	Retained earnings £m	Total £m
At 1 April 2025	499.8	2.9	319.2	1,178.0	1,999.9
Profit after tax	-	-	-	586.8	586.8
Other comprehensive income					
Remeasurement gains on defined benefit pension schemes (note 12)	-	-	-	(7.9)	(7.9)
Change in credit assumption for debt reported at fair value through profit or loss	-	-	-	(3.1)	(3.1)
Cash flow hedges – effective portion of fair value movements	-	-	4.0	-	4.0
Cost of hedging – cross-currency basis spread adjustment	-	-	2.7	-	2.7
Tax on items recorded within other comprehensive income (note 7)	-	-	(1.7)	2.9	1.2
Reclassification of items recorded in other comprehensive income to profit or loss	-	-	21.8	-	21.8
Tax reclassified to income statement	-	-	(5.5)	-	(5.5)
Total comprehensive income	-	-	21.3	578.7	600.0
Dividends (note 9)	-	-	-	(357.6)	(357.6)
Equity-settled share-based payments	-	-	-	4.5	4.5
Purchase of shares to satisfy exercise of share options	-	-	-	(5.8)	(5.8)
Proceeds from share forfeitures	-	-	-	0.4	0.4
At 31 March 2026	499.8	2.9	340.5	1,398.2	2,241.4

Year ended 31 March 2025

	Share capital £m	Share premium account £m	⁽¹⁾ Other reserves £m	Retained earnings £m	Total £m
At 1 April 2024	499.8	2.9	311.1	1,242.3	2,056.1
Profit after tax	-	-	-	264.7	264.7
Other comprehensive income					
Remeasurement gains on defined benefit pension schemes (note 12)	-	-	-	18.6	18.6
Change in credit assumption for debt reported at fair value through profit or loss	-	-	-	1.9	1.9
Cash flow hedges – effective portion of fair value movements	-	-	8.6	-	8.6
Cost of hedging – cross-currency basis spread adjustment	-	-	3.6	-	3.6
Tax on items recorded within other comprehensive income (note 7)	-	-	(3.1)	(5.1)	(8.2)
Reclassification of items recorded in other comprehensive income to profit or loss	-	-	(1.3)	-	(1.3)
Tax reclassified to income statement	-	-	0.3	-	0.3
Total comprehensive income	-	-	8.1	280.1	288.2
Dividends (note 9)	-	-	-	(344.1)	(344.1)
Equity-settled share-based payments	-	-	-	4.7	4.7
Purchase of shares to satisfy exercise of share options	-	-	-	(5.0)	(5.0)
At 31 March 2025	499.8	2.9	319.2	1,178.0	1,999.9

⁽¹⁾Other reserves comprise the group's capital redemption reserve, merger reserve, cost of hedging reserve, and cash flow hedging reserve. Further detail of movements in these reserves is included in note 16.

Unaudited consolidated statement of cash flows

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Operating activities		
Cash generated from operations (note 14)	1,602.2	1,082.7
Interest paid	(322.1)	(263.5)
Interest received and similar income	85.7	92.5
Tax received	16.1	6.4
Net cash generated from operating activities	1,381.9	918.1
Investing activities		
Purchase of property, plant and equipment	(1,492.1)	(988.5)
Purchase of intangible assets	(42.9)	(9.5)
Grants and contributions received	35.2	9.2
Proceeds from disposal of property, plant and equipment	0.8	1.1
Repayment of loans to joint ventures (note 19)	21.0	0.5
Placement of deposits with maturity greater than three months	(504.0)	(768.7)
Receipt of deposits with maturity greater than three months	504.0	768.7
Net cash used in investing activities	(1,478.0)	(987.2)
Financing activities		
Proceeds from borrowings net of issuance costs	1,017.6	1,339.3
Repayment of borrowings	(433.2)	(631.4)
Dividends paid to equity holders of the company (note 9)	(357.6)	(344.1)
Purchase of shares to satisfy exercise of share options	(5.8)	(5.0)
Proceeds from share forfeitures	0.4	-
Net cash generated from financing activities	221.4	358.8
Net increase in cash and cash equivalents	125.3	289.7
Cash and cash equivalents at beginning of the year	1,669.0	1,379.3
Cash and cash equivalents at end of the year	1,794.3	1,669.0

NOTES

1. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements for the year ended 31 March 2026 have been prepared on the basis of the same accounting principles as those used in the group's Annual Report and Financial statements for the year ended 31 March 2025, as filed with the Registrar of Companies for England and Wales, and should be read in conjunction with this filing.

The unaudited condensed consolidated financial statements were approved by the Board on 29 April 2026. They do not include all of the information and disclosures required for full annual financial statements and do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The comparative figures for the year ended 31 March 2025 do not comprise the group's statutory accounts for that financial year. Those accounts have been reported upon by the group's auditor and delivered to the Registrar of Companies for England and Wales. The report of the auditor was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The unaudited condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of UK-adopted international accounting standards and IFRS Accounting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). This preliminary announcement does not contain sufficient information to constitute full financial statements in compliance with those standards. They have been prepared on the going concern basis under the historical cost convention, except for the revaluation of financial instruments, accounting for the transfer of assets from customers and the revaluation of infrastructure assets to fair value on transition to IFRS. The statutory accounts for 2026 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

Except as documented below with regards to changes in accounting estimates and the presentation of financial liabilities that had not settled at the reporting date, the accounting policies, presentation and methods of computation are consistent with those applied in the audited financial statement of United Utilities Group PLC for the year ended 31 March 2025.

Going concern

The unaudited condensed consolidated financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the group has adequate resources for a period of at least 12 months from the date of the approval of the financial statements and that there are no material uncertainties to disclose.

In assessing the appropriateness of the going concern basis of accounting, the directors have reviewed the resources available to the group in the form of cash and committed facilities as well as consideration of the group's capital adequacy, along with a baseline plan that incorporates latest views of the current economic climate. The directors have considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, and the likely effectiveness of mitigating actions that the directors would consider undertaking. The baseline position has been subjected to a number of severe, but plausible, downside scenarios in order to assess the group's ability to operate within the amounts and terms (including relevant covenants) of existing facilities. These scenarios consider the potential impacts of increased costs, including: a significant one-off totex impact of £400 million arising in the assessment period; debt being refinanced as it matures at 1 per cent above the forward projections of interest rates; incurring significant outcome delivery incentive ('ODI') penalties; and the impact of various downside scenarios materialising on a combined basis. Mitigating actions were considered to include deferral of capital expenditure; a reduction or suspension of discretionary totex spend; the close out of derivative assets; and the deferral or suspension of dividend payments.

Consequently, the directors are satisfied that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and that the severe but plausible downside scenarios indicate that the group will be able to operate within the amounts and terms (including relevant covenants) of existing facilities. The unaudited condensed consolidated financial statements have, therefore, been prepared on a going concern basis.

Material changes to accounting estimates

Capitalisation of Infrastructure Renewals Expenditure ('IRE')

All Infrastructure Renewal Expenditure ('IRE'), being expenditure incurred in maintaining the operating capability of the group's water and wastewater infrastructure network assets in accordance with defined standards of service, has historically been recognised as an expense in the income statement in the year in which the expenditure is incurred. This historic treatment was based on such expenditure comprising repairs or servicing of the network infrastructure when considered as a small number of large components in the absence of information that could be used to account for replacement of individual smaller components within the network on a one-for-one basis. Developments in the availability and granularity of asset data, along with advances in data analytic capabilities, means that IRE activities can now be identified at the individual smaller component level. Therefore, to the extent that IRE includes expenditure on the replacement of assets and the recognition criteria of IAS 16 'Property, Plant and Equipment' are met at the component level, the cost of the replacement part is now capitalised as part of the cost of the infrastructure asset, with the carrying value of the component that has been replaced being simultaneously derecognised. IRE activities that do not result in an asset replacement continue to be expensed as incurred.

Following the change in approach to capitalisation of IRE, management have reviewed the useful economic lives of infrastructure assets, which resulted in the reduction of the useful lives for certain categories of infrastructure assets. Given the long-lived nature of these assets, this did not materially affect the depreciation charge in the period.

This change in approach reflects a change in the application of judgement as to the level at which assets can be recognised and derecognised within the scope of the group's existing accounting policies for property, plant and equipment. It is not considered to be a change in accounting policy as defined within IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and therefore this change in accounting has been applied prospectively from 1 April 2025 with no restatement of prior year information.

This has resulted in IRE additions of £249.7 million within Property, Plant and Equipment that would previously have been expensed in the period.

Application of the effective interest rate ('EIR') in accounting for floating-rate debt

Floating-rate financial liabilities are accounted for in accordance with IFRS 9 'Financial instruments' with the group measuring these liabilities at amortised cost using the effective interest rate method. Expectations of future cash flows used to measure these liabilities are subject to periodic re-estimation to reflect movements in market rates of interest and the effective interest rate is adjusted to incorporate these movements. Judgement is required in determining the most appropriate method for estimating the effective interest rate.

Historically, the group has adjusted the effective interest rate for floating-rate instruments for changes in reference rates of interest during the period. Particularly for index-linked debt, given recent periods of unusually high and low inflation, this measurement technique has resulted in significant income statement volatility. During the year the group has revised the measurement technique used, so that the effective interest rate is now determined with reference to both movements in market rates of interest during the period and expectations of future changes in these rates. The group considers that this technique provides more useful information regarding the effect of changes in market rates of interest, particularly inflation, on the debt over time and presents a more faithful representation of expected future cash flows.

The group continues to apply its existing accounting policy of measuring these floating-rate financial liabilities at amortised cost, and the revised approach is a change in the estimation of the effective interest rate used by incorporating forward-looking information. This change is therefore a change in accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and has been applied prospectively from 1 April 2025. This has resulted in a reduction of £23.4 million of finance expense in the period compared with applying the previous approach.

Adoption of new and revised standards

There were no new standards, interpretations and amendments, effective for the year ended 31 March 2026, that were relevant to the group or have a material impact on the group's financial statements, or that were not early adopted in previous years.

Future accounting developments

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 31 March 2026 reporting period. These standards, amendments or interpretations are not expected to have a material impact on the financial statements in the following reporting period and on foreseeable future transactions. The group monitors developments across financial reporting standards and the status of adoption in the UK in assessing the extent to which these developments are likely to impact the financial statements in future periods. Relevant future accounting developments are detailed below.

Amendments to IFRS 9 and IFRS 7— Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB published amendments relating to the classification and measurement of financial instruments. These amendments are effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The amendments most relevant to the group allow for an accounting policy choice to derecognise certain financial liabilities settled using an electronic payment system before the settlement date, where the electronic payment system meets specific criteria.

The accounting policy choice has not been adopted within the group financial statements. Financial liabilities continue to be derecognised upon settlement, rather than initiation, of electronic payments, which reflects operational management of the group's liquidity position. Management has, however, amended the presentation of these financial liabilities which had not settled at the reporting date. Previously these balances were presented as 'book overdrafts' within current borrowings, however these have been prospectively recognised within trade and other payables, reflecting that it is the financial liability to the creditor, rather than the clearing bank, that has not been extinguished at the reporting date. At £3.6 million, these book overdrafts were not material at 31 March 2025 and accordingly prior year comparatives have not been re-presented.

IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The standard will replace IAS 1 'Presentation of Financial Statements' and does not change the measurement bases of the financial statements. There are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information. Management have commenced an impact assessment in readiness for implementation.

Update on critical accounting judgements and key sources of estimation uncertainty

The group discloses a number of critical accounting judgements and key sources of estimation uncertainty in its annual reports and financial statements. For the unaudited condensed consolidated financial statements for the year ended 31 March 2026, the area most impacted by developments during the year relates to the change in estimation technique for floating-rate debt, particularly for index-linked liabilities.

Judgements and estimates have been kept under review during the year to 31 March 2026 in order to ensure that they reflect the most up-to-date information available, including changes in the broader economic outlook, particularly continued inflationary pressures across most industries and sectors. An update on the judgements and estimates most impacted by developments during the year is as follows:

Accounting estimate – Effective interest rate ('EIR') for measuring floating-rate debt: The group has issued various SONIA-linked and inflation-linked debt instruments, which are included in its borrowings. These are accounted for as floating-rate financial liabilities measured at amortised cost in accordance with IFRS 9. The measurement of these financial liabilities is dependent upon the effective interest rate ('EIR') which is adjusted periodically for the re-estimation of future cashflows, reflecting expected movements in observable market variables incorporated within the interest rates.

This re-estimation of future cashflows incorporates incurred experience and market expectations of future changes in these reference rates of interest and is therefore subject to estimation uncertainty. The change in estimation technique is expected to reduce year-on-year volatility of the finance expense arising on these financial liabilities, particularly the inflation-linked debt which forms a significant component of the borrowings of the group and is long-dated in nature with an average weighted duration of 15 years.

Inflation remains volatile in the short-term, with uncertainty remaining as to the effect of ongoing global events, particularly in relation to increases in energy and fuel prices. However, the re-estimation of future cashflows incorporates expectations of changes in rates of interest across the life of the debt instruments and is therefore less exposed to short-term changes.

The single equivalent inflation assumption, weighted by RPI- and CPI-linked liabilities, derived from the UK Government gilt breakeven inflation curve as at 31 March 2026 for a 15 year duration was 3.07%. Actual rates of inflation may differ from the assumptions used due to changing market and economic conditions and, as such, this represents a key source of estimation uncertainty. An increase/decrease in the inflation assumption of 1 per cent would have resulted in a £30.6 million increase/decrease in the finance expense in the period.

2. Segmental reporting

The board of directors of United Utilities Group PLC (the board) is provided with information on a single segment basis for the purposes of assessing performance and allocating resources. The group's performance is measured against financial and operational key performance indicators ('KPIs'), with operational KPIs aligned to the group's purpose and financial KPIs focused on profitability and financial sustainability. The board reviews revenue, operating profit and gearing, along with operational drivers, at a consolidated level. In light of this, the group has a single segment for financial reporting purposes.

3. Revenue (unaudited)

	2026	2025
	£m	£m
Wholesale water charges	1,073.9	897.7
Wholesale wastewater charges	1,362.6	1,113.7
Household retail charges	136.0	90.5
Other	43.8	43.3
	2,616.3	2,145.2

In accordance with IFRS 15, revenue has been disaggregated based on what is recognised in relation to the core services of supplying clean water and the removal and treatment of wastewater. Each of these services is deemed to give rise to a distinct performance obligation under the contract with customers, although following the same pattern of transfer to the customer who simultaneously receives and consumes both of these services over time.

Other revenues comprise a number of smaller non-core income streams, including property sales and income from activities, typically performed opposite property developers, which impact the group's capital network assets. This includes diversion works to relocate water and wastewater assets, and activities that facilitate the creation of an authorised connection through which properties can obtain water and wastewater services.

4. Other operating costs (unaudited)

	2026	2025
	£m	£m
Power	182.7	154.5
Materials	160.3	144.1
Hired and contracted services	147.4	133.5
Property rates	93.3	89.9
Regulatory fees	53.4	44.8
Insurance	17.8	14.5
Accrued Ofwat innovation and water efficiency scheme costs	14.3	8.0
Loss on disposal of property, plant and equipment	0.3	4.0
Other expenses	37.9	37.3
	707.4	630.6

The group's operating costs have increased by around £77 million compared with the prior year. This is due largely to inflationary pressures across the cost base (particularly impacting power and materials), higher regulatory fees, and increased expenditure associated with the expansionary impact of delivering UUW's AMP8 business plan, which has also resulted in increased headcount and staff costs. In addition, higher costs were incurred during the year in ensuring that the group's network has remained resilient and that supply has been safeguarded during what was a particularly dry spring and summer in 2025.

Research and development expenditure for the year ended 31 March 2026, was £0.5 million (2025: £0.6 million). In addition, £11.3 million (2025: £8.0 million) of costs have been accrued during the year by United Utilities Water Limited in relation to the Innovation in Water Challenge scheme operated by Ofwat, which has continued for AMP8. These expenses offset amounts recognised in revenue during each year intended to fund innovation projects across England and Wales as part of an industry-wide scheme to promote innovation in the sector. The amounts accrued will either be spent on innovation projects that the group successfully bids for, or will be transferred to other successful water companies in accordance with the scheme rules.

Similarly, Ofwat has introduced the industry-wide Water Efficiency Fund (WEF) for AMP8, focused on improving and promoting water efficiency, including innovation in this space. This operates in a similar way to the Innovation in Water Challenge. £3.0 million of costs have been accrued in respect of this, which offset amounts recognised in revenue to fund them.

5. Investment income (unaudited)

	2026	2025
	£m	£m
Interest receivable	82.4	93.3
Net pension interest income (note 12)	17.5	12.9
	99.9	106.2

6. Finance expense (unaudited)

	2026 £m	2025 £m
Interest payable	393.9	372.3
Net fair value losses/(gains) on debt and derivative instruments	21.8	(0.4)
	<u>415.7</u>	<u>371.9</u>

Interest payable is stated net of £75.4 million (2025: £68.5 million) borrowing costs capitalised in the cost of qualifying assets within property, plant and equipment and intangible assets during the year. This has been calculated by applying an average capitalisation rate of 5.1 per cent (2025: 5.4 per cent) to expenditure on such assets as prescribed by IAS 23 'Borrowing Costs'.

Interest payable includes a £133.7 million (2025: £142.2 million) non-cash inflation expense reflecting movements in inflation expectations in relation to the group's index-linked debt. As described in further detail in the basis of preparation, the current year expense reflects a change in how the EIR used to measure index-linked debt (which is the most material component of floating-rate debt impacted by this change) is estimated.

Net fair value losses on debt and derivative instruments includes £2.4 million income (2025: £1.3 million income) due to net interest on derivatives and debt under fair value option, and £20.5 million expense (2025: £19.6 million expense) due to non-cash inflation uplift on the group's index-linked derivatives.

Underlying finance expense, which forms part of the group's alternative performance measures ('APMs') is calculated by adjusting net finance expense and investment income of £315.8 million (2025: £265.7 million) reported in the Consolidated Income Statement to exclude the £21.8 million of fair value losses (2025: £0.4 million of fair value gains) in the above table, but include £2.4 million expense (2025: £1.3 million income) due to net interest on derivatives and debt under fair value option, and £20.5 million (2025: £19.6 million) expense due to non-cash inflation uplift on index-linked derivatives.

7. Tax (unaudited)

The total effective tax rate for the year was 24.6 per cent compared to 25.4 per cent in the prior year.

The split of the total tax charge between current and deferred tax was due to ongoing timing differences in relation to tax deductions on capital investment and unrealised gains and losses on treasury derivatives.

The current tax charge of £8.0 million for the year ended 31 March 2026 reflects a £4.0 million adjustment to management's estimate of the most likely amount that will be received in relation to Research and Development allowances available on certain capital projects that remain under enquiry and are yet to be agreed with tax authorities, and consortium relief totalling £4.0 million in relation to the years ended 31 March 2024 and 31 March 2025 claimed from the group's joint venture, Water Plus. Except for these items, the current tax charge for the period would have been nil, mainly reflecting the impact of the capital allowances "first year allowances" affecting the group's eligible plant and machinery additions. It is predominantly the impact of these first year allowances that has driven a significant increase in the deferred tax charge for the year, reflecting the step-up in the scale and scope of the group's capital programme during the year.

The current tax asset recognised in the statement of financial position reflects the amount of tax expected to be recoverable based on judgements made regarding the application of tax law, and the current status of negotiations with, and enquiries from, tax authorities.

The tax adjustments taken to other comprehensive income primarily relate to remeasurement movements on the group's defined benefit pension schemes and on hedging effectiveness.

8. Earnings per share (unaudited)

Basic and diluted earnings per share are calculated by dividing profit after tax by the weighted average number of shares in issue during the year.

	2026	2025
	£m	£m
Profit after tax attributable to equity holders of the company	586.8	264.7
Weighted average number of shares in issue in millions		
Basic	681.9	681.9
Diluted	683.6	683.6
Earnings per share in pence		
Basic	86.1	38.8
Diluted	85.8	38.7

9. Dividends (unaudited)

	2026	2025
	£m	£m
Dividends relating to the year comprise:		
Interim dividend at 17.88 pence per share (2025: 17.28 pence per share)	121.9	117.8
Proposed final dividend at 35.78 pence per share (2025: 34.57 pence per share)	244.0	235.7
	365.9	353.5
Dividends deducted from shareholders' equity comprise:		
Interim dividend at 17.88 pence per share (2025: 17.28 pence per share)	121.9	117.8
Final dividend paid at 34.57 pence per share (2025: 33.19 pence per share)	235.7	226.3
	357.6	344.1

The proposed final dividends for the years ended 31 March 2026 and 31 March 2025 were subject to approval by equity holders of United Utilities Group PLC as at the reporting dates, and therefore have not been included as liabilities in the consolidated financial statements as at 31 March 2026 and 31 March 2025 respectively.

The proposed final dividend of 35.78 pence per ordinary share (2025: 34.57 pence per ordinary share) is expected to be paid on 3 August 2026 to shareholders on the register at the close of business on 26 June 2026. The ex-dividend date for the final dividend is 25 June 2026.

The interim dividend of 17.88 pence per ordinary share (2025: 17.28 pence per ordinary share) was paid on 2 February 2026 to shareholders on the register at the close of business on 19 December 2025.

10. Property, plant and equipment (unaudited)

The net book value of property, plant and equipment has increased significantly during the year, rising from £13,873.0 million as at 31 March 2025 to £15,084.0 million as at 31 March 2026. This reflects the significant step-up in the scale of U UW's capital programme for AMP8, with additions of £1,683.4 million (2025: £1,269.3 million) recorded for the year of which £1,675.9 million (2025: £1,243.9 million) relates to owned fixed assets and £7.5 million (2025: £25.4 million) relates to right-of-use assets leased by the group.

Additions to owned fixed assets during the year includes £249.7 million (2025: nil) of infrastructure asset additions in relation to infrastructure renewal expenditure that would historically have been treated as an expense in the income statement. Further detail of this accounting change is provided in the basis of preparation note above.

10. Property, plant and equipment (continued) (unaudited)

The additions to owned property, plant and equipment of £1,675.9 million reflected in the consolidated statement of financial position compares with purchases of property, plant and equipment recorded in the consolidated statement of cash flows of £1,492.1 million. This £183.8 million difference comprises £165.3 million of non-cash additions including transfers of assets from customers and capitalised borrowing costs (see note 6), and £18.5 million of timing differences between when additions are recognised in the consolidated statement of financial position compared with when cash payments for capital expenditure are made.

11. Interests in joint ventures (unaudited)

	2026 £m	2025 £m
Joint ventures at the start of the year	1.6	12.4
Add: zero-coupon loan notes converted into equity investments	12.5	-
Less: Historic share of losses of joint venture allocated to zero-coupon loan notes	(9.5)	-
Less: Share of losses of joint ventures for the year	(4.6)	(10.8)
Joint ventures at the end of the year	-	1.6

The group's interests in joint ventures comprises its 50 per cent interest in Water Plus Group Limited ('Water Plus'), which is jointly owned and controlled by the group and Severn Trent PLC under a joint venture agreement.

In March 2026, the group redeemed the entirety of the outstanding balance of zero-coupon loan notes issued to Water Plus, which were due to mature in March 2027 and had previously been recorded as a related-party receivable. This redemption was in the form of a subscription of additional share capital in the joint venture Water Plus, resulting in a net addition of £3.0 million to interests in joint ventures comprising the redemption of the face value of the loan notes of £12.5 million, less historic losses of £9.5 million allocated against the loan notes which were previously deemed to be a long-term interest that, in substance, formed part of the group's net investment in Water Plus. Following the allocation of the group's recognised share of Water Plus losses of £4.6 million for the year ended 31 March 2026 the carrying value of the group's net investment in the joint venture as at 31 March 2026 was reduced to nil.

The group's total share of Water Plus losses for the year ended 31 March 2026 was £5.2 million, of which £4.6 million has been recognised in the income statement and £0.6 million is unrecognised due to the carrying amount of the group's investment in the joint venture being reduced to nil during the year through application of the equity method.

Any future share of Water Plus profits will be recognised in the income statement only after being allocated against any accumulated unrecognised share of losses such that the accumulated unrecognised share of losses is reduced to nil.

Details of transactions between the group and its joint ventures are disclosed in note 19.

12. Retirement benefit surplus (unaudited)

The main financial assumptions used by the company's actuary to calculate the defined benefit surplus of the United Utilities Pension Scheme ('UUPS') and the United Utilities PLC Group of the Electricity Supply Pension Scheme ('ESPS') were as follows:

	2026	2025
	%pa	%pa
Discount rate	6.05	5.70
Pension increases	3.35	3.20
Pensionable salary growth (pre-1 April 2018 service):		
ESPS	3.35	3.20
UUPS	3.35	3.20
Pensionable salary growth (post-1 April 2018 service):		
ESPS	3.35	3.20
UUPS	2.90	2.75
Price inflation - RPI	3.35	3.20
Price inflation – CPI ⁽⁴⁾	2.90	2.75

Note:

⁽⁴⁾ The CPI price inflation assumption represents a single weighted average rate derived from an assumption of 2.45 per cent pre-2030 and 3.15 per cent post-2030 (2025: 2.30 per cent pre-2030 and 3.00 per cent post-2030).

The discount rate is consistent with a high quality corporate bond rate, with 6.05 per cent being equivalent to gilt yields of 5.40 per cent + 65bps in respect of credit spread (2025: 5.70 per cent being equivalent to gilt yields of 5.10 per cent + 60bps in respect of credit spread).

The IAS 19 remeasurement loss of £7.9 million (2025: gain of £18.6 million) reported in the statement of changes in equity has largely resulted from changes in financial and demographic assumptions, predominantly due to actual inflation over the year being higher than assumed and updates to the mortality projections.

In line with previous reporting periods, mortality assumptions continue to be based on the latest available Continuous Mortality Investigation's ('CMI') mortality tables. As at 31 March 2026, mortality assumptions are based on adjusted SAPS 4 CMI2025 base tables inclusive of a 1.25% p.a. rate of improvement, initial adjustment (A) parameter of 0.25%, a "half-life" (H) parameter of 1, and an adjustment to the "advanced parameters" to model lower improvements in life expectancy at older ages than the core model.

The net pension income before tax in the income statement in respect of the defined benefit schemes is summarised as follows:

	2026	2025
	£m	£m
Current service cost	2.5	2.5
Past service cost	0.1	-
Administrative expenses	3.9	4.0
Pension expense charged to operating profit	6.5	6.5
Net pension interest credited to investment income (note 5)	(17.5)	(12.9)
Net pension income credited to the income statement before tax	(11.0)	(6.4)

12. Retirement benefit surplus (continued) (unaudited)

The reconciliation of the opening and closing net pension surplus included in the statement of financial position is as follows:

	2026 £m	2025 £m
At the start of the year	302.3	268.0
Net income recognised in the income statement	11.0	6.4
Contributions	5.5	9.3
Remeasurement (losses)/gains gross of tax	(7.9)	18.6
At the end of the year	310.9	302.3

The closing surplus at each reporting date is analysed as follows:

	2026 £m	2025 £m
Fair value of schemes' assets	2,288.5	2,308.6
Present value of defined benefit obligations	(1,977.6)	(2,006.3)
Net retirement benefit surplus	310.9	302.3

Over the year to 31 March 2026, the balance sheet surplus has increased from £302.3m to £310.9m. This increase is driven largely by interest accrued on the surplus over the period; an increase in the discount rate and updating the inflation risk premium; and credit spreads widening over the year which (all else equal) reduces the uninsured DBO by a greater extent than the invested assets which are not all invested in corporate bond linked assets. This is partially offset by other factors, in particular, proposed updates to the mortality projections which increases the uninsured DBO; changes in market conditions expected to reduce the buy-in asset value; and actual inflation over the year being higher than assumed at the prior reporting period.

The latest finalised funding valuation was carried out during the prior year, as at 31 March 2024, and determined that the schemes were fully funded on a low-dependency basis without any funding deficit that requires additional contributions from the group over and above those related to current service and expenses.

The results of the latest funding valuation at 31 March 2024 have been used to inform the group's best estimate assumptions to use in calculating the defined benefit pension obligation reported on an IAS 19 basis at 31 March 2026. The results of the funding valuation have been adjusted to take account of experience over the period, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service costs, were measured using the projected unit credit method.

Member data used in arriving at the liability figure included within the overall IAS 19 surplus has been based on the finalised actuarial valuations as at 31 March 2024 for both UUPS and ESPS. As part of each actuarial valuation, and more frequently as required by the trustees, member data is reassessed for completeness and accuracy and to ensure it reflects any relevant changes to benefits entitled by each member.

Defined contribution schemes

During the year, the group made £38.6 million (2025: £36.7 million) of contributions to defined contribution schemes, which are included in employee benefits expense.

13. Borrowings (unaudited)

New borrowings raised during the year ended 31 March 2026, all of which were issued under the Euro Medium-Term Note Programme, were as follows:

- On 7 August 2025, the group issued EUR500 million fixed rate notes, due August 2035. On issue, the EUR bond was immediately swapped to £432.5 million of principal outstanding.
- On 25 September 2025, the group issued EUR100 million fixed rate notes as a fungible increase to the EUR650 million notes due May 2034. On issue, the EUR bond was immediately swapped to £86.8 million of principal outstanding.
- On 28 October 2025, the group executed a term loan facility for £100 million, for a five-year term (with two extension options of one year each). This loan was drawn down on 10 November 2025.
- On 8 December 2025, the group issued £300 million fixed rate notes due December 2039.
- On 2 March 2026, the group issued EUR100 million fixed rate notes as a fungible increase to the EUR500 million notes due August 2035. On issue, the EUR bond was immediately swapped to £87.4 million of principal outstanding.

On 10 April 2026, the group issued EUR150 million fixed rate notes as a fungible increase to the EUR650 million bond due February 2033. On issue, the EUR bond was immediately swapped to £130.7 million of principal outstanding. As the notes were issued during April 2026, they do not form part of the borrowings balance as at 31 March 2026.

During the year, extensions to nine existing undrawn committed borrowing facilities were approved, and a further two new facilities were approved, with amounts available under these facilities totalling £440 million. There was a £100 million decrease to one facility during the period.

During the year, the terms and conditions of three RPI-linked notes were amended to revise certain RPI fallback provisions and shorten the maturity dates of two of the notes. The modifications are classified as non-substantial based on application of IFRS 9 'Financial Instruments'. Borrowings amended during the year ended 31 March 2026 were as follows:

- £50 million 1.397 per cent index-linked notes due February 2046
- £35 million 1.3805 per cent index-linked notes originally due November 2056, now due November 2047
- £25 million 1.591 per cent index-linked notes originally due September 2056, now due September 2047.

There were no modifications during the year ended 31 March 2025.

Borrowings at 31 March 2026 include £88.5 million in relation to lease liabilities (2025: £83.2 million), of which £82.0 million (2025: £78.0 million) was classified as non-current and £6.5 million (2025: £5.2 million) as current.

As at 31 March 2026, there were £761.9 million of borrowings with a single counterparty that are subject to compliance with financial covenants in respect of the level of gearing and interest cover of United Utilities Water Limited, a subsidiary of the group. Compliance with these covenants is monitored by the group on a quarterly basis and reported to the counterparty annually. The group was compliant with these financial covenants at the reporting date.

14. Cash generated from operations (unaudited)

	2026 £m	2025 £m
Operating profit	1,099.4	631.5
Adjustments for:		
Depreciation of property, plant and equipment	471.4	435.7
Amortisation of intangible assets	29.1	29.2
Loss on disposal of property, plant and equipment	0.3	4.0
Amortisation of deferred grants and contributions	(20.9)	(19.8)
Equity-settled share-based payments charge	4.5	4.7
Pension contributions paid less pension expense charged to operating profit	1.0	(3.0)
Changes in working capital:		
Decrease/(Increase) in inventories	15.5	(3.1)
Increase in trade and other receivables	(58.7)	(54.7)
Increase in trade and other payables	62.1	52.7
(Decrease)/increase in provisions	(1.5)	5.5
Cash generated from operations	1,602.2	1,082.7

15. Net debt (unaudited)

Net debt at the end of each period comprised:

	31 March 2026 £m	31 March 2025 £m
Borrowings	11,490.6	10,788.6
Derivative financial instruments (liabilities)	309.4	292.6
Derivative financial instruments (assets)	(347.7)	(340.7)
Cash and cash equivalents	(1,794.3)	(1,672.6)
Net debt – as agreed to statement of financial position	9,658.0	9,067.9
<i>Adjustments to exclude the fair value of:</i>		
Interest rate derivatives fixing future nominal interest rates	183.5	178.0
Inflation derivatives fixing future real interest rates	103.6	126.9
Electricity derivatives fixing future electricity costs	(1.9)	(27.3)
Net debt – as adjusted to align to the group's definition	9,943.2	9,345.5

The group defines net debt as the sum of borrowings and derivative financial instruments, net of cash and bank deposits, and adjusted to exclude the value of derivatives that are not hedging specific debt instruments. In presenting net debt in this way, the group aims to give a fair reflection of the net debt amount the group is contractually obliged to repay – consistent with the approach taken by credit rating agencies – and the regulatory economics of the group's arrangements. As the value of derivatives that are not hedging specific debt instruments is excluded from the group's definition of net debt, fair value movements associated with these derivatives are not included in the above reconciliation from the opening to closing net debt position.

16. Other reserves (unaudited)

Year ended 31 March 2026

	Capital redemption reserve £m	Merger reserve £m	Cost of hedging reserve £m	Cash flow hedge reserve £m	Total £m
At 1 April 2025	1,033.3	(703.6)	11.4	(21.9)	319.2
Changes in fair value recognised in other comprehensive income	-	-	2.7	4.0	6.7
Amounts reclassified from other comprehensive income to profit and loss	-	-	-	21.8	21.8
Tax on items recorded within other comprehensive income	-	-	(0.7)	(6.5)	(7.2)
At 31 March 2026	1,033.3	(703.6)	13.4	(2.6)	340.5

Year ended 31 March 2025

	Capital redemption reserve £m	Merger reserve £m	Cost of hedging reserve £m	Cash flow hedge reserve £m	Total £m
At 1 April 2024	1,033.3	(703.6)	8.7	(27.3)	311.1
Changes in fair value recognised in other comprehensive income	-	-	3.6	8.6	12.2
Amounts reclassified from other comprehensive income to profit and loss	-	-	-	(1.3)	(1.3)
Tax on items recorded within other comprehensive income	-	-	(0.9)	(1.9)	(2.8)
At 31 March 2025	1,033.3	(703.6)	11.4	(21.9)	319.2

The capital redemption reserve arose as a result of a return of capital to shareholders following the reverse acquisition of United Utilities PLC by United Utilities Group PLC in the year ended 31 March 2009. The merger reserve arose in the same year on consolidation and represents the capital adjustment to reserves required to effect the reverse acquisition.

The group recognises the cost of hedging reserve as a separate component of equity. This reserve reflects accumulated fair value movements on cross-currency swaps resulting from changes in the foreign currency basis spread, which represents a liquidity charge inherent in foreign exchange contracts for exchanging currencies and is excluded from the designation of cross-currency swaps as hedging instruments.

The group designates a number of swaps hedging non-financial risks in cash flow hedge relationships in order to give a more representative view of operating costs. Fair value movements relating to the effective part of these swaps are recognised in other comprehensive income and accumulated in the cash flow hedging reserve.

17. Contingent liabilities (unaudited)

Ofwat and Environment Agency investigations

As at 31 March 2026, UUW remains subject to the enforcement case opened by Ofwat in 2024, along with the other water and wastewater companies in England and Wales that have not yet had their investigations concluded. If a company is found to have breached its legal obligations this could result in a financial penalty of up to 10 per cent of relevant wastewater turnover (which in UUW's case would be around £100 million), and/or a requirement to rectify any obligations deemed to be required as a consequence of those findings. To date, Ofwat has issued penalties to one company and agreed enforcement packages with six companies, with values ranging from 5 per cent to 9 per cent of relevant wastewater turnover.

UUW has received and responded to notices under s203 of the Water Industry Act 1991 and continues to fully cooperate with Ofwat through the investigation process. Ofwat has stated that while it has concerns with the sector that it must investigate, the opening of enforcement cases does not automatically imply that companies have breached their legal obligations or that a financial penalty will necessarily follow. Accordingly, the group considers that there was only a possible obligation as at the reporting date and so no provision has been recognised in the statement of financial position in respect of this matter. UUW has not been given a firm indication of the expected timeframe for the conclusion of Ofwat's ongoing investigation, or any subsequent action.

Similarly, the Environment Agency has made a number of data requests and undertaken site visits as part of its ongoing industry-wide investigation, with which the group continues to fully comply. This investigation is focused on environmental permit compliance at wastewater treatment works and wastewater networks, with the Environment Agency having a number of enforcement options open to it if it concludes that companies have breached their permit conditions and/or illegally polluted the environment. These include the potential for criminal prosecution and unlimited fines. As with the Ofwat investigation, this remains ongoing. It is currently unclear when this matter will be resolved. As with the Ofwat investigation, the group considers that there was only a possible obligation as at the reporting date and so no provision has been recognised in the statement of financial position in respect of this matter.

Prof Carolyn Roberts collective action

As disclosed in the group's financial results for the year ended 31 March 2025, collective proceedings in the Competition Appeal Tribunal ('CAT') were issued on 8 December 2023 against United Utilities Water Limited ('UUW') and United Utilities Group PLC on behalf of approximately 5.6 million domestic customers following an application by the Proposed Class Representative ('PCR'), Professor Carolyn Roberts. The PCR alleges that customers have collectively paid an overcharge for sewerage services during the claim period as a result of UUW allegedly abusing a dominant position by providing misleading information to regulatory bodies. The estimated total aggregate amount the PCR is claiming against UUW (including interest) for household customers is at least £141 million. Separate letters before action were issued on 20 December 2024 in relation to similar claims in respect of non-household customers, however it is not clear how these will proceed following the CAT and Court of Appeal's decision not to certify the claims brought in respect of domestic customers.

On 7 March 2025, the CAT unanimously concluded that claims could not proceed on the basis that the claims brought forward are excluded by section 18(8) of the Water Industry Act 1991. Subsequently, the PCR was granted permission by the Court of Appeal to appeal this decision. The hearing took place in early 2026 where the Court of Appeal rejected the PCR's appeal and concluded that CAT's original decision should not be overturned. Following this, the PCR has applied to the Supreme Court to appeal the decision made by the Court of Appeal. The outcome of this request is not yet known. UUW believes the claim is without merit and will robustly defend it, should the certification decision be overturned on appeal.

18. Financial and other commitments (unaudited)

The group has credit support guarantees as well as general performance commitments and potential liabilities under contract that may give rise to financial outflow. The group has determined that the possibility of any outflow arising in respect of these potential liabilities is remote and, as such, there are no material financial liabilities to be disclosed in this regard (2025: none).

At 31 March 2026, there were commitments for future capital and infrastructure renewals expenditure contracted, but not provided for, of £481.1 million (2025: £125.3 million).

	31 March 2026 £m	31 March 2025 £m
Property, plant and equipment	467.5	112.0
Intangible assets	9.9	0.7
Infrastructure renewals expenditure	3.7	12.6
Total commitments contracted but not provided for	481.1	125.3

19. Related party transactions (unaudited)

The related party transactions with the group's joint ventures during the period and amounts outstanding at the period end date were as follows:

	2026 £m	2025 £m
Sales of services	378.7	338.8
Charitable contributions advanced to related parties	0.2	0.2
Purchases of goods and services	0.9	1.5
Interest income and fees recognised on loans to related parties	4.7	5.9
Amounts owed by related parties	86.0	101.0
Amounts owed to related parties	4.0	-

Sales of services to related parties mainly represent non-household wholesale charges to Water Plus that were billed and accrued during the period. These transactions were on market credit terms in respect of non-household wholesale charges, which are governed by the wholesale charging rules issued by Ofwat.

Charitable contributions advanced to related parties during the year relate to amounts paid to Rivington Heritage Trust, a charitable company limited by guarantee for which United Utilities Water is one of three guarantors.

At 31 March 2026, amounts owed by joint ventures, as recorded within trade and other receivables in the statement of financial position, were £86.0 million (2025: £101.0 million), comprising £35.6 million (2025: £27.4 million) of trade balances, which are unsecured and represent the amounts that are expected to be settled in accordance with normal credit terms, and £50.4 million (2025: £73.6 million) relating to loans.

19. Related party transactions (continued) (unaudited)

Included within these loans receivable were the following amounts owed by Water Plus:

- £50.4 million (2025: £71.4 million) outstanding on a £95.0 million revolving credit facility provided by United Utilities PLC, with a maturity date of December 2029 with the option for a further 2 years of extension, bearing a floating rate interest rate of the Bank of England base rate plus a credit margin. This balance comprises £54.0 million outstanding, net of a £3.6 million allowance for expected credit losses (2025: £75.0 million net of a £3.6 million allowance for expected credit losses); and
- £nil (2025: £2.2 million) receivable in relation to a £12.5 million unsecured zero-coupon loan note held by United Utilities PLC, which had a maturity date of 28 March 2027 but was redeemed on 19 March 2026 in the form of a subscription for £12.5 million of additional share capital in Water Plus (see note 11). As at 31 March 2025, the £2.2 million carrying value of the receivable comprised £11.7 million fair value of amounts owed in relation to the loan note, net of £9.5 million of the group's share of joint venture losses relating to historic periods that were allocated against the loan note as it was deemed to be part of the group's long-term interest in Water Plus. The £11.7 million fair value of the receivable represented the present value of the £12.5 million payable at maturity discounted using an appropriate market rate of interest at the inception of the loan, and £0.8 million recorded as an equity contribution to Water plus recognised within interests in joint ventures.

During the year, United Utilities PLC provided guarantees in support of Water Plus in respect of certain amounts owed to wholesalers. The aggregate limit of these guarantees was £50.7 million, of which £27.0 million related to guarantees to United Utilities Water Limited.

At 31 March 2026, amounts owed to related parties were £4.0 million (2025: £nil) being amounts due to Water Plus for the surrender of consortium relief tax losses.

20. Events after the reporting period (unaudited)

Other than in respect of the issuance of EUR150 million fixed rate notes on 10 April 2026 as described in note 13, there have been no material events subsequent to 31 March 2026 that either require adjustment to the amounts disclosed in the unaudited condensed consolidated financial statements or disclosure on the basis that they could materially affect users' understanding of the unaudited condensed consolidated financial statements.