15 May 2025: United Utilities today announces full year results for the year to 31 March 2025.

Louise Beardmore, Chief Executive Officer, said:

"We have delivered another strong set of results for customers, communities and the environment in the North West. Our focus on performance has seen us meet or surpass around 80 per cent of our performance targets over the last five years, the best performance of any water company.

"Our long-term strategy of investment helped us cut spills per storm overflow by 24 per cent last year, a total of 20,000 fewer spills and the biggest year-on-year reduction in the sector. We are one of only three companies to have achieved our customer targets for services provided to families, businesses and housing developers every year, and at the same time we have helped more than 400,000 households in the North West with affordability support since 2020.

"Looking to the future, we have already started work on our ambitious £13 billion plan for the next five years – the biggest investment in improving water and wastewater infrastructure in more than a century. We're proud our plans will deliver a huge boost to customers and communities across the North West, supporting 30,000 jobs and creating an estimated £35 billion of economic value for the region."

Key financials – year ended 31 March

	Reported			Underlying[1]		
£m	**2025**	**2024**	**% change**	**2025**	**2024**	**% change**
Revenue	**2,145.2**	1,949.5	+10.0%	**2,145.2**	1,949.5	+10.0%
Operating profit	**631.5**	480.2	+31.5%	**633.8**	517.8	+22.4%
Profit before tax	**355.0**	170.0	+108.8%	**338.6**	220.5	+53.6%
Profit after tax	**264.7**	126.9	+108.6%	**338.3**	227.3	+48.8%
EPS (pence)	**38.8**	18.6	+108.6%	**49.6**	33.3	+48.9%

	2025	**2024**	**% change**
DPS (pence)	**51.85**	49.78	+4.2%
Net regulatory capex (£m)	**1,082.7**	737.1	+46.9%
RCV[2] (£m)	**15,367**	14,664	+4.8%
Net debt (£m)	**9,345**	8,763	+6.7%
RCV gearing[3] (%)	**60%**	59%	+1%
RoRE[4,5] (%)	**1.1%**	7.5%	-6.4%

Operational highlights

- **Top quartile performer**, meeting or beating around 80 per cent of targets over the AMP, the highest average performance in the industry[6]
- **Cumulative ODI rewards of £129 million for AMP7,** on a real post-tax basis having earned a reward in every year of the AMP
- **39 per cent reduction in spills from overflows since 2020,** with almost 20,000 fewer spills than last year and 31 per cent lower duration, despite continued high levels of rainfall
- **4 star 'industry leading' EPA rating for 2023,** having achieved the top 3 and 4 star ratings in every year of the EA's Environmental Performance Assessment to date

- **Consistently strong performance against the MeX's,** one of only three companies achieving a reward in both CMeX and DMeX in every year, and the third highest CMeX reward in AMP7
- **Helped 414,000 customers with affordability support in the last five years,** and around 540,000 customers registered to receive tailored support through Priority Services
- **Highly committed colleagues,** with 87 per cent engagement scoring 7 points higher than the UK high performance norm

Financial highlights

- **Underlying operating profit of £634m**, reported operating profit of £632m
- **Underlying EPS of 49.6p**, up from 33.3p, and reported EPS of 38.8p
- **Low level gearing at 60% and fully equity funded for AMP8**, with robust credit ratings
- **Liquidity extending into 2027**
- **Recommended final dividend of 34.57p**, in line with policy
- **Capital investment of £1,083m**, a 47 per cent increase on prior year

AMP8 financial framework

- Targeting **to outperform the regulatory contract by at least 100 bps**
- **Capital investment** of around **£9 billion**
- **RCV growth guidance of c.7%** nominal compound annual growth rate
- Targeting **dividend growth in line with CPIH**
- Maintain **gearing within target range** of 55-65%

Results presentation and Q&A

There is a presentation outlining our full year results available on our website, and there will be a live Q&A session with management at 10:30am UK/ 11:30am CET.

Zoom link: https://us06web.zoom.us/j/86923795894?pwd=4OgY6XK14ljE0BBnOH1R4ZLnwU1zAd.1
Meeting ID: 869 2379 5894
Passcode: 583997

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Notes

[1] Underlying measures are defined in the tables on pages 17 to 18
[2] United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including full expected value of AMP7 ex-post adjustment mechanisms)
[3] 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 full expected value of AMP7 ex-post adjustment mechanisms)
[4] Return on regulated equity
[5] Prior year restated to reflect post intervention PCC performance due to the impact of COVID-19 and recalculated tax allowances, in line with Ofwat's information notice published on 31st March 2025
[6] Highest average over the first four years of AMP7, year five performance for peers will be known in July-25

OPERATIONAL REVIEW

We have delivered a strong performance over the course of AMP7, making significant improvements and outperforming the regulatory contract. This year, we accepted the final determination for AMP8, which will see the largest investment in more than 100 years, helping us to deliver this step change in performance for customers, communities and the environment.

We have, for some time, been preparing for AMP8 – building new capability, using an innovative five-county approach, and undertaking early supplier onboarding. Alongside our strong track record, this gives us confidence that we can successfully deliver our ambitious investment programme.

While all eyes are firmly looking ahead, as we conclude another busy year and close out AMP7 I want to reflect on the great progress we have made over the last five years.

Delivering improvements for customers

We are the only UK water and sewage company to earn the Service Mark with Distinction from the Institute of Customer Service, the Chartered Institute of Credit Management excellence in credit management, and the BSI kitemark for inclusive service, maintaining our focus on service excellence for all customers.

We have maintained our position as the leading listed company on Ofwat's measure of customer satisfaction, C-MeX, and we have earned a reward against this metric in each year and the third highest reward across AMP7, demonstrating consistently strong performance for household customers. We also perform strongly on housing developer and business retailer satisfaction, D-MeX and BR-MeX, meeting our targets since reporting began and expecting to place in an upper quartile position for both.

We have been driving improvements in water quality across the region, with a 29 per cent reduction in customer contacts over AMP7, achieving our lowest ever levels. This has been helped by our company-wide culture-change programme (Water Quality First), as well as some significant targeted investment in infrastructure.

We have recently reached the halfway point in our eight-year project upgrading the Vyrnwy Aqueduct to improve water quality for a million customers, which has been delivered on time and within budget. We also have a number of key strategic projects underway through AMP8 to deliver further improvements to water quality.

We saw periods of particularly intense rainfall in the winter of 2024, and the unprecedented heavy rainfall over the New Year caused a number of rivers to burst their banks and the collapse of part of the Bridgewater Canal, resulting in significant flooding. We took part in a multi-agency emergency response alongside emergency services, the Environment Agency (EA) and local councils, helping to minimise the impact and assist those affected.

This naturally impacted our weather-responsive wastewater performance measures – particularly sewer flooding and pollutions – but despite the heavy rainfall and challenging targets, we continue to deliver improvements, with internal sewer flooding 19 per cent lower than last year and our lowest ever level of sewer blockages. We have consistently been one of the strongest performers at minimising pollution, and the only company to have achieved 'green' status on serious pollution incidents in the EA's Environmental Performance Assessment (EPA) every year since it began.

As well as improving our service for customers, we remain focused on supporting those experiencing affordability or vulnerability challenges. We have helped 414,000 customers with affordability support in the last five years, and around 540,000 customers are registered to receive additional tailored support through our Priority Services offering.

Driving improvements for the environment

Protecting and enhancing the natural environment remains a top priority, and we are really pleased to have consistently been one of the strongest performers in the EPA. We have achieved the upper ratings (3-star "good" and 4-star "industry-leading") every year so far, earning the top 4-star rating in six of the last nine years, including the latest assessment for 2023. As measurement standards continue to tighten, we are committed to doing more.

Rivers have been an area of particular focus, with improvements delivered through our AMP7 commitments, and the fast start we have made on tackling spills from storm overflows. Between the additional AMP7 investment, accelerating delivery of our Better Rivers programme, and AMP8 investment we have brought forward targeting some of the highest spilling sites, we have made big strides.

2024 saw almost 20,000 fewer spills than 2023 and a 31 per cent reduction in duration. Despite the intense periods of rainfall during the year, spills per overflow are down 39 per cent since 2020. While excellent progress and exceeding our target of a one-third reduction by 2025, there remains a long way to go and our industry-leading AMP8 spill reduction programme will help us deliver an even bigger step change.

We are at our lowest level of leakage in the North West. This year we have increased our find and fix rates by 70 per cent, using satellite imagery and AI capability to find and trace more leaks than ever before. This has been supported by a new 'no dig' repair capability, which has proven extremely reliable in trials in the last six months – increasing the speed to fix and reducing the costs of repair, both of which are key areas of focus as we drive further improvements against our stretching AMP8 targets.

The work we have been doing on our lowest bill guarantee – helping customers to reduce their bills and consumption by better understanding their usage, with targeted communications and water efficiency home audits – has helped to identify areas of high usage and internal leaks. Once fixed, this has helped reduce per capita consumption, where we are performing in the upper quartile.

We have made excellent progress with our carbon pledges, and scope 1 and 2 greenhouse gas emissions are down around 10.5 per cent since 2020. We have completed 3,000 hectares of peatland restoration, surpassing our 2030 target, and planted more than 640,000 trees in the last five years. We use 100 per cent renewable electricity, with 23 per cent generated by us or with partners, and have over 400 all-electric vehicles. We are the only UK water company taking part in the 'Electric Freightway' project, with four electric HGVs powered by renewable electricity generated at our Manchester Bioresource Centre.

Maintaining strong regulatory performance

Our AMP7 performance commitment targets were stretching, but we have met or beaten around 80 per cent of them across AMP7. This includes strong performance across a range of water, wastewater, bioresources and customer measures. While we are pleased with our progress overall, we still have work to do in some areas, such as volatile weather-impacted measures like internal sewer flooding where, despite delivering a reduction of around 20 per cent, we fell short of the very stretching 73 per cent target.

As a result of the significant improvements we have delivered for customers and the environment, we have earned a cumulative net ODI reward of £129 million for AMP7, and a cumulative return on regulated equity (RoRE) of 6.1 per cent, outperforming the 4 per cent base return.

This strong track record, improving further on the outperformance we delivered in AMP6, demonstrates our continuous improvement and position as one of the best performing companies in the sector. This, alongside the investment we have made during AMP7 on targeted areas such as storm overflows, sets us up very well for another strong performance in AMP8.

Doing the right thing

We are committed to delivering these and future improvements in the best way possible for customers, the environment, colleagues, the North West, and all of our stakeholders.

We continue to prioritise providing a safe and great place to work. Colleague engagement of 87 per cent is seven points higher than the high performing norm. We have strong retention, successful graduate and apprentice schemes, and a continued focus on training, development, health, safety and wellbeing. Delivering as we go forward will depend on great people, and I am proud to know that we have such a highly engaged team with the right skills to help us ensure long-term success, with 91 per cent of our colleagues proud to work at United Utilities.

Spending money wisely is so important, and we are pleased that our capital delivery programme incentive – a key performance measure focused on efficiency, quality, delivery on time, and carbon impact – is very high at over 99 per cent. We work in strategic partnerships, leveraging opportunities and resources to accomplish more together, and we have directly invested more than £21 million in local communities during AMP7.

We continue to perform in the upper quartile across a range of trusted ESG indices, make use of our sustainable finance framework to raise efficient debt linked to environmental improvements, and have retained the Fair Tax Mark for six consecutive years.

Stepping into AMP8

In January 2025, we accepted the final determination set out by the economic regulator, Ofwat, concluding the price review process for the 2025–30 period (AMP8).

This gives us certainty over our performance targets and allowed investment levels for the next five years, enabling us to focus on progressing what will be the largest investment in water and wastewater infrastructure in more than a century, helping us to build a stronger, greener and healthier North West.

Stronger – Our investment plans will support 30,000 jobs, both directly and indirectly through our supply chain, enabling strong economic growth across the region and creating an estimated £35 billion of economic value for the North West. Our county-based approach is enabling increased transparency and helping us to address the specific needs, priorities and opportunities in each of these unique communities. Our plans include significant improvements to resilience, such as increasing power resilience with backup batteries installed at key sites to avoid loss of service during power cuts on the grid, and protecting sites at risk from coastal and river erosion.

Greener – Environmental improvement is one of the biggest drivers of the larger investment programme for AMP8, and we will be delivering significant enhancements. We are also finalising a number of nature pledges in addition to our climate change ambitions, and using more nature-based solutions in AMP8 than ever before. Our industry-leading investment in storm overflows will help us deliver the sector-highest targeted reduction in spills in the decade to 2030, and we are going further to protect and improve bathing waters and river water quality, including enhancing our wastewater treatment and working with others to reduce phosphorus levels. We are also targeting significant reductions in leakage, sewer flooding, and pollution incidents, as well as targeting zero serious pollution incidents.

Healthier – We will deliver significant improvements for customers, including improving drinking water quality for 2 million customers. We are targeting significant reductions in customer contacts about water quality, water supply interruptions, and unplanned outages, helping to deliver a better and more resilient service every day. With bill increases necessary to deliver the step change that everyone wants to see, affordability is more important than ever, particularly in the North West. As well as delivering efficiently with the third-lowest projected bill in England by 2030, we are doubling our industry-leading affordability support, and will be helping one in six households across the North West by 2030.

Our £13 billion investment will help us to deliver a step change on the things that matter most to customers, communities and the environment – improving water quality, delivering significant environmental improvements, supporting jobs and the local economy, while doubling affordability support for those struggling to pay.

With compound annual asset base growth of around 7 per cent taking our AMP8 closing regulatory capital value (RCV) to over £21 billion, AMP8 marks the beginning of a higher growth phase, with capital expenditure more than double what it has been over the last five years. This growth stems from a number of long-term investment drivers, including the Environment Act 2021, tightening environmental standards, renewal and replacement of ageing infrastructure, long-term resource management, resilience to climate change, and net zero targets.

We are well placed to deliver this step-up in investment, given the strong financial position we have as we enter AMP8. Our balance sheet strength and relatively low gearing mean we have the ability to fund our plans without needing recourse to equity, and our excellent historic performance on financing and investment-grade credit ratings position us well to maintain highly efficient debt costs.

It is not just the level of investment and asset growth that is new for AMP8. Returns have been reset with a higher base and we will see a number of changes, including many to the outcome delivery incentive (ODI) regime. There will be a more focused set of performance commitments overall, with the balance shifting to more common (across the industry) and fewer bespoke (individual to a company), meaning more comparability and common areas of focus across the industry.

Ofwat has also introduced new price control deliverables (PCDs) for AMP8 to monitor the delivery of enhancement programmes, and a new outcome adjustment mechanism (OAM) designed to protect both companies and customers in the event that sector performance against common performance commitments is materially different than expected when setting targets.

We are well prepared for AMP8. Alongside our strong financial position, we have been building new capabilities and skills within the organisation and leadership team, engaging early with the supply chain and undertaking significant onboarding ahead of the start of the new period. This gives us confidence that we can successfully deliver for all our stakeholders.

We developed five plans tailored for each of the North West counties, addressing their individual and unique needs, challenges and opportunities. Engaging with customers and stakeholders in this localised way helped us to secure strong customer support for our plans, and our approach is providing more transparency and insight about our services than ever before. This is not restricted to the planning stage – we have structured our delivery teams across the five counties, with dedicated stakeholder managers for each, to help ensure effective delivery.

With such a large programme to deliver, supply chain readiness and efficiency continue to be high priorities. We undertook extensive early supply chain engagement as part of our business planning process, and we have already onboarded more than 100 AMP8 delivery partners.

We have a number of tools and techniques to improve our efficiency further. This includes increased use of standardised solutions to minimise design requirements and benefit from economies of scale. It also includes our 'runway model' approach to capital delivery, where we will use multiple delivery pathways (or 'runways'), using a wider range of suppliers matched to the specifics of each job. This will help to reduce contractor indirect costs, with a more efficient allocation and pricing of risk, and also gives us access to a wider pool of contractors and the ability to use more small local businesses.

The final determination may have only been published in December and accepted in January, but we have already begun work on delivery, making a fast start on achieving the huge improvements that we have set out to achieve over the next five years. We are already seeing the fruits of that labour coming through, as we have ended AMP7 with significant improvements in areas such as reducing spills from storm overflows.

We are well placed, we are ready, and we are committed to driving a real step change for the North West.

Regulatory framework

The Water (Special Measures) Act was passed in February this year, strengthening the power of water industry regulators, and Ofwat is now consulting on this legislation. We have responded and await the outcome of this consultation. We share the Government's ambition for a step-change in environmental performance, and our significant investment plans for AMP8 will help us to achieve this.

In October 2024, the government launched an independent commission into the water sector and its regulation with broad terms of reference to review the regulatory framework, the regulators and incentives that govern the water industry model and strategic water planning. It also required consideration of the conditions needed in the private regulated model to attract the investment required to improve environmental performance, bring more accountability, rebuild public trust and confidence, and secure a resilient, innovative water sector and framework that will "work for decades to come".

The commission has launched a call for evidence and is expected to report back to the Government in the summer of 2025 with a set of recommendations. The company has contributed fully towards the evidence-gathering process.

FINANCIAL FRAMEWORK

Upon acceptance of the final determination for the five years to 31 March 2030 (the AMP8 regulatory period), we have updated our financial framework.

Investment and regulated asset growth

Our regulated assets grew at a compound annual growth rate of 5.2 per cent across the five years to March 2025 (AMP7). Our capital programme for the five years to March 2030 (AMP8) is significantly larger, due to a number of long-term investment drivers, meaning we expect to see our regulated assets grow at a higher compound annual growth rate of around 7 per cent.

Return on regulated equity

The return on regulatory equity (RoRE) metric measures returns (after tax and interest) earned by reference to notional regulated equity. Overall returns comprise a base return on equity plus a contribution from outcome delivery incentives, price control deliverables, operating efficiency, financing and tax efficiency and customer service. We currently aim to outperform the regulatory contract by at least 100 bps.

Capital investment

Capital investment is forecast to be approximately £9 billion across the 5 years to March 2030, representing an uplift of around £5 billion compared to AMP7.

Balance sheet

The board has maintained a target gearing range of 55 to 65 per cent net debt to regulated capital value. As at 31 March 2025, our gearing is comfortably in the middle of this range at 60 per cent.

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 last 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 as using the CPIH annual rate from the November prior (i.e. the 2024/25 dividend is equal to the 2023/24 dividend indexed for the movement in CPIH between November 2022 and November 2023).

FY26 OUTLOOK AND GUIDANCE

ODIs

We are forecasting to incur a net customer ODI penalty for 2025/26, recognising the introduction of new measures in AMP8, with performance improvements expected to be progressive.

Revenue

Revenue is expected to increase to between £2.5 billion and £2.6 billion in 2025/26 in line with the final determination, adjusted for inflation.

Underlying operating costs

Underlying operating costs are expected to decrease, with higher costs associated with inflation and growth in the asset base, more than offset by lower IRE due to a more granular asset recognition, resulting in the greater component of network expenditure being capitalised.

Depreciation

With continued growth in our asset base and the impact of a more granular asset recognition, depreciation is expected to increase by around £50 million year on year.

Underlying net finance expense

Underlying net finance expense is expected to increase by around £50 million year on year, due to increased debt requirements to fund the step up in investment in AMP8. As at 31 March 2025, we had £4.7 billion of index-linked debt exposure, giving rise to a £47 million swing in our annual interest charge for every 1 per cent change in inflation.

Underlying tax

Our current tax charge is expected to be nil in 2025/26, reflecting expected benefits in relation to ‘full expensing’ and the 50 per cent first year allowances on longer life assets.

Capital expenditure

Capex in 2025/26 is expected to be over £1.5 billion.

FINANCIAL REVIEW

Key financials (£m) – year ended 31 March

	Reported			Underlying[1]		
	2025	**2024**	**% change**	**2025**	**2024**	**% change**
Revenue	**2,145.2**	1,949.5	+10.0%	**2,145.2**	1,949.5	+10.0%
Operating expenses	**(857.7)**	(810.7)	+5.8%	**(857.0)**	(787.1)	+8.9%
Infrastructure renewals expenditure	**(191.1)**	(219.8)	-13.1%	**(189.5)**	(205.8)	-7.9%
Depreciation and amortisation	**(464.9)**	(438.8)	+5.9%	**(464.9)**	(438.8)	+5.9%
Operating profit	**631.5**	480.2	+31.5%	**633.8**	517.8	+22.4%
Net finance expense	**(265.7)**	(306.1)	-13.2%	**(284.4)**	(293.2)	-3.0%
Share of losses of JVs	**(10.8)**	(4.1)	+163.4%	**(10.8)**	(4.1)	+163.4%
Profit before tax	**355.0**	170.0	+108.8%	**338.6**	220.5	+53.6%
Tax (charge)/credit	**(90.3)**	(43.1)	+109.5%	**(0.3)**	6.8	n/a
Profit after tax	**264.7**	126.9	+108.6%	**338.3**	227.3	+48.8%
EPS (pence)	**38.8**	18.6	+108.6%	**49.6**	33.3	+48.9%

	2025	**2024**	**% change**
DPS (pence)	**51.85**	49.78	+4.2%
Net regulatory capex (£m)	**1,082.7**	737.1	+46.9%
RCV[2] (£m)	**15,367**	14,664	+4.8%
Net debt (£m)	**9,345**	8,763	+6.7%
RCV gearing[3] (%)	**60%**	59%	+2.4%
RoRE[4,5] (%)	**1.1%**	7.5%	-6.4%

[1] Underlying measures are defined in the tables on pages 17 to 18
[2] United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including full expected value of AMP7 ex-post adjustment mechanisms).
[3] 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 full expected value of AMP7 ex-post adjustment mechanisms).
[4] Return on regulated equity
[5] Prior year restated to reflect post intervention PCC performance due to the impact of COVID-19 and recalculated tax allowances in line with Ofwat's information notice published on 31st March 2025

We delivered strong underlying financial performance this year. Revenue increased 10 per cent due to regulatory adjustments, including the 4.2 per cent CPIH-linked increase allowed as part of our revenue cap. This revenue increase, partly offset by higher costs as a result of growth in the underlying asset base and inflationary pressures resulted in underlying operating profit of £634 million, a 22 per cent increase compared to the prior year. Reported operating profit was slightly lower than underlying at £632 million, reflecting an adjusting item in respect of the residual costs associated with a fractured outlet pipe at our Fleetwood Wastewater Treatment Works in June 2023.

Non-cash interest expense on our index-linked debt declined, resulting in an underlying profit after tax of £338 million and an underlying earnings per share of 49.6 pence. Reported profit after tax was lower at £265 million, with reported earnings per share of 38.8 pence per share. Adjusted items between underlying and reported are set out on pages 17 to 18.

Our balance sheet remains one of the strongest in the sector, and we are fully equity funded for AMP8. With RCV gearing at 60% alongside robust credit ratings, we have financing flexibility as we approach AMP8.

2024/25 Full Year Results Statement

Following the significant financial challenges from inflation over the prior two financial years, it is reassuring to see the company's underlying earnings per share return to levels more commensurate with the start of the AMP7 periods and regulatory assumptions more broadly, as the effect of regulatory revenue increases, which lag the cost impact, take effect.

Revenue

	£m
Year to 31 March 2024	1,949.5
Regulatory revenue impact	185.8
Other impacts	9.9
Year to 31 March 2025	**2,145.2**

Revenue was up £196 million, at £2,145 million, with £186 million attributable to regulatory adjustments. Adjustments include a 4.2 per cent CPIH-linked increase to the revenue cap as well as reconciliation adjustments for under-recovery in prior years, partially offset by 1.5 per cent real reduction in allowed wholesale revenues as set out in our PR19 final determination.

Other revenue impacts largely reflect favourable consumption.

Operating profit

	£m
Underlying – year to 31 March 2024	517.8
Revenue increase	195.7
Increase to asset base	(37.2)
Inflationary impact	(31.0)
Investment in performance	(7.7)
Other	(3.8)
Underlying operating profit - year to 31 March 2025	**633.8**
Adjusted items*	(2.3)
Reported – year to 31 March 2025	**631.5**

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

Underlying operating profit at £634 million was £116 million higher than last year, largely reflecting the increase in revenue. Underlying operating costs have increased by £80 million compared to the prior year, largely reflecting an increase in costs associated with growth in the underlying asset base and inflationary pressures, as well as additional investment in performance ahead of AMP8.

Reported operating profit was lower at £632 million, reflecting lower adjusted items as detailed on pages 17 to 18.

Our industry-leading affordability schemes, combined with effective credit collection practices and utilisation of technology, have meant that current year cash collection has been strong. Our bad debt position remains stable at 1.5 per cent of statutory revenue.

Profit before tax

	£m
Underlying – year to 31 March 2024	220.5
Underlying operating profit increase	116.0
Underlying net finance expense reduction	8.8
Share of JVs losses increase	(6.7)
Underlying profit before tax – year to 31 March 2025	**338.6**
Adjusted items *	16.4
Reported – year to 31 March 2025	**355.0**

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

Underlying profit before tax of £339 million compared to a £221 million underlying profit before tax last year. The £118 million increase reflects the £116 million increase in underlying operating profit, a £9 million reduction in underlying net finance expense, partially offset by a £7 million increase in the share of losses of joint ventures.

Reported profit before tax is £16 million higher, reflecting adjustments outlined on pages 17 to 18.

Net finance expense

	£m
Underlying – year to 31 March 2024	293.2
Reduction in non-cash indexation on debt and derivatives	(90.2)
Increase in net interest payable on debt, derivatives and cash	55.5
Reduction in capitalised interest	12.5
Reduction in pension interest income	15.7
Other	(2.3)
Underlying net finance expense – year to 31 March 2025	**284.4**
Adjusted items *	(18.7)
Reported – year to 31 March 2025	**265.7**

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

Underlying net finance expense of £284 million was £9 million lower than the prior year, reflecting lower inflation applied to our index-linked debt resulting in a £90 million decrease in non-cash indexation on our debt and derivative portfolio, partly offset by a reduction in capitalised interest and pension interest income, as well as an increase in cash interest.

Cash interest has increased by £46 million, primarily reflected the increase in debt largely due to the accelerated funding ahead of AMP8.

Reported net finance expense was £19 million lower than underlying net finance expense, reflecting adjustments outlined on pages 17 and 18.

- <u>Joint ventures</u>
  The group incurred a share of the losses of Water Plus for the year ended 31 March 2025 of £11 million, all of which has been recognised in the income statement compared to a share of the losses of Water Plus of £4 million for the year ended 31 March 2024. This increase is mainly due to data cleanse activities performed by Water Plus during the year, which has informed its assessment of the recoverability of customer receivables resulting in a higher bad debt charge.

Profit after tax and earnings per share

	PAT £m	**Earnings per share Pence/share**
Underlying – year to 31 March 2024	227.3	*33.3*
Underlying profit before tax increase	118.1	
Reduction in underlying tax credit	(7.1)	
Underlying profit after tax – year to 31 March 2025	**338.3**	***49.6***
Adjusted items *	(73.6)	
Reported – year to 31 March 2025	**264.7**	***38.8***

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

The underlying profit after tax of £338 million was £111 million higher than the prior year, reflecting the £118 million increase in underlying profit before tax, partially offset by a £7 million reduction in underlying tax credit.

Reported profit after tax was lower at £265 million and reported earnings per share at 38.8 pence per share with the adjusted items between underlying and reported set out on pages 17 to 18.

- Tax

  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 retained the Fair Tax Mark independent certification for a sixth year.

  The group makes significant contributions to the public finances on its own behalf as well as collecting and paying over further amounts for its over 6,000 strong workforce. The total payments for 2024/25 were around £257 million and included business rates, employment taxes, environmental taxes and other regulatory service fees such as water abstraction charges.

  In the current year, we received a net corporation tax repayment of £6.4 million which represents an effective cash tax rate of 0 per cent. The key reconciling item to the headline rate of corporation tax continues to be allowable tax deductions on capital investment including full expensing introduced by HMRC in 2023.

  The group recognised a current tax debit of £0.4 million, mainly due to a prior year adjustment in relation to claims for research and development UK tax allowances on our innovation-related expenditure, in respect of multiple prior years. It reflects an additional claim submitted during the year along with adjustments relating to ongoing enquiries from the tax authorities in relation to these claims.

  For the year to 31 March 2025, we recognised a deferred tax charge of £90 million, compared with £49 million last year.

  The total effective tax rate, excluding prior year adjustments was 26 per cent for the year to 31 March 2025 compared with the headline rate of 25 per cent.

  There are £7.9 million of tax adjustments recorded within other comprehensive income, primarily relating to remeasurement movements on the group's defined benefit pension schemes. The rate at which the deferred tax liabilities are measured on the group's defined benefit pension scheme is 25 per cent, being the rate applicable to refunds from a trust.

Dividend per share

The Board has proposed a final dividend of 34.57 pence per ordinary share in respect of the year ended 31 March 2025. This is an increase of 4.2 per cent 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 4.2 per cent increase is based on the CPIH element included within allowed regulated revenue for the 2024/25 financial year (i.e. the movement in CPIH between November 2022 and November 2023).

The final dividend is expected to be paid on 1 August 2025 to shareholders on the register at the close of business on 20 June 2025. The ex-dividend date for the final dividend is 19 June 2025.

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 11 July 2025.

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

Cash flow

Net cash generated from operating activities for the year to 31 March 2025 was £918 million, £173 million higher than £745 million last year, principally due to increased revenue. The net cash generated from continuing operating activities supports the dividends paid of £344 million and partially funds some of the group's net capital expenditure of £988 million, with the balance being funded by net borrowings and cash and cash equivalents.

The group's consolidated statement of cash flows can be found on page 34 of these condensed consolidated financial statements.

Pensions

As at 31 January March 2025, the group had an IAS 19 net pension surplus of £302 million, compared with a surplus of £268 million at 31 March 2024. This £34 million increase has been driven mainly by £19 million of remeasurement gains, as an increase in the discount rate assumption and changes in the demographic assumptions following the triennial valuation reduce the defined benefit obligation by more than the value of the schemes assets.

Further detail on pensions is provided in note 11 ('Retirement benefit surplus') of these condensed consolidated financial statements.

Financing

Net debt	**£m**
At 31 March 2024	8,762.7
Cash generated from operations	(1,082.7)
Net capital expenditure	987.8
Dividends	344.1
Indexation	161.7
Interest	171.0
Fair value movements	(20.8)

Exchange rate movements on bonds and term borrowings	(13.2)
Other*	34.9
At 31 March 2025	**9,345.5**

* Other items include c.£27m of non-cash movements in respect of lease liabilities.

Net debt at 31 March 2025 was £9,345 million, compared with £8,763 million at 31 March 2024. This comprises gross borrowings with a carrying value of £10,789 million, net derivative liabilities hedging specific debt instruments of £99 million and total indexation on inflation swaps of £131 million, and is net of cash and bank deposits of £1,673 million.

Gearing, measured as group net debt including a £74 million loan receivable from joint venture divided by UUW's adjusted RCV (adjusted for actual spend, timing differences and including full expected value of AMP7 ex-post adjustment mechanisms) of £15.4 billion, was 60 per cent at 31 March 2025, slightly higher than the 59 per cent at 31 March 2024 and still comfortably within our target range.

- <u>Cost of debt</u>
  As at 31 March 2025, the group had approximately £3.5 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 £3.4 billion at an average real rate of 1.4 per cent, and £1.3 billion of CPI or CPIH-linked debt exposure at an average real rate of –0.6 per cent.

  A lower RPI inflation charge compared with last year contributed to the group's average effective interest rate of 4.0 per cent being lower than the rate of 4.7 per cent last year. More information on this can be found on page 20.

  The group has fixed the interest rates on its non index-linked debt in line with its 10-year reducing balance basis at a net effective nominal interest rate of 3.5 per cent for the current financial year.

- <u>Credit ratings</u>
  UUW's senior unsecured debt obligations are rated Baa1 with Moody's Investors Service (Moody's), A- with Fitch Ratings (Fitch) and BBB+ with Standard & Poor's Ratings Services (S&P) and all on stable outlook. Debt issued by UUW's financing subsidiary, United Utilities Water Finance PLC, is guaranteed by UUW and is therefore rated in line with UUW. United Utilities PLC's senior unsecured debt obligations are rated Baa2 with Moody's, BBB+ with Fitch and BBB- with S&P, all on stable outlook.

- <u>Debt financing</u>
  The group has access to the international debt capital markets through its £10 billion medium-term note (MTN) programme.

  In the year to March 2025, we raised c.£1.4 billion of term funding, comprising of a 27-year £350 million sustainable public bond in May, a EUR175 million tap of a 9.8 year green bond in August, a £150 million tap of a 21.4-year public bond in September, a £75 million tap of a 13.4 year public bond in September, an 11-year NOK1.5 billion bond in October, and an 8 year EUR650 million green public bond in February. In addition, in the year to March 2025 we entered into £75 million of new relationship bank revolving credit facilities, entered into £250 million of new liquidity facilities, increased the amount of existing facilities by £75 million and extended the maturity date on £150 million of existing facilities by a further year.

- 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 2025, approximately 37 per cent of the group's net debt was in RPI-linked form, representing around 22 per cent of UUW's regulatory capital value, with an average real interest rate of 1.4 per cent. A further 14 per cent of the group's net debt was in CPI or CPIH-linked form, representing around 9 per cent of UUW's RCV, with an average real rate of –0.6 per cent. 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 approximately 15 years.

  Our AMP7 inflation hedging policy has been to target around 50 per cent of net debt to be maintained in index-linked form. We have taken the opportunity to consider the appropriateness of this policy for AMP8 and have decided to transition to a lower target of 33 per cent. This continues to reflect a balanced assessment across a range of factors and aligns more closely with Ofwat's notional company assumption and our listed peers. Transition to the new policy target will happen progressively over the period, given the significant financing requirements for AMP8.

  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 flow and its short-term bank deposits and supported by committed but undrawn credit facilities. Our MTN programme provides further support.

  At 31 March 2025, we had liquidity extending out to 2027, 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.

Return on Regulated Equity (RoRE)
Average RoRE for AMP7 was 6.1 per cent on a real, RPI/CPIH blended basis. In addition to the base return of 4.0 per cent (including our 11 basis point fast track reward that we received in each of the five years of the AMP), we delivered 2.1 per cent of outperformance comprising:

- Financing outperformance
  We earned financing outperformance over the AMP of 2.8 per cent. We have consistently issued debt at efficient rates that compare favourably with the industry average, thanks to our leading treasury management, clear and transparent financial risk management policies, and ability to act swiftly to access pockets of opportunity as they arise.

- Tax outperformance
  Outperformance on tax largely reflects the impact of allowable tax deductions on capital investment including full expensing introduced in 2023. Tax outperformance of 2.0 per cent across AMP7 has been updated to reflect recalculated tax allowances published by Ofwat in

March 2025, which resulted in a downwards adjustment of 0.6 per cent on average, leading to a net outperformance of 1.4 per cent.

- Customer outcome delivery incentives (ODIs)
  Customer ODI outperformance of 0.5 per cent reflects a net reward in each year of AMP7, exceeding c.80 per cent of our performance commitments across the 5 years. Significant rainfall in 2023 and 2024 naturally had an impact on our weather responsive wastewater measures, but we have performed well in water, customer and bioresources, achieving net rewards in each of these areas. As a result of COVID-19, Ofwat published updated PCC performance models in March 2025, which resulted in a modest upward adjustment.

  Customer ODI rewards and penalties are applied to revenues with a two-year lag. As we are at the end of the AMP7 regulatory period, the payments earned in 2024/25 reporting year will be reflected in adjustments to revenues during AMP8.

- Totex performance
  The totex impact on RoRE of -2.2 per cent reflects the combined impact of previously announced investment programmes, and further accelerated investment brought forward from AMP8, to deliver environmental improvements (including “Better Rivers: Better North West”) and to improve service for customers (including Dynamic Network Management and Drinking water quality improvements). This has been further increased by inflationary pressures on costs, most notably on power and chemicals and the impact of isolated events across AMP7 such as the freeze-thaw incident in FY23 and the fractured pipe outlet in Fleetwood last year. The current year impact is higher as a result of phasing of the additional investment.

- Retail performance
  The retail impact on RoRE of -0.4 per cent reflects a small underperformance in household retail resulting from the impacts of cost of living and inflationary cost pressures.

After accounting for the impact of inflation we’ve seen on returns across the 5-year period, nominal returns reached an average of 11.5 per cent.

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 that 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	
Fleetwood outfall pipe fracture	In June 2023, the group suffered a large-scale outfall pipe fracture at a major wastewater treatment works at Fleetwood. The specific nature of this incident, and the activity involved in remediating this failure was unlike anything that would be typically experienced. As such, the associated costs, which were incurred across both operating expenditure and infrastructure renewals expenditure, were not representative of normal business activity and, therefore, the costs are excluded in arriving at underlying operating profit.
Consistently applied presentational adjustments	
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 2025 £m	Year ended 31 March 2024 £m
Operating profit per published results	**631.5**	**480.2**
Fleetwood outfall pipe fracture	2.3	37.6
Underlying operating profit	**633.8**	**517.8**
Net finance expense		
	£m	**£m**
Finance expense	(371.9)	(391.7)
Investment income	106.2	85.6
Net finance expense per published results	**(265.7)**	**(306.1)**
Adjustments:		
Fair value gains/(losses) on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(18.7)	12.9
Underlying net finance expense	**(284.4)**	**(293.2)**
	£m	**£m**
Share of (losses) of joint ventures	**(10.8)**	**(4.1)**
Profit before tax per published results	**355.0**	**170.0**
Adjustments:		
In respect of operating profit	2.3	37.6
In respect of net finance expense	(18.7)	12.9
Underlying profit before tax	**338.6**	**220.5**
Profit after tax per published results	**264.7**	**126.9**
Adjustments:		
In respect of profit before tax	(16.4)	50.5
Deferred tax adjustment	90.0	48.9
Tax in respect of adjustments to underlying profit before tax	(0.0)	1.0
Underlying profit after tax	**338.3**	**227.3**
Earnings per share		
	£m	**£m**
Profit after tax per published results (a)	264.7	126.9
Underlying profit after tax (b)	338.3	227.3
Weighted average number of shares in issue, in millions (c)	681.9m	681.9m
Earnings per share per published results, in pence (a/c)	38.8	18.6
Underlying earnings per share, in pence (b/c)	**49.6**	**33.3**
Dividend per share, in pence	51.85p	49.78p

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 2025 £m	Year ended 31 March 2024 £m
Underlying net finance expense	(284.4)	(293.2)
Adjustments:		
Net pension interest income	(12.9)	(28.6)
Adjustment for capitalised borrowing costs	(68.5)	(81.0)
Net finance expense for effective interest rate	**(365.8)**	**(402.8)**
Average notional net debt[1]	**(9,057)**	**(8,504)**
Average effective interest rate	**4.0%**	**4.7%**
Effective interest rate on index-linked debt	4.3%	6.2%
Effective interest rate on other debt	3.8%	2.9%

The table below provides a reconciliation between group underlying operating profit and United Utilities Water Limited (UUW) historical cost regulatory underlying operating profit (non-GAAP measures) as follows:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Group underlying operating profit	**633.8**	**517.8**
Underlying operating profit not relating to UUW	3.7	6.1
UUW statutory underlying operating profit (unaudited)	**637.5**	**523.9**
Revenue recognition	1.3	(1.1)
Capitalised borrowing costs	13.6	11.2
Reclassification of regulatory other income (not included in UUW operating profit)	(31.1)	(32.2)
Reversal of the innovation fund	8.3	6.5
Other differences (including non-appointed business)	1.4	(1.0)
UUW regulatory underlying operating profit (unaudited)	**631.0**	**507.3**

Return on Regulated Equity (RoRE)

UUW's RoRE, presented on a real return basis:

	Year ended 31 March 2025	AMP7
Base return	4.0%	4.0%
Financing performance	2.1%	2.8%
Tax performance	2.0%	1.4%
Customer ODI performance	0.5%	0.5%
Totex performance	-6.9%	-2.2%
Retail performance	-0.6%	-0.4%
RoRE	1.1%	6.1%

1 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.

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 and wastewater service including Bioresources), and supportive activities or areas of responsibility such as finance, supply chain, environment 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 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 circumstance 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; 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. As we take steps in preparation for the material controls declaration we have 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

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: Current initiatives include the Haweswater Aqueduct Resilience Programme and Vyrnwy Aqueduct Modernisation Programme.
- Contingency plans: Plans to minimise environmental damage and deploy alternative supply options.

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

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

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

B. Treatment and transportation of wastewater

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:

- Serviceability: Desilting, cleaning and maintenance of sewers and wet wells.
- Maintenance: Inspection, servicing, repair and replacement of assets due to proactive and reactive activity.
- Dynamic Network Management: Proactive decision making and action driven by machine learning system monitoring of strategically placed sensors.
- Licence to operate: Training and competence.

Other controls include customer awareness, trade effluent management 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

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 with the material controls being:

- Infrastructure access controls: Perimeter and internal firewalls, and intrusion detection systems.
- System access controls: Restrictions to systems, data and internet usage.
- Point protection: Anti-malware suite and mail gateway service which includes malware detection, transmission protocols, and endpoint actions.
- Monitoring and response: Capability to identify and respond to threats via our Security Operation Centre.

Other controls include awareness training and business continuity plans.
Governance: Security steering group.
Assurance: Security team reviews; annual internal audit; and external reviews.

D. Water availability

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: Our Water Resources Management Plan (WRMP) takes account of climate and demographic change over short, medium and long-term horizons.
- Production planning: Proactive activity to balance water availability and production capacity against forecast demand.
- Contingency plan: The Drought Plan sets out the actions we will take in a drought situation.

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. Treasury 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 wholesale revenue, the group's Regulatory Capital Value, the cost of debt, goods and services, cash-flow issues, defaults, breach of covenants, inability to access debt or cash deposits and ultimately insolvency.
Control/mitigation: We have a robust and prudent approach to financial risk management. Material controls are:

- Approved limits: Interest, inflation, commodity exposure limits, and credit rating and financial ratio tolerance levels.

- Control of work: A management system that includes authorisation, transaction parameters, segregation of duties and supervision.
- Licence to operate: Training and competence.

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; and Treasury committee.
Assurance: Cyclical internal audit.

F. Dam failure

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: Focusing on maintaining extremely low probabilities of individual dam failure, material controls are:

- Portfolio Risk Assessment (PRA): Assessment of individual dams in the context of societal risk.
- Inspections: Regular monitoring by catchment teams and Supervising Engineers.
- Remedial work: Fixes based on PRA or statutory requirements "in the interest of safety" (ITIOS).

Other controls include ground maintenance to manage vegetation and erosion, and contingency plans.
Governance: Dam safety group.
Assurance: Assurance team reviews; cyclical internal audits; Panel engineer inspections.

G. Terrorism

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, although deemed as remote, could if compromised, lead 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: These include gates, fences, security guards, CCTV and access control systems.
- Monitoring and response: Security alarm management via our Integrated Control Centre.

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

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 & testing: Occurs across the entire system to ensure water is safe and compliant.
- Sensors & alarms: Monitors deviations from acceptable levels with alarm triggered response.
- Maintenance: Inspection, servicing, repair and replacement of assets due to proactive and reactive activity.
- Licence to operate: Training and competence.

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; and cyclical internal audits.

I. Process safety

Risk exposure: Our activities include chemical, biological and physical processes that are inherently hazardous, with the storage of toxic and explosive gases across multiple sites (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) during these day-to-day activities could, in the worst case, have a serious effect people, plant/equipment and the environment.
Control/mitigation: We are committed to improving health and safety performance, with process safety being a primary area of focus. Material controls are:

- Control of work: A management system that includes authorisation, isolation and permit to work.
- Management of change: Risk assessment and safe, effective implementation of changes.
- Maintenance: Inspection, servicing, repair and replacement of assets due to proactive and reactive activity.
- Licence to operate: Training and competence.

Other controls include monitoring through sensors and alarms and emergency/contingency plans.
Governance: Process safety group; and Health & safety board.
Assurance: H&S team reviews; Assurance team reviews; and cyclical internal audit.

J. Misstatement of reported information

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

- Financial controls: A management system including journal procedures, analytical reviews and control accounts.

- Regulatory reporting framework: A set of principles relating to reporting criteria, accountabilities, data capture, governance and assurance.
- Validation: The identification of potential errors and reconciliation of financial parameters.

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

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

- Control of work: A management system that includes authorisation, delegated authority, segregation of duties, supervision and data protection procedures.
- System access controls: Restrictions to systems, data and internet usage.
- Procurement & purchasing standards: Strict procedures to procure services and purchase goods.
- Verification: Checks on invoices, bills and refunds.

Other controls include awareness training, confidential reporting and a 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

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 and operations with a total loss 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). 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

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 performance commitment deliverables. 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 three cases are worthy of note:

- In relation to the Manchester Ship Canal Company matter reported in previous years, the Supreme Court issued a ruling in July 2024 that overturned a number of rulings in lower courts that had previously gone in UUW's favour. This latest Supreme Court ruling provided clarity in relation to the rights and remedies afforded to the parties and others in relation to discharges by water companies into the canal and other watercourses, and brought the long-running litigation to a close. Specifically, the ruling clarified that common law claims in nuisance/trespass may be brought by MSCC (and those with proprietary rights in watercourses/water bodies) against water and wastewater companies where the relevant legal thresholds for bringing a claim have been met. No such common law nuisance/trespass claims have been received by UUW to date from either MSCC or any third party, with the likely receipt of any such claims, and their potential success and any financial implications, being unclear at the reporting date.

- 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 Electrica 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 per cent 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 Argentine Court has scheduled various hearings to receive the testimony of fact witnesses and experts (starting in May 2023 and ongoing). UUIL will vigorously resist the proceedings given the robust defences that UUIL has been advised that it has on procedural and substantive grounds.

- As disclosed in the group's annual report for the year ended 31 March 2024, 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. 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 has applied to the CAT for permission to appeal the decision at the Court of Appeal. If permission is granted, this could result in an appeal towards the end of 2025 or in 2026. UUW believes the claim is without merit and will robustly defend it, should the certification decision be overturned on appeal. 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's decision not to certify the claims brought in respect of domestic customers.

FINANCIAL CALENDAR

Date	Event
13 January 2025	Payment of 2024/25 interim dividend to shareholders
29 January 2025	Q3 Trading update
15 May 2025	Announcement of full year results for the year ending 31 March 2025
19 June 2025	Capital Markets Day
19 June 2025	Ex-dividend date for 2024/25 final dividend
20 June 2025	Record date for 2024/25 final dividend
11 July 2025	DRIP election date for 2024/25 final dividend
18 July 2025	Annual General Meeting
01 August 2025	Payment of 2024/25 final dividend to shareholders
13 November 2025	Announcement of half year results for the six months ending 30 September 2025
18 December 2025	Ex-dividend date for 2025/26 interim dividend
19 December 2025	Record date for 2025/26 interim dividend
12 January 2026	DRIP election date for 2025/26 interim dividend
2 February 2026	Payment of 2025/26 interim dividend to shareholders

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.

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.

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Classification – Full Year Results

Consolidated income statement

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Revenue (note 3)	**2,145.2**	1,949.5
Other income	**17.5**	18.8
Staff costs	**(224.1)**	(205.1)
Other operating costs (note 4)	**(630.6)**	(602.4)
Allowance for expected credit losses - trade and other receivables	**(20.5)**	(22.0)
Depreciation of property, plant and equipment	**(435.7)**	(406.1)
Amortisation of intangible assets	**(29.2)**	(32.7)
Infrastructure renewals expenditure	**(191.1)**	(219.8)
Total operating expenses	**(1,513.7)**	(1,469.3)
Operating profit	**631.5**	480.2
Investment income (note 5)	**106.2**	85.6
Finance expense (note 6)	**(371.9)**	(389.3)
Allowance for expected credit losses - loans to joint ventures	**-**	(2.4)
Investment income and finance expense	**(265.7)**	(306.1)
Share of losses of joint venture (note 10)	**(10.8)**	(4.1)
Profit before tax	**355.0**	170.0
Current tax (charge)/credit	**(0.4)**	5.8
Deferred tax charge	**(89.9)**	(48.9)
Tax (note 7)	**(90.3)**	(43.1)
Profit after tax	**264.7**	126.9
Earnings per share (note 8)		
Basic	**38.8p**	18.6p
Diluted	**38.7p**	18.6p
Dividend per ordinary share (note 9)	**51.85p**	49.78p

All of the results shown above relate to continuing operations.

Consolidated statement of comprehensive income

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Profit after tax	**264.7**	126.9
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges – effective portion of fair value movements	**8.6**	(63.0)
Tax on items recorded within other comprehensive income	**(2.2)**	15.8
Reclassification of cash flow hedge effectiveness to consolidated income statement	**(1.3)**	1.8
Tax on reclassification to consolidated income statement	**0.3**	(0.5)
	5.4	(45.9)
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement losses on defined benefit pension schemes (note 11)	**18.6**	(368.5)
Change in credit assumption for debt reported at fair value through profit and loss	**1.9**	0.7
Cost of hedging - cross currency basis spread adjustment	**3.6**	4.8
Tax on items recorded within other comprehensive income	**(6.0)**	151.1
	18.1	(211.9)
Total comprehensive income	**288.2**	(130.9)

Consolidated statement of financial position

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
ASSETS		
Non-current assets		
Property, plant and equipment	**13,873.0**	13,044.3
Intangible assets	**105.8**	124.5
Interests in joint ventures (note 10)	**1.6**	12.4
Trade and other receivables	**73.6**	73.7
Retirement benefit surplus (note 11)	**302.3**	268.0
Derivative financial instruments	**329.3**	361.5
	14,685.6	13,884.4
Current assets		
Inventories – properties held for resale	**2.7**	3.0
Inventories – other	**21.9**	18.5
Trade and other receivables	**282.0**	226.8
Current tax asset	**93.3**	100.1
Cash and short-term deposits	**1,672.6**	1,399.3
Derivative financial instruments	**11.4**	21.3
	2,083.9	1,769.0
Total assets	**16,769.5**	15,653.4
LIABILITIES		
Non-current liabilities		
Trade and other payables	**(1,063.8)**	(957.9)
Borrowings (note 12)	**(10,326.5)**	(9,345.8)
Deferred tax liabilities	**(2,028.4)**	(1,930.6)
Derivative financial instruments	**(275.0)**	(255.2)
	(13,693.7)	(12,489.5)
Current liabilities		
Trade and other payables	**(577.2)**	(413.3)
Borrowings (note 12)	**(462.1)**	(655.6)
Provisions	**(19.0)**	(13.5)
Derivative financial instruments	**(17.6)**	(25.4)
	(1,075.9)	(1,107.8)
Total liabilities	**(14,769.6)**	(13,597.3)
Total net assets	**1,999.9**	2,056.1
EQUITY		
Share capital	**499.8**	499.8
Share premium account	**2.9**	2.9
Other reserves (note 16)	**319.2**	311.1
Retained earnings	**1,178.0**	1,242.3
Shareholders' equity	**1,999.9**	2,056.1

Consolidated statement of changes in equity

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 11)	-	-	-	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 directly in equity	-	-	(1.3)	-	(1.3)
Tax on reclassification 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
Exercise of share options - purchase of shares	-	-	-	(5.0)	(5.0)
At 31 March 2025	499.8	2.9	319.2	1,178.0	1,999.9

Year ended 31 March 2024

	Share capital £m	Share premium account £m	[(1)]Other reserves £m	Retained earnings £m	Total £m
At 1 April 2023	499.8	2.9	353.4	1,652.6	2,508.7
Profit after tax	-	-	-	126.9	126.9
Other comprehensive income					
Remeasurement losses on defined benefit pension schemes (note 11)	-	-	-	(368.5)	(368.5)
Change in credit assumption for debt reported at fair value through profit or loss	-	-	-	0.7	0.7
Cash flow hedges – effective portion of fair value movements	-	-	(63.0)	-	(63.0)
Cost of hedging – cross-currency basis spread adjustment	-	-	4.8	-	4.8
Tax on items recorded within other comprehensive income (note 7)	-	-	14.6	152.3	166.9
Reclassification of items recorded directly in equity	-	-	1.8	-	1.8
Tax on reclassification to income statement	-	-	(0.5)	-	(0.5)
Total comprehensive income	-	-	(42.3)	(88.6)	(130.9)
Dividends (note 9)	-	-	-	(320.0)	(320.0)
Equity-settled share-based payments	-	-	-	2.1	2.1
Exercise of share options - purchase of shares	-	-	-	(3.8)	(3.8)
At 31 March 2024	499.8	2.9	311.1	1,242.3	2,056.1

[(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.

Consolidated statement of cash flows

	Year ended 31 March 2025 £m	*Restated Year ended 31 March 2024 £m
Operating activities		
Cash generated from operations (note 14)	**1,082.7**	865.4
Interest paid	**(263.5)**	(175.6)
Interest received and similar income	**92.5**	50.7
Tax received	**6.4**	4.6
Net cash generated from operating activities	**918.1**	745.1
Investing activities		
Purchase of property, plant and equipment	**(988.5)**	(749.5)
Purchase of intangible assets	**(9.5)**	(14.6)
Grants and contributions received	**9.2**	27.9
Proceeds from disposal of property, plant and equipment	**1.1**	4.8
Repayment of loans to joint ventures (note 18)	**0.5**	-
Placement of deposits with maturity greater than three months	**(768.7)**	(445.0)
Receipt of deposits with maturity greater than three months	**768.7**	445.0
Net cash used in investing activities	**(987.2)**	(731.4)
Financing activities		
Proceeds from borrowings net of issuance costs	**1,339.3**	1,610.0
Repayment of borrowings	**(631.4)**	(248.5)
Dividends paid to equity holders of the company (note 9)	**(344.1)**	(320.0)
Exercise of share options – purchase of shares	**(5.0)**	(3.8)
Net cash generated from financing activities	**358.8**	1,037.7
Net increase in cash and cash equivalents	**289.7**	1,051.4
Cash and cash equivalents at beginning of the year	**1,379.3**	327.9
Cash and cash equivalents at end of the year	**1,669.0**	1,379.3

*The consolidated statement of cash flows for the year ended 31 March 2024 has been restated so as to show, within investing activities, the gross cash outflows and inflows arising from the placement and receipt of deposits with maturity greater than three months from the placement date. For the year ended 31 March 2024 these balances were previously presented on a net basis, and as such were not included on the face of the statement of cash flows.

NOTES

1. Basis of preparation and accounting policies

The condensed consolidated financial statements for the year ended 31 March 2025 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The condensed consolidated financial statements 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, but are derived from the audited financial statements of United Utilities Group PLC for the year ended 31 March 2025, for which the auditors have given an unqualified opinion.

The comparative figures for the year ended 31 March 2024 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. 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 condensed consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and with UK-adopted international accounting 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 accounting policies, presentation and methods of computation are prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom, and 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 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 totex 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; outcome delivery incentive penalties equivalent to 1.0 per cent of RoRE per annum; and the impact of these factors materialising on a combined basis. Mitigating actions were considered to include deferral of capital expenditure; a reduction in other discretionary totex spend; the close out of derivative asset balances; 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 financial statements have, therefore, been prepared on a going concern basis.

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 year ended 31 March 2025. The area most impacted by developments during the year relates to the group's allowance for expected credit losses in respect of receivables.

Judgements and estimates have been kept under review during the year to 31 March 2025 in order to ensure that they reflect the most up-to-date information available, including changes in the broader economic outlook, particularly the inflationary pressures across most industries and sectors which have increased the cost of living. An update on these judgements and estimates is as follows:

Accounting estimate – allowance for expected credit losses in respect of household trade receivables: Recent years have seen a high level of uncertainty as to how economic conditions may impact the recoverability of household receivables for a significant proportion of the group's customer base. We are mindful that increased energy prices, higher interest rates and other inflationary pressures may adversely impact some customers' affordability.

A range of collection scenarios have been used to inform the allowance for expected credit losses and the charge to the income statement during the period. These take account of cash collection rates in the current year as well as in recent years, incorporating periods which include the impacts of Covid-19 recovery and more recent cost of living pressures, to provide a range of views as to how recoverability of household receivables may be impacted.

The group continues to use the average cash collection over the preceding three years as a basis for estimating future collection, which is consistent with the prior year. This look-back period includes periods of relatively strong cash collection but also periods where cash collection has been more challenging, particularly due to recent cost of living pressures, and thus incorporates the variability of factors that can impact collection over the life of the receivable. Recognising the current levels of economic uncertainty and that it is reasonably possible that cash collection could become more challenging in the near future, this three year look-back period is considered to give a reasonable view of what cash collection on a forward-looking basis could look like.

The forward-looking assessment in the prior year resulted in the release of a significant portion of the management overlay which had previously been recognised in light of the uncertainty arising initially from the onset of the Covid-19 pandemic, as described within the Annual Report for the year ended 31 March 2020, and subsequently maintained to address the collection risk arising from recent cost of living pressures and the associated adverse impact on customer affordability. A review of cash collection performance in the prior year led to an increase in the modelled provisioning rates, and in the current year the remaining overlay has been released as the provision rates are considered to be appropriate without requiring an additional subject overlay.

Together, this supports a charge equivalent to around 1.5 per cent of household revenue recorded during the period, which is slightly lower than the position at 31 March 2024.

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

	2025 £m	2024 £m
Wholesale water charges	**897.7**	819.9
Wholesale wastewater charges	**1,113.7**	990.8
Household retail charges	**90.5**	93.1
Other	**43.3**	45.7
	2,145.2	1,949.5

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

	2025 £m	2024 £m
Power	**154.5**	164.3
Materials	**144.1**	127.1
Hired and contracted services	**133.5**	128.7
Property rates	**89.9**	82.0
Regulatory fees	**44.8**	39.3
Insurance	**14.5**	13.3
Accrued innovation costs	**8.0**	6.0
Loss on disposal of property, plant and equipment	**4.0**	6.7
Other expenses	**37.3**	35.0
	630.6	602.4

In June 2023, the group experienced a significant outfall pipe fracture at a major wastewater treatment works at Fleetwood, for which the remediation and associated activity resulted in costs of £37.6 million being incurred during the year to 31 March 2024, with a further £2.3 million incurred during the year to 31 March 2025. These costs have been presented as an adjusting item in arriving at the group's underlying operating profit position as included in its alternative performance measures.

Of the £2.3 million costs incurred in the year to 31 March 2025, £0.7 million of operating costs are included in the above total, with £1.6 million included within infrastructure renewal expenditure.

In addition to the costs relating to the incident at Fleetwood, other operating costs have increased compared with the same period in the prior year. This increase is predominantly due to inflationary pressures on our cost base as well as additional investment in performance ahead of AMP8, partially offset by cost control efficiencies.

4. Other operating costs (continued)

Research and development expenditure for the year ended 31 March 2025, was £0.6 million (2024: £0.7 million). In addition, £8.0 million (2024: £6.0 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 for AMP7. 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.

5. Investment income

	2025 £m	2024 £m
Interest receivable	**93.3**	57.0
Net pension interest income (note 11)	**12.9**	28.6
	106.2	85.6

6. Finance expense

	2025 £m	2024 £m
Interest payable	**372.3**	379.8
Net fair value (gains)/losses on debt and derivative instruments	**(0.4)**	9.5
	371.9	389.3

Interest payable is stated net of £68.5 million (2024: £81.0 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 5.4 per cent (2023: 6.1 per cent) to expenditure on such assets as prescribed by IAS 23 'Borrowing Costs'.

Interest payable includes a £142.2 million (2024: £225.9 million) non-cash inflation expense in relation to the group's index-linked debt.

In addition to the £372.3 million finance expense, the allowance for expected credit losses in relation to loans extended to the group's joint venture, Water Plus, has not changed during the current year (2024: £2.4 million increase).

Net fair value losses on debt and derivative instruments includes £1.3 million income (2024: £29.3 million income) due to net interest on derivatives and debt under fair value option, and £19.6 million expense (2024: £25.9 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 £265.7 million (2024: £306.1 million) reported in the Consolidated Income Statement to exclude the £0.4 million of fair value gains (2024: £9.5 million of fair value losses) in the above table, but include £1.3 million (2024: £29.3 million) income due to net interest on derivatives and debt under fair value option, and £19.6 million (£25.9 million) expense due to non-cash inflation uplift on index-linked derivatives.

7. Tax

During the year ended 31 March 2025 there was a current tax charge of £0.4 million (2024: credit of £5.8 million) and a deferred tax credit of £2.4 million (2024: charge of £4.6 million) relating to prior years. The current year figure mainly relates to claims for the available tax incentives on our innovation related expenditure, for multiple earlier years. It reflects an additional claim submitted during the year along with adjustments relating to ongoing enquiries from the tax authorities in relation to these claims. The prior year mainly relates to the utilisation of tax losses which were previously being carried forward.

The split of the total tax charge between current and deferred tax was due to ongoing timing differences in relation to deductions on capital investment, and unrealised gains and losses on treasury derivatives. Going forward, we expect the total effective tax rate, ignoring non-recurring items such as the current year rate change adjustment, to remain broadly in line with the headline rate.

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 status of negotiations with, and enquiries from, tax authorities.

The tax adjustments taken to equity primarily relate to remeasurement movements on the group's defined benefit pension schemes. The rate at which the deferred tax liabilities are measured on the group's defined benefit pension scheme is 25 per cent (2024: 25 per cent), being the rate applicable to refunds from a trust.

8. Earnings per share

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

	2025 £m	**2024 £m**
Profit after tax attributable to equity holders of the company	264.7	126.9
Weighted average number of shares in issue in millions		
Basic	681.9	681.9
Diluted	683.6	683.5
Earnings per share in pence		
Basic	**38.8**	18.6
Diluted	**38.7**	18.6

9. Dividends

	2025 £m	**2024 £m**
Dividends relating to the year comprise:		
Interim dividend	**117.8**	113.1
Final dividend	**235.7**	226.3
	353.5	339.4
Dividends deducted from shareholders' equity comprise:		
Interim dividend	**117.8**	113.1
Final dividend	**226.3**	206.9
	344.1	320.0

9. Dividends (continued)

The proposed final dividends for the years ended 31 March 2025 and 31 March 2024 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 2025 and 31 March 2024 respectively.

The final dividend of 34.57 pence per ordinary share (2024: 33.19 pence per ordinary share) is expected to be paid on 1 August 2025 to shareholders on the register at the close of business on 20 June 2025. The ex-dividend date for the final dividend is 19 June 2025.

The interim dividend of 17.28 pence per ordinary share (2024: 16.59 pence per ordinary share) was paid on 13 January 2025 to shareholders on the register at the close of business on 29 November 2024.

10. Interests in joint ventures

	2025 £m	2024 £m
Joint ventures at the start of the year	**12.4**	16.5
Share of losses of joint ventures	**(10.8)**	(4.1)
Joint ventures at the end of the year	**1.6**	12.4

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.

The group's total share of Water Plus losses for the year was £10.8 million (2024: £4.1 million), all of which is recognised in the income statement.

Details of transactions between the group and its joint ventures are disclosed in note 18.

11. Retirement benefit surplus

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:

	2025 %pa	2024 %pa
Discount rate	5.70	4.80
Pension increases	3.20	3.25
Pensionable salary growth (pre-1 April 2018 service):		
ESPS	3.20	3.25
UUPS	3.20	3.25
Pensionable salary growth (post-1 April2018 service):		
ESPS	3.20	3.25
UUPS	2.75	2.80
Price inflation - RPI	3.20	3.25
Price inflation – CPI[(1)]	2.75	2.80

Note:
[(1)] The CPI price inflation assumption represents a single weighted average rate derived from an assumption of 2.30 per cent pre-2030 and 3.00 per cent post-2030 (2024: 2.35 per cent pre-2030 and 3.05 per cent post-2030).

11. Retirement benefit surplus (continued)

The discount rate is consistent with a high quality corporate bond rate, with 5.10 per cent being equivalent to gilts + 60bps (2024: 4.30 per cent being equivalent to gilts + 50bps).

The IAS 19 remeasurement gain of £18.6 million (2024: £368.5 million loss) reported in the statement of changes in equity has largely resulted from actuarial gains arising from changes in financial assumptions, predominantly due to the increase in the discount rate. The significant remeasurement loss in the prior year was predominantly as a result of the purchase of bulk annuity policies as part of a buy-in transaction undertaken in July 2023; a premium of circa £220 million was paid in excess of the present value of liabilities covered, which was reflective of the reduction in the schemes' risk profile. The remaining portion of the loss arose as the schemes are more than 100 per cent hedged on an IAS 19 basis, which resulted in a greater reduction of the schemes' assets than the defined benefit obligations as a result of yield rises.

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 2025, these assumptions are based on the CMI2023 base tables with a 1.25% p.a. rate of improvement, and factoring in a w-parameter weighting of 20% to take account of the continued repercussions of the Covid-19 pandemic in the medium term, including pressures on the NHS, delayed diagnoses of chronic conditions, disrupted treatment within the health care system and more deaths at home, as opposed to in hospitals and care homes. A scaling factor of 109 per cent (2024: 109 per cent) and 111 per cent (2024: 115 per cent) for male pensioners and non-pensioners respectively and 109 per cent (2024: 110 per cent) and 105 per cent (2024: 111 per cent) for female pensioners and non-pensioners respectively, is applied reflecting the profile of the membership. Compared against the base tables used for previous year-end mortality assumptions (CMI S4PA), the Core CMI2023 model sees a small increase in life expectancies. It should be noted, however, that post buy-in any changes in the life expectancy assumptions for insured members are offset by a corresponding change in the value of the buy-in bulk annuity policies on an IAS 19 basis. At 31 March 2025, future improvements in mortality are based on the extended CMI 2023 (2024: CMI 2022) projection model, with a long-term annual rate of improvement of 1.25 per cent (2024: 1.25 per cent).

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

	2025 £m	2024 £m
Current service cost	**2.5**	2.8
Past service cost	**-**	(4.6)
Administrative expenses	**4.0**	4.0
Pension expense charged to operating profit	**6.5**	2.2
Net pension interest credited to investment income (note 5)	**(12.9)**	(28.6)
Net pension income credited before tax	**(6.4)**	(26.4)

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

	2025 £m	2024 £m
At the start of the year	**268.0**	600.8
Income recognised in the income statement	**6.4**	26.4
Contributions	**9.3**	9.3
Remeasurement gains/(losses) gross of tax	**18.6**	(368.5)
At the end of the year	**302.3**	268.0

11. Retirement benefit surplus (continued)

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

	2025 £m	2024 £m
Fair value of schemes' assets	**2,308.6**	2,552.4
Present value of defined benefit obligations	**(2,006.3)**	(2,284.4)
Net retirement benefit surplus	**302.3**	268.0

Over the year to 31 March 2025, the balance sheet surplus has increased from £268m to £302m. This increase is driven largely by changes in financial conditions, in particular the widening of credit spreads since the previous year-end, which all else equal reduces the Defined Benefit Obligation ('DBO') by less than the value of the assets, a modest membership experience gain to reflect the updated triennial valuations and updates to the mortality base tables and future improvement assumptions. This increase has been partially offset by other factors, in particular, the schemes being more than 100% hedged on the IAS19 basis has meant the assets have fallen more than the DBO as a result of gilt yield rises.

The latest finalised funding valuation was carried out during the 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 2025. 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 £36.7 million (2024: £32.4 million) of contributions to defined contribution schemes, which are included in employee benefits expense.

12. Borrowings

New borrowings raised during the year ended 31 March 2025, all of which were issued under the Euro Medium-Term Note Programme, were as follows:

- On 28 May 2024, the group issued £350 million fixed rate notes, due May 2051.
- On 5 August 2024, the group issued EUR175 million fixed rate notes as a fungible increase to the EUR650m notes, due May 2034. On issue, the EUR bond was immediately swapped to £147.4 million of principal outstanding.
- On 5 September 2024, the group issued £150 million fixed rate notes as a fungible increase to the £250 million fixed rate notes, due January 2046.
- On 13 September 2024, the group issued £75 million fixed rate notes as a fungible increase to the £325 million fixed rate notes, due February 2038.
- On 3 October 2024, the group issued NOK1.5 billion fixed rate notes, due October 2035. On issue, the NOK bond was immediately swapped to £106.3 million of principal outstanding.
- On 27 February 2025, the group issued EUR650 million fixed rate notes due February 2033. On issue, the EUR bond was immediately swapped to £538.6 million of principal outstanding.

During the year, extensions to six existing undrawn committed borrowing facilities were approved, with amounts available under these facilities totalling £200 million. Three new facilities totalling £325 million, and a total £75 million increase to three existing facilities, were entered into during the period.

Borrowings at 31 March 2025 include £83.2 million in relation to lease liabilities (2024: £59.2 million), of which £78.0 million (2024: £56.2 million) was classified as non-current and £5.2 million (2024: £3.0 million) as current.

13. Fair values of financial instruments

The fair values of financial instruments are shown in the table below.

		2025		2024
	Fair value	Carrying value	Fair value	Carrying value
	£m	£m	£m	£m
Financial assets at fair value through profit or loss				
Derivative financial assets - fair value hedge	43.3	43.3	74.7	74.7
Derivative financial assets - held for trading	295.7	295.7	298.9	298.9
Derivative financial assets - cash flow hedge	1.7	1.7	9.2	9.2
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities - fair value hedge	(245.9)	(245.9)	(232.2)	(232.2)
Derivative financial liabilities - held for trading	(17.6)	(17.6)	(4.5)	(4.5)
Derivative financial liabilities - cash flow hedge	(29.1)	(29.1)	(43.9)	(43.9)
Financial liabilities designated as fair value through profit or loss	(330.2)	(330.2)	(338.9)	(338.9)
Financial instruments for which fair value does not approximate carrying value				
Financial liabilities in fair value hedge relationships	(3,816.8)	(3,797.2)	(3,459.0)	(3,414.6)
Other financial liabilities at amortised cost	(5,833.7)	(6,661.2)	(5,785.5)	(6,247.9)
	(9,932.6)	(10,740.5)	(9,481.2)	(9,899.2)

13. Fair values of financial instruments (continued)

The group has calculated fair values using quoted prices where an active market exists, which has resulted in 'level 1' fair value liability measurements under the IFRS 13 *'Fair Value Measurement'* hierarchy of £3,447.9 million (2024: £3,158.5 million) for financial liabilities in fair value hedge relationships, and £2,171.1 million (2024: £2,573.4 million) for other financial liabilities at amortised cost.

The £112.9 million decrease (2024: £1,254.5 million decrease) in 'level 1' fair value liability measurements primarily reflects widening of credit spreads offset by debt issuances in the year.

In the absence of an appropriate quoted price, the group has applied discounted cash flow valuation models utilising market available data, which are classified as 'level 2' valuations. More information in relation to the valuation techniques used by the group and the IFRS 13 hierarchy can be found in the audited financial statements of United Utilities Group PLC for the year ended 31 March 2025.

The reason for the increase in the difference between the fair value and carrying value of the group's borrowings at 31 March 2025 compared with the position at 31 March 2024 is due to the widening of credit spreads.

14. Cash generated from operations

	2025 £m	2024 £m
Operating profit	**631.5**	480.2
Adjustments for:		
Depreciation of property, plant and equipment	**435.7**	406.1
Amortisation of intangible assets	**29.2**	32.7
Loss on disposal of property, plant and equipment	**4.0**	6.7
Amortisation of deferred grants and contributions	**(19.8)**	(17.4)
Equity-settled share-based payments charge	**4.7**	2.1
Pension contributions paid less pension expense charged to operating profit	**(3.0)**	(7.1)
Changes in working capital:		
Increase in inventories	**(3.1)**	(7.2)
Increase in trade and other receivables	**(54.7)**	(26.9)
Increase/(Decrease) in trade and other payables	**52.7**	(4.2)
Increase in provisions	**5.5**	0.4
Cash generated from operations	**1,082.7**	865.4

15. Net debt

	2025 £m	2024 £m
At the start of the year	**8,762.7**	8,200.8
Net capital expenditure	**987.8**	731.4
Dividends (note 9)	**344.1**	320.0
Interest	**171.0**	124.8
Inflation expense on index-linked debt and swaps (note 6)	**161.7**	251.9
Exchange rate movement on bonds and term borrowings	**(13.2)**	(35.2)
Tax	**(6.5)**	(4.6)
Non-cash movements in lease liabilities	**27.2**	3.8
Repayment of loans to joint ventures	**(0.5)**	-
Other	**14.7**	0.1
Fair value movements	**(20.8)**	35.1
Cash generated from operations (note 14)	**(1,082.7)**	(865.4)
At the end of the year	**9,345.5**	8,762.7

15. Net debt (continued)

Fair value movements include the indexation credit relating to the group's inflation swap portfolio of £130.8 million (2024: £111.3 million). The remaining fair value and foreign exchange movements in the year on the group's bond and bank borrowings are materially hedged by the fair value swap portfolio.

Notional net debt totals £9,413.0 million as at 31 March 2025 (2024: £8,727.4 million). Notional net debt is calculated as the principal amount of debt to be repaid, net of cash and short-term deposits, taking: the face value issued of any nominal sterling debt; the inflation accreted principal of the group's index-linked debt; and the sterling principal amount of the cross-currency swaps relating to the group's foreign currency debt.

16. Other reserves

Year ended 31 March 2025

	Capital redemption reserve	Merger reserve	Cost of hedging reserve	Cash flow hedge reserve	Total
	£m	£m	£m	£m	£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**

Year ended 31 March 2024

	Capital redemption reserve	Merger reserve	Cost of hedging reserve	Cash flow hedge reserve	Total
	£m	£m	£m	£m	£m
At 1 April 2023	1,033.3	(703.6)	5.1	18.6	353.4
Changes in fair value recognised in other comprehensive income	-	-	4.8	(63.0)	(58.2)
Amounts reclassified from other comprehensive income to profit and loss	-	-	-	1.8	1.8
Tax on items recorded within other comprehensive income	-	-	(1.2)	15.3	14.1
At 31 March 2024	**1,033.3**	**(703.6)**	**8.7**	**(27.3)**	**311.1**

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. Commitments and contingent liabilities

At 31 March 2025, there were commitments for future capital expenditure and infrastructure renewals expenditure contracted, but not provided for, of £125.3 million (2024: £342.7 million).

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 contingent liabilities to be disclosed in this regard (2024: none).

In November 2021, Ofwat and the Environment Agency (‘EA’) launched separate industry-wide investigations into how companies manage their wastewater assets.

In July 2024 Ofwat announced that it is opening an enforcement case under which it will investigate UUW following detailed analysis of the company’s environmental performance and data about the frequency of spills from storm overflows. At the same time, Ofwat opened similar enforcement cases investigating three other companies in the sector. Having already opened enforcement cases against the other seven companies, all 11 water and wastewater companies in England and Wales are now formally within the scope of Ofwat’s enforcement activities. 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. Ofwat has proposed penalties for three companies to date, ranging from 5 per cent to 9 per cent of relevant wastewater turnover, of which one company has agreed an enforcement package worth 6 per cent of its relevant wastewater turnover. UUW has received and responded to a notice under s203 of the Water Industry Act 1991 requesting information relating to the performance and operation of its wastewater assets, and continues to fully comply with Ofwat through the investigation process. Ofwat stated that whilst 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. To date Ofwat has not given a firm indication of the expected timeframe for its ongoing investigation, or any subsequent action.

Similarly, the EA 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 EA 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.

As disclosed in the group’s financial results for the half-year ended 30 September 2024, 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. 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 has appealed to the CAT in respect of this decision. UUW believes the claim is without merit and will robustly defend it, should the certification decision be overturned on appeal. 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's decision not to certify the claims brought in respect of domestic customers.

18. Related party transactions

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

	2025 £m	2024 £m
Sales of services	**338.8**	334.4
Charitable contributions advanced to related parties	**0.2**	0.2
Purchases of goods and services	**1.5**	-
Interest income and fees recognised on loans to related parties	**5.9**	5.6
Amounts owed by related parties	**101.0**	100.8
Amounts owed to related parties	**-**	-

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 2025, amounts owed by joint ventures, as recorded within trade and other receivables in the statement of financial position, were £101.0 million (2024: £100.8 million), comprising £27.4 million (2024: £27.1 million) of trade balances, which are unsecured and will be settled in accordance with normal credit terms, and £73.6 million (2024: £73.7 million) relating to loans.

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

- £71.4 million (2024: £72.3 million) outstanding on a £95.0 million revolving credit facility provided by United Utilities PLC, with a maturity date of December 2026, bearing a floating rate interest rate of the Bank of England base rate plus a credit margin. This balance comprises £75.0 million outstanding, net of a £3.6 million allowance for expected credit losses (2024: £75.5 million net of a £3.2 million allowance for expected credit losses); and

- £2.2 million (2024: £1.4 million) receivable being the £11.7 million (2024: £11.3 million) fair value of amounts owed in relation to a £12.5 million unsecured loan note held by United Utilities PLC, with a maturity date of 28 March 2027, net of a £nil (2024: £0.4 million) allowance for expected credit losses and £9.5 million of the group's share of joint venture losses relating to historic periods as the loan note is deemed to be part of the group's long-term interest in Water Plus. This is a zero coupon shareholder loan with a total amount outstanding at 31 March 2025 and 31 March 2024 of £12.5 million, comprising a £11.7 million (2024: £11.3 million) receivable representing 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 (2024: £1.2 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 £48.9 million, of which £26.0 million related to guarantees to United Utilities Water Limited.

At 31 March 2025, amounts owed to related parties were £nil (March 2024: £nil).

19. Events after the reporting period

On 3 April 2025, United Utilities Water Limited acquired 100 per cent of the share capital of Trafford Property Limited, a special purpose vehicle holding land adjacent to the group's Davyhulme Wastewater Treatment Works site, for £20 million. This transaction is accounted for as an asset acquisition rather than a business combination, as the transaction falls outside the scope of IFRS 3 'Business Combinations'. The cost of the acquisition is allocated entirely to the company's land asset and approximates the land's fair value at the date of acquisition. As the acquisition occurred after the reporting period, no adjustments have been made to the financial statements as at 31st March 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibility statement below has been prepared in connection with the group's full annual report for the year ended 31 March 2025. Certain parts thereof are not included within this announcement.

Responsibilities Statement

We confirm that to the best of our knowledge:

- the financial statements have been prepared in accordance with UK-adopted international accounting standards; give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The directors of United Utilities Group PLC at the date of this announcement are listed below:

Sir David Higgins
Louise Beardmore
Phil Aspin
Alison Goligher
Liam Butterworth
Kath Cates
Clare Hayward
Michael Lewis
Doug Webb

This responsibility statement was approved by the board and signed on its behalf by:

………………………..	……………………….
Louise Beardmore	Phil Aspin
14 May 2025	14 May 2025
Chief Executive Officer	Chief Financial Officer