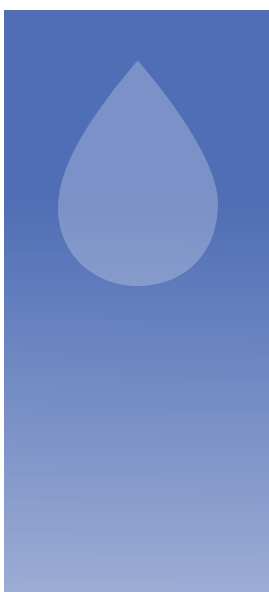
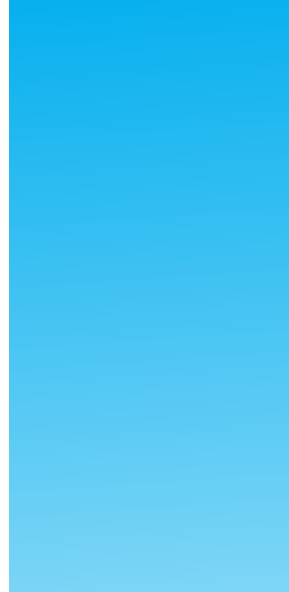
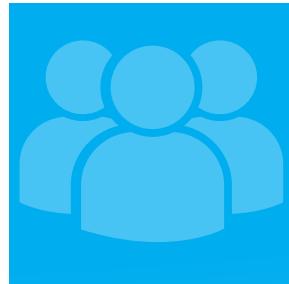




Cambridge Water



South Staffs Water



South Staffordshire Water PLC

Unaudited interim report and financial statements

For the six months ended 30 September 2024

Contents

About this document

This document outlines South Staffordshire Water's unaudited financial and operational performance for the six months to 30 September 2024.

The aim is to give customers and other stakeholders an indication of how we are performing against our budgets and targets.

This includes highlighting those areas where we are doing well, as well as those areas where we need to do more to get our performance back on track.

Publishing this interim report helps to demonstrate our commitment to openness and transparency as the provider of an essential public service.

If you want to learn more about the work we do every day to deliver for our customers and the environment, there are a number of ways you can engage with us.



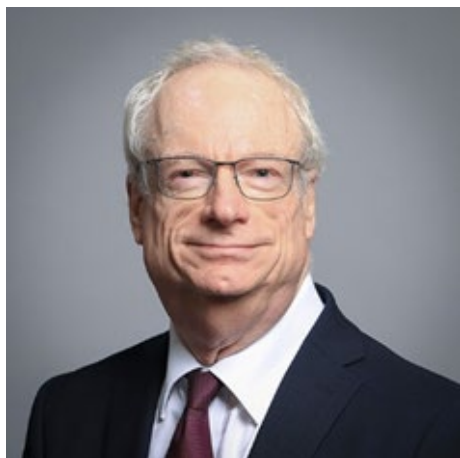
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Welcome from the Chair and Managing Director



But there were a small number of areas where we had significant concerns about the impact of the decisions on our business and on the wider England and Wales water sector. We prepared a detailed and well-evidenced response to Ofwat's initial decisions and submitted this at the end of August. We're continuing to engage with Ofwat and look forward to receiving its final decisions on our plan later this month.

It's also been a busy time politically, with the General Election in July ushering in the first Labour Government for 14 years. We've welcomed the proactive and hands-on approach the new Secretary of State for Environment, Food and Rural Affairs has taken to the water sector – and attended the launch event for the Water (Special Measures) Bill, which was introduced into Parliament in early September.

We welcome the opportunity to work with the Secretary of State and his team at Defra during the remainder of the current financial year and beyond to ensure we always achieve the best outcomes for our customers, our communities and the environment. In particular, we welcome being able to engage with the new Independent Water Commission, which was announced in October, just outside the period covered by this report.

Consistent with the past 12 to 18 months or so, we're continuing to operate in an environment where the water sector is under intense scrutiny. The ongoing problems at Thames Water mean that water companies' legitimacy and financial resilience is still being questioned – both in the mainstream media, and online and across social media.

At the same time, we're still facing pressures from the macro-environment. The war in Ukraine is now in its third year and conflict in the Middle East is also putting pressure on global energy prices.

“We're continuing to operate in an environment of intense scrutiny. So, it's crucial that we always deliver the high-quality and reliable services our customers have told us are important to them.”

This, in turn, is contributing to a cost-of-living crisis that's still impacting many household customers across our Cambridge and South Staffs regions. It's also placing pressure on our budgets, which we're managing carefully to ensure we meet the aims and ambitions of our current five-year plan.

And yet, we're continuing to deliver the services our customers expect and pay for. We're performing well against a number of our key targets – particularly in the areas of supply interruptions, contacts from customers about water quality, and biodiversity.

Indeed, for supply interruptions we're continuing to exceed our target, building on Ofwat's assessment of our performance in this area during the last financial year as sector leading – a great achievement for us. We're also recording the lowest levels of individual water use in the sector for our Cambridge region – at 120 litres per person per day. And we're continuing to outperform our targets for the number of customers receiving financial or other support to help them pay their bills, and for those who have signed up for our Priority Services Register.

But there are other areas where we know we need to do more. This includes making sure customers' experience of dealing with us is a positive one and that we get things right for them first time, all the time. It also means putting effective plans in place to ensure we get back on track for those measures where we're not performing as well as we would like as we transition into the next five-year planning period, which starts in April 2025.



Welcome to this interim report, which highlights our financial and operational performance for the six months ended 30 September 2024.

It's been a busy time for us during the first half of the current financial year. As well as continuing to make sure we always provide our customers with reliable supplies of clean drinking water, we've also been busy engaging with the economic regulator Ofwat on the next stage of its PR24 price review process.

In July, we received Ofwat's initial decisions (the 'draft determination') on our business plan for the five years from 2025 to 2030. Overall, we were broadly supportive of the approach Ofwat had taken in reaching its decisions on our plan.

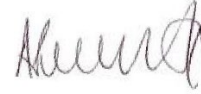
Of course, we wouldn't be able to achieve anything without our people. As a Board and an Executive team, we never fail to be impressed by the commitment of our people to a job well done. Whether it's dealing with customers' queries in our contact centre or repairing a burst main

in the middle of the night, we know that all our people are living our values every day – having a **professional** approach, being **trusted** to deliver the services that matter to customers, and being **impactful** and **community-focused** in their roles.

We'd like to thank each and every one of our people for the part they've played during the first half of the year to deliver clean, affordable drinking water to our customers every day.



Lord Chris Smith
Chair



Andy Willicott
Managing Director

About South Staffordshire Water

We operate
Cambridge Water
and South Staffs
Water



We are part of the South
Staffordshire Plc group of
companies

We are a water only
company, and do
not take away and
treat waste water



We are regulated
by Ofwat, the
Environment
Agency and the
Drinking Water
Inspectorate



We have been a successful,
privately-run business for
170 years. We have never
been in public ownership



We provide clean
water to more
than 1.7 million
people and
42,000 businesses
every day



Financial performance

Our financial performance during the first half of the year remained strong, alongside our uninterrupted supply and continued support to our customers. With the macro-environment still impacting our business, our people and our customers, we are continuing to

experience significant pressure on energy, chemical and borrowing costs driven through inflation.

We agreed a 5% pay award for our people and continued to offer financial support to our customers who are struggling to

pay their water bills through enhancing our existing assistance programmes.

We use several financial key performance indicators (KPIs), which include, but are not limited to, the following.

	September 2024	September 2023 Restated
Turnover £m	75.9	76.2
Operating costs £m	(66.7)	(63.1)
EBITDA £m ¹	29.0	29.1
Operating profit £m ²	15.8	17.3
Net debt £m ³	380.5	339.5
Gearing ⁴	69.4%	65.8%

Notes:

1. EBITDA reconciliation is shown below.

	2024	2023
Operating profit £m	15.8	17.4
Exceptional £m	(0.1)	–
Depreciation: intangible assets £m	0.6	0.4
Depreciation: non-infrastructure assets £m	12.2	10.8
Depreciation: infrastructure assets £m	2.3	2.2
Capital contributions £m	(1.8)	(1.7)
EBITDA £m	29.0	29.1

2. Operating profit less depreciation and amortisation of capital contributions.

3. Net debt £m is reported for borrowing covenants (see page 6).

4. Gearing is reported on a covenant basis (see the notes to the cash flow statement on page 25 for details).

Turnover

Our turnover in the year to date has increased slightly by £0.3 million. We have seen increases in regulated tariffs and inflation. Non-appointed revenues have reduced by £0.6 million, mainly within our Aqua Direct Spring Water business.

Our disclosure of commissions earned shows both the turnover and the associated operating costs. Commissions are earned on the collection of amounts billed for other water companies for sewerage services they provide to customers, and through an agreement

to identify customers to offer insurance policies.

Operating profit

Alongside the increased turnover noted above, our costs have increased compared to the prior year mainly due to inflationary pressures.

We have incurred significant uplifts in our net labour costs as a result of the 5% annual pay award and one-off bonus.

We have continued with our infrastructure renewals expenditure in line with our AMP7 (2020 to 2025) plans.

We have reviewed the offerings we have in place for future support for our customers, such as our Assure social tariff, which offers bill discounts for eligible customers. We have amended the criteria to receive this support to enable us to help more customers in need. We continued to ensure our customers in vulnerable circumstances know we were there for them with targeted communications and support through our Priority Services Register.

We will closely monitor our cash collection position while keeping our future customer support offerings under review, given the inflationary pressures of the continuing cost-of-living crisis.

Capital investment

We have continued to make progress in delivering our ambitious capital programme to ensure our assets remain in good condition and continue to provide high-quality, reliable water supplies to our customers. The upgrade programme of the two largest water treatment works in our South Staffs region is continuing at Hampton Loade, and we are on track with our new primary contractors to complete this by the end of the financial year; the work at Seedy Mill is complete.

Treasury, net debt and borrowing costs

The main purpose of our financial instruments, including derivatives, is to finance our operations and limit risk from

fluctuations in external indices outside our control. This includes entering floating to fixed interest rate swaps, where this is considered appropriate. During the first half of the year and the previous year, our policy has been not to carry out any trading in financial instruments. Our policy in relation to cash, loans receivable and borrowings is to maintain flexibility with both fixed and floating rates of interest, and long- and short-term borrowings.

To support the long-term financing needs of the business, the company has increased its revolving credit facility by a further £45 million, which is currently undrawn.

Our net debt includes index-linked debt, bank loans and debenture stock less cash. During the year to date we have revalued our index-linked debt to reflect the increases in actual RPI in the period. This has significantly increased our financing costs. The reconciliation between

covenant net debt and book net debt is shown in the notes to the cash flow. Standard & Poor's (S&P) continues to rate the company as BBB+ in negative outlook with Moody's rating us at Baa2; both are within investment grade.

Dividend payment

As per the dividend policy the business usually makes two dividend payments each year: one interim and one final. Ahead of the business making the decision on the interim dividend payment, the Board carefully considered the performance of the business.

Taxation

The tax charge is based on the estimated effective rate of tax, including deferred tax for the full year to 31 March 2025.

Operational performance

Performance against our targets

We are committed to always delivering the high-quality and reliable clean drinking water services our customers expect and pay for. As we transition towards the next five-year planning period, which starts in April 2025, we know how important it is for us to continue to perform well in the areas where our customers have told us they want to hold us to account and deliver the outcomes we set out at the start of the current five-year planning period in 2020.

We have made a steady start in the first half of the current financial year. We are currently outperforming our targets in a number of areas that our customers have said are important to them. But in others we recognise we still have work to do if we are going to deliver the outcomes we promised to customers in our business plan for 2020 to 2025.

One of the areas where we are performing well is **supply interruptions**. This measures the average number of minutes lost for interruptions to water supplies lasting more than three hours. The greatest risk for this measure is weather volatility, particularly over the winter, and an event in April, for example, caused an initial increase in the number of minutes lost. But our performance since then has been strong and in September stood at 1 minute 53 seconds. This currently puts us in a maximum reward position.

In addition, we are performing well for the **number of contacts we receive from customers about the taste, smell and colour of their drinking water**. In September, this stood at 0.38 contacts per 1,000 of population, currently putting us in a reward position for this measure. To ensure we keep delivering improvements in this area, we have set up a working group to review our contact data each month, carry out deep dives

into potential root causes for those contacts and identify remedial actions.

We also remain on track to meet our target of **fixing 90% of reported visible leaks within 4 days**. This is despite seeing a slight rise during September in the number of days it takes us to repair reported leaks. But we are confident that we have the people, processes and systems in place to achieve our target by the end of the current financial year. As with our supply interruptions measure, it should be noted that this target is susceptible to weather volatility, particularly during the winter months.

And we are outperforming our target for the **area of land in hectares that we are actively managing to protect wildlife, plants habitats and water catchments**. Our starting point for the current financial year was 840 hectares and we have already exceeded this during the six months to the end of September. This puts us in a maximum reward position for this measure.

Finally, we are on track to **deliver the upgrade programmes at our Hampton Loade and Seedy Mill** water treatment works. We delivered our Seedy Mill upgrade in line with the target deadline of 31 March 2024; for Hampton Loade the target deadline is 31 March 2025. We completed the installation of the new ceramic membrane filtration system at the works in April and have been carrying out the necessary testing before bringing it fully into commission by the target deadline.

There are several measures where our performance has been mixed during the first half of the year. One of these is **leakage**. In our Cambridge region, we are currently in a reward position, with leakage levels remaining broadly stable during the first half of the year. We currently remain on track to outperform our target of reducing leakage to around 12.6 million litres of water a day (Ml/d) – down from our target of 15.1 Ml/d in the first full year of the current five-year planning period (2020/21).

But in our South Staffs region, we have been seeing an increase in leakage levels, putting us in a penalty position. This is because of a backlog in our mains replacement programme. We are also continuing to see more bursts within this backlog than we are currently comfortable with, which is exacerbating the problem. To address this, we are targeting larger leaks and burst mains to get performance in this area back on track.

We are seeing a similar pattern with our measure of **household water use – what we call ‘per capita consumption’ or PCC**. In our Cambridge region, we currently have the lowest PCC of any company in the water sector, at 120 litres per person per day (l/p/d). But the equivalent figure in our South Staffs region stands at 137 l/p/d. We have carried out extensive analysis to understand this difference and are looking to our demand management initiatives and universal metering programme to help redress this imbalance.

We are also not quite where we would like to be with our **education outreach** programme. By the end of September, we were slightly behind our target, putting us in a penalty position. But we are confident that we have the resource in place to enable us to achieve our target of reaching 6,000 young people with our in-person water efficiency assemblies and workshops.

And in June we saw a slight dip in the **number of customers registering with us for financial support** through our Assure social tariff, the national WaterSure scheme, our Charitable Trust and payment plans. And even though we are performing well above target for this measure, we were pleased to see registrations pick up again in July. To ensure we maintain this very strong position, we are putting plans in place for an Affordability Hub, which will help us to target support more effectively for those customers who need it.

When it comes to the numbers of **household customers registered on our Priority Services Register (PSR)**, we are

again ahead of our target for two of the elements of this measure (PSR reach and actual contact), but we are slightly behind on the third element (attempted contact). We are also behind where we want to be for the **percentage of customers on our PSR who receive additional support through our 'Extra Care' package**. But we are expected to achieve our target by the end of the financial year as registrations are continuing to climb.

There are some measures where our performance during the first half of the year is below what we and our customers expect. The first of these is **C-MeX – the household customer measure of experience**. This is calculated as the weighted average of customer satisfaction scores from customer service and customer experience surveys. C-MeX is measured relative to other companies in the water sector. For the year to date, we rank 9th (out of 16 water companies) and are forecasting a mid-table position within the sector by the end of the financial year.

We are also in a penalty position for the **Compliance Risk Index (CRI)** – the principal regulatory measure of water quality compliance, set by the Drinking Water Inspectorate (DWI). The measure is designed to illustrate the risk arising from treated water compliance failures and it aligns with the DWI's risk-based approach to regulating drinking water supplies.

We have seen compliance failures at some sites across our Cambridge and South Staffs regions during the first half of the year. In September, our CRI score stood at 4.98, against a target of zero. Any score above 2 results in a financial penalty. We have implemented a number of actions to address this issue and get our CRI back on track by the end of the financial year. This includes carrying out tank cleaning and other maintenance at our sites, replacing sample points, and raising awareness with customers about tap hygiene.

And we continue to struggle with our **customer trust** target. We measure this as a score out of ten that reflects customers' level of trust in us and our business. To determine this score, we use our quarterly customer tracker survey and the trust measure from water watchdog CCW's annual survey. For the current financial year, we have a target of 8.30 out of 10. For the year to date, our score is 7.44 out of 10.

Our research suggests there are several reasons why we have been under-performing against this measure. This includes wider economic factors resulting from the cost-of-living crisis and the negative perceptions of the water sector in the media over the past 12 to 18 months. We think it is important to rebuild customers' trust in us as the provider of an essential public service. In the case study below, we describe some of the ways in which we are doing this.

Building customers' trust in us and our services

As the provider of an essential public service, we recognise that customer trust is of paramount importance – particularly as we operate in a monopoly industry where household customers are unable to choose their supplier. Given our operations are funded primarily through the bills those customers pay we must retain their confidence that we are doing the right thing and that we share their values and priorities.

It is clear that public trust and confidence in the water sector nationally is increasingly fragile. We have seen the impact of this in a decline in our own customer trust scores. This is a concern for us, and we are committed to understanding what is driving this decline, as well as looking at what changes we need to make to help rebuild customer trust – both in our own business and in the wider water sector.

Our customer trust workshops

We have been working with teams across our business to look at trust levels and drivers. Workshops with our teams have enabled us to dig into four key areas of trust erosion: customer service; leakage; the environment; and shareholders and remuneration. Using data and customer sentiment from numerous channels, including social media, customer satisfaction surveys, the H2Online customer communities in our Cambridge and South Staffs regions, and business reviews, we were able to look at opportunities where we can:

- bust some myths about the sector and our business;
- better educate customers on how our business operates and where we spend bill income;
- support our teams to better respond to common misconceptions and frustrations;
- improve some of our customer journeys to be more proactive and supportive; and
- be clearer in our key messages and what substantiates them.

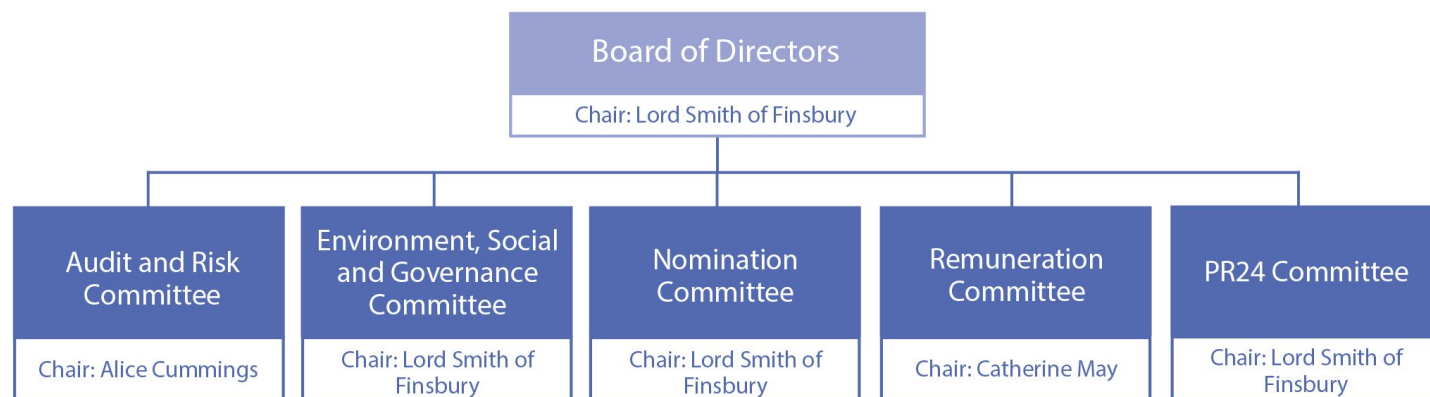
Next steps

At the workshops, teams across our operational, environmental, regulation, customer service and communications functions generated many ideas. At the time of writing, we are prioritising these to form an overall action plan that will deliver a variety of campaigns, reviews and improvements. These will be aimed directly at building trust through education, information and customer engagement.

We plan to closely involve the H2Online communities in our Cambridge and South Staffs regions in this initiative to test different approaches, messages and campaign ideas. The aim is to create better dialogue with our customers and give them a greater understanding of the water sector, our business and the ways in which we will deliver their priorities now and in the future.

Board, Directors and Executive team

Board structure



Board of Directors

The Board comprises the independent Chair, the Managing Director, the Group Chief Executive and five Non-executive Directors. Three of the Non-executive Directors are considered to be independent, in addition to the independent Chair. The largest single group of Directors on the Board during the first half of the year was that of independent Non-executive Directors, including the Chair.

The Rt Hon Lord Chris Smith of Finsbury, Independent Non-executive Chair



Committee membership



Chair, Environment, Social and Governance (ESG) Committee
 Chair, Nomination Committee
 Chair, PR24 Committee

Date appointed

Lord Smith was appointed as an Independent Non-executive Director in October 2018.

Skills and experience

Lord Smith has extensive senior leadership experience in both the political world and the public sector, having previously held the posts of Chair of the Environment Agency and Founding Chair of the UK Water Partnership. He is a Life Peer in the House of Lords. He is also a Cambridge Water customer.

External appointments

Since 2015, Lord Smith has been Master of Pembroke College, Cambridge, and is responsible for the strategy and planning for the college. He is also Chair of the Intellectual Property Regulation Board, Chair of the Art Fund, President of the Wordsworth Trust and a Non-executive Director of Phonographic Performance Ltd.

Andy Willicott, Managing Director.
South Staffordshire Water PLC



Committee membership



Date appointed

Andy was appointed Managing Director in May 2020, having previously served as Transformation Director at Bristol Water.

Skills and experience

Andy's previous roles include Executive Director at Pennon Group and Chief Operating Officer at Sydney Water, with responsibility for all aspects of frontline water and wastewater treatment, network operations and customer delivery.

External appointments

Andy serves as a Board member for Water Resources East.

Charley Maher, Group Chief Executive Officer, South Staffordshire Plc



Committee membership



Date appointed

Charley was appointed as Group Chief Executive Officer of South Staffordshire Plc in September 2023.

Skills and experience

Charley has previously held senior leadership roles in the financial services and utilities sectors. Before joining South Staffordshire Plc, Charley worked for YTL UK, as Chief Commercial Officer at Wessex Water Group, and as Managing Director at Pelican Business Services and water2business. Earlier in her career, she was with NatWest and the RBS Group.

Catherine May, Senior Independent Non-executive Director



Committee membership



Chair, Remuneration Committee

Date appointed

Catherine was appointed as an Independent Non-executive Director in October 2018.

Skills and experience

Catherine has more than 12 years' experience as a Non-executive Director, Chair and Senior Independent Director, and has served on audit, finance, remunerations, nominations and ESG Committees as a member and Chair. Previously, she served on the Executive Committee of RELX plc, Centrica Plc and SAB Miller plc.

External appointments

Catherine is Chair of Shoreham Port and Senior Independent Director and Chair of the Remunerations and Nomination Committee of the Pensions and Lifetime Savings Association (PLSA), and Chair of the English National Opera Trust. She is also founder and principal of Catherine May & Associates – an advisory practice providing leadership coaching and reputation management services.

**Alice Cummings,
Independent Non-executive
Director**



Committee membership



Chair, Audit and Risk Committee

Date appointed

Alice was appointed as an Independent Non-executive Director in May 2020.

Skills and experience

Alice has extensive commercial, financial and governance experience in regulated service industries. She was previously Group CFO at the InHealth Group and Group CFO at the AEA Group. Alice's earlier career was with South West Water plc and Price Waterhouse. She has a BEng degree in Chemical Engineering from Imperial College, London, and is a Fellow of the Institute of Chartered Accountants in England and Wales.

External appointments

Alice is a Non-executive Director at Idox Plc, where she serves as Chair of the Audit Committee and as a member of the Remuneration Committee and the Nomination Committee. She is a Non-executive Director and Vice-Chair at Cottsway Housing Association. She is also a Non-executive Director and Chair of the Audit and Assurance Committee at Curo Housing Association.

**Professor Ian Barker,
Independent Non-executive
Director**



Committee membership



Date appointed

Ian was appointed as an Independent Non-executive Director in April 2022.

Skills and experience

Ian is a Chartered Environmentalist and an Honorary Fellow of the Society for the Environment, a Fellow of the Institute of Water, Expert Adviser to the Organisation for Economic Co-operation and Development (OECD), and an Honorary Professor at the University of Exeter. Ian has spent his career in the UK water and environmental sectors, and brings extensive experience in water regulation, planning and management. At the Environment Agency, he was responsible for water planning and management for England and Wales, as well as fisheries, biodiversity and land management. He was appointed by the parliamentary Environmental Audit Committee to advise its Inquiry into Water Quality in Rivers.

External appointments

Ian is a Non-Executive Director of the Institute of Water, and Vice-President Environment. He is a Non-executive Director of the Society for the Environment, and of the Water Industry Forum. He was Managing Director of Water Policy International Ltd until 21 February 2023.

**Keith Harris, Non-executive
Director & Arjun Infrastructure
Partners Representative**



Committee membership



Date appointed

Keith was appointed as an Independent Non-executive Director in April 2015. He became a Non-executive Director and Arjun Infrastructure Partners Representative on 25 October 2018, following the sale of the Group and the company.

Skills and experience

Keith is the owner of the advisory business Lorraine House and spent 20 years at Wessex Water, where he held various senior executive and Board positions, including CFO and deputy CEO. He brings strong financial and regulatory experience to the Board.

External appointments

Keith is an Independent Non-executive Director at Ervia, the parent company of Irish Water, Gas Networks Ireland and Aurora Telecom, serving as Chair of the Audit and Risk, and Finance and Investment Committees. He is also a Non-executive Director with Northumbrian Water Group. He is an Industry Partner with Arjun Infrastructure Partners and an Associate at OXERA.

**Peter Antolik, Non-executive
Director & Arjun Infrastructure
Partners Representative**



Key:

	Audit and Risk Committee
	Environmental, Social and Governance Committee
	Nomination Committee
	Remuneration Committee
	PR24 Committee

Committee membership



Date appointed

Peter was appointed as a Non-executive Director and Arjun Infrastructure Partners Representative on 25 October 2018.

Skills and experience

Peter is a Partner at Arjun Infrastructure Partners, and his background covers regulated companies, transport regulation, and the management of infrastructure funds and investments. Peter joined Arjun Infrastructure Partners from the Office of Rail and Road where he led the Highways Directorate. He was previously an Executive Director at JP Morgan Asset Management, and Strategy and Regulation Director at Thames Water.

Executive team

The Executive team is responsible for setting the strategic direction of the business. It is also responsible for the day-to-day operations of the wholesale and retail functions across the Cambridge and South Staffs regions.

The Executive team oversees the implementation of policies and procedures that align with regulatory standards and environmental guidelines. Members of the Executive team work together closely to ensure financial stability through effective budgeting and cost control.

The team engages with a wide range of stakeholders, including customers and communities, government bodies and investors to foster a spirit of trust and collaboration.

Overall, the leadership of the Executive team is key in ensuring the long-term success of the business and in enabling it to navigate the complex challenges of the England and Wales water sector.

Joanna Smith, Finance Director



Date appointed

Joanna was appointed to the Executive team in on 30 September 2024.

Skills and experience

Joanna has had a long career in finance and leadership. She joined South Staffordshire Water from Halma Plc, a FTSE 100 global group of life-saving technology companies, where she was Chief Financial Officer of the Environmental and Analysis sector.

Joanna has been a Finance Director since 2007, gaining experience in the manufacturing, aerospace and retail sectors. She has a degree in law and is a qualified accountant.

Caroline Cooper, Strategy and Regulation Director



Date appointed

Caroline was appointed to the Executive team in 2020.

Skills and experience

Caroline was previously responsible for the company's successful PR19 submission, developing a business plan which delivers for customers and the environment. This saw South Staffordshire Water secure more than £660 million of funding for the five years from 2020 to 2025.

Caroline has spent all her career in the water sector, previously working for Severn Trent Water until she joined South Staffordshire Water in 2003 as an asset management analyst. She has progressed through several roles within the business, and has extensive knowledge of asset management, business planning and strategy development.

**Andrew Lobley, Operations
Director**



Date appointed

Andrew was appointed to the Executive team in 2021.

Skills and experience

Andrew has spent his whole career in the water sector, having previously worked for Dŵr Cymru Welsh Water and Cambridge Water in water quality, asset management and operations roles.

In 2009 Andrew achieved a PhD in Civil Engineering, focusing on water quality risk management. He joined South Staffordshire Water in 2014, and before being appointed to his current role held the positions of Director of Operations, and Head of Water Quality and Compliance at South Staffs Water.

**Robert Boswell, Energy and Asset
Performance Director**



Date appointed

Robert was appointed to the Executive team in 2023.

Skills and experience

Robert started his career with South Staffordshire Water more than 27 years ago. He has been responsible for delivering operational experience throughout multiple front-line departments, specialising in energy, water production and civil engineering.

In this role, Robert oversees the delivery of projects and operational technologies. His focus is on managing one of the company's biggest costs – energy – and tackling how we become greener as a business, while developing smarter networks.

**Heidi Knapton, Director of
Customer Delivery
(currently on maternity leave)**



Date appointed

Heidi was appointed to the Executive team in 2023.

Skills and experience

Heidi is responsible for delivering our customer service strategy. Her remit covers the company's household and non-household business retail customers.

Heidi has held several roles since joining South Staffordshire Water, including Head of Customer Operations and Metering Strategy Manager. She joined us from Severn Trent Water in 2018, where she worked in planning and network control roles. Her skills include strategy development, customer service, business transformation and project management.

**Gary Kinsella, Interim Customer
Delivery Director**



Date appointed

Gary was appointed in 2024 as maternity leave cover for Heidi Knapton.

Skills and experience

Gary is a Customer Operations expert and has more than 30 years' experience across a variety of sectors, including utilities, publishing, insurance and financial services.

Gary is an accomplished senior leader specialising in customer service transformation, operational efficiency and business change management. He is passionate about putting people at the forefront of change and providing simple solutions that deliver sustainable results.

Sara McCann, Group HR Director



Date appointed

Sara was appointed to the Executive team in 2023. In May 2024, she was appointed Group HR Director.

Skills and experience

Sara has more than two decades of dedicated experience in human resources and has operated in senior HR leadership positions in organisations with both global and European remits. She has a breadth of knowledge and skills across a range of disciplines, including operational HR, employee relations, transformation projects, talent management, and learning and development.

Sara's role at South Staffordshire Water has been to act as a trusted partner to the business, spearheading the development and implementation of a strategic people plan.

Sara is a Chartered Member of the Chartered Institute of Personnel and Development (CIPD) and holds certifications in Six Sigma Green Belt and Health and Safety IOSH.

**Resignations from the Executive
team during the period to 30
September 2024**

Abbie Poulton, Finance Director (resigned 30 September 2024).

Tom Fewster, Asset Management & Investment Delivery Director (resigned 30 September 2024).

Corporate governance report

Group structure

South Staffordshire Water PLC's immediate parent company is SSW Finance Limited. The ultimate controlling party is AIP Holdings Limited.

100% of the South Staffordshire Plc Group is owned by pension funds and other institutional investors, which are advised and managed by Arjun Infrastructure Partners Limited. Arjun is a UK-based independent infrastructure investment advisory business. Arjun Infrastructure Partners VI Limited acquired a majority controlling interest in the Group from KKR in July 2019 and IAE Holdco 1 Limited acquired Mitsubishi Corporation's 44.9% share in July 2022.

South Staffordshire Plc ensures through its comprehensive knowledge of its subsidiaries and the water sector that it understands the duties and obligations of a regulated company. This includes Condition P of South Staffordshire Water's licence, and although some Directors sit on the Boards of South Staffordshire Plc, SSW Finance Limited and the company, South Staffordshire Water acts, with the support of the Group, as if it were a separate listed company.

There is regular dialogue between the South Staffordshire Water Board and investors to ensure their objectives and priorities are carefully considered. Arjun Infrastructure Partners has two Non-executive Directors on the Board. It also

has representation on the Board's sub-committees.

South Staffordshire Plc provides management, professional and administrative support services to South Staffordshire Water and its other subsidiaries at cost. There was no direct interaction between South Staffordshire Water and the ultimate controlling party, AIP Holdings Limited, a company registered in the UK.

Functions of the Board

The Board's primary focus is to develop and oversee the implementation of the company's strategy to deliver the service and performance to meet the needs of the following key stakeholders: customers; community (civil society); employees; regulators/government; investors; and suppliers/partners.

In accordance with section 172(1) of the Companies Act 2006, the Board acts in a way that it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members.

The Board sets standards of conduct to promote the company's success, provide leadership and review the company's internal controls and governance structure.

It approves major financial and investment decisions above senior management thresholds and evaluates

the company's performance by monitoring reports received from the Executive team and senior management.

The Board is responsible for overseeing this work and scrutinising management performance. It provides constructive challenge and helps develop proposals on strategy.

In conjunction with the Audit and Risk Committee, the Board is also responsible for the company's systems of internal control, and for evaluating and managing significant risks.

The Board and its sub-committees consider potential conflicts of interest at the outset of every meeting. When reviewing conflict authorisations, the Chair considers any other appointments a Director has in place.

The Board is supported by the Executive team and other senior managers, who are responsible for assisting it in developing and achieving the company's strategy, and in reviewing its financial and operational performance.

Board meetings

The Board holds regular scheduled meetings throughout the year. All Directors are provided with sufficient information in a timely manner before a Board meeting to allow appropriate preparation to ensure they can properly discharge their duties.

Directors' responsibilities statement

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Information published online is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

A list of the current Directors of South Staffordshire Water PLC is available on the company's [website](#).

The Directors confirm that these condensed interim financial statements represent a fair view of the company's performance for the six months to 30 September 2024.

Assurance

These interim financial statements have been reviewed by the independent Group Head of Risk, Control and Assurance and by the Board.

Financial statements

Profit and loss account – for the six months ended 30 September 2024

	30 Sep 24 Unaudited	30 Sep 23 Unaudited Restated
	£'000	£'000
Turnover	75,887	76,250
Operating costs	(66,744)	(63,104)
Other operating income	6,656	4,208
Operating profit (before exceptional items)	15,799	17,354
Exceptional items	(105)	-
Operating profit (after exceptional items)	15,694	17,354
Finance Income (receivable)	1,138	1,037
Finance cost (payable)	(10,719)	(18,296)
Profit before taxation	6,113	95
Tax on profit	(1,759)	267
Profit for financial period attributable to the equity shareholders of the Company	4,354	362
Earnings per share		
Basic	205.1p	17.0p
Diluted	205.1p	17.0p

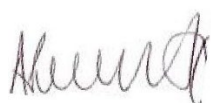
The results above are derived from continuing operations. The accompanying notes are an integral part of these financial statements.

Balance sheet – as at 30 September 2024

	30 Sep 24 Unaudited £'000	31 Mar 24 £'000	30 Sep 23 Unaudited £'000
Fixed Assets			
Intangible assets	24,353	17,362	5,814
Tangible assets	693,769	685,763	679,191
	718,122	703,125	685,005
Current Assets			
Stocks	4,086	4,084	3,955
Debtors - amounts recoverable within one year	64,615	56,056	56,659
Debtors - amounts recoverable in more than one year	3,044	3,439	4,399
Investments	2	2	2
Cash and cash equivalents	13,850	21,155	24,481
	85,597	84,736	89,496
Trade and other creditors - amounts falling due within one year	(86,362)	(76,149)	(88,576)
Net current (liabilities) /assets	(765)	8,587	920
Total assets less current liabilities	717,357	711,712	685,925
Borrowings - amounts falling due after more than one year	(405,800)	(402,546)	(373,074)
Other creditors - amounts falling due after more than one year	(9,189)	(9,355)	(9,208)
Accruals and deferred income - falling due after more than one year	(192,832)	(191,012)	(187,462)
Provisions for liabilities - falling due after more than one year	(63,661)	(61,996)	(60,103)
Net Assets	45,875	46,803	56,078
Capital and reserves			
Called up share capital	2,123	2,123	2,123
Share premium account	495	495	495
Capital redemption reserve	4,450	4,450	4,450
Revaluation reserve	29,526	29,739	29,951
Profit and loss account	12,173	12,606	21,235
Hedging reserve	(2,892)	(2,610)	(2,176)
Shareholders' Funds	45,875	46,803	56,078

The accompanying notes are an integral part of these financial statements.

The financial statements of South Staffordshire Water (company number 02662742) were approved by the Board of Directors and authorised for issue on 5 December 2024.



Andy Willcott
Managing Director

5 December 2024

Statement of comprehensive income – for the six months ended 30 September 2024

	30 Sep 24 Unaudited £'000	31 Mar 24 £'000	30 Sep 23 Unaudited £'000
Profit /(loss) after taxation	4,354	(3,179)	362
Movement in hedging reserve (gross of deferred tax)	(376)	(215)	364
Deferred tax impact of movement in hedging reserve	94	54	(91)
Total comprehensive loss	4,072	(3,340)	635

Statement of changes in equity – as at 30 September 2024

	Called up Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Hedging Reserve £'000	Total £'000
Balance at 1 April 2023	2,123	495	4,450	30,163	20,661	(2,449)	55,443
Loss for financial period	-	-	-	-	362	-	362
Change in value of hedging instruments - cash flow hedges (gross of deferred tax)	-	-	-	-	-	279	279
Deferred tax impact of change in value of hedging instruments	-	-	-	-	-	(70)	(70)
Amounts recycled to profit and loss (gross of deferred tax)	-	-	-	-	-	85	85
Deferred tax impact of amounts recycled to profit and loss	-	-	-	-	-	(21)	(21)
Other comprehensive income	-	-	-	-	-	273	273
Total comprehensive income/(loss)	-	-	-	-	362	273	635
Amounts transferred to profit and loss	-	-	-	(212)	212	-	-
Dividends	-	-	-	-	-	-	-
Balance at 30 September 2023	2,123	495	4,450	29,951	21,235	(2,176)	56,078

Statement of changes in equity – as at 30 September 2024 (continued)

	Called up Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Hedging Reserve £'000	Total £'000
Balance at 1 October 2023	2,123	495	4,450	29,951	21,235	(2,176)	56,078
Loss for financial period	-	-	-	-	(3,541)	-	(3,541)
Change in value of hedging instruments - cash flow hedges (gross of deferred tax)	-	-	-	-	-	(663)	(663)
Deferred tax impact of change in value of hedging instruments	-	-	-	-	-	166	166
Amounts recycled to profit and loss (gross of deferred tax)	-	-	-	-	-	84	84
Deferred tax impact of amounts recycled to profit and loss	-	-	-	-	-	(21)	(21)
Other comprehensive income	-	-	-	-	-	(434)	(434)
Total comprehensive income/(loss)	-	-	-	-	(3,541)	(434)	(3,975)
Amounts transferred to profit and loss	-	-	-	(212)	212	-	-
Dividends	-	-	-	-	(5,300)	-	(5,300)
Balance at 31 March 2024	2,123	495	4,450	29,739	12,606	(2,610)	46,803

Statement of changes in equity – as at 30 September 2024 (continued)

	Called up Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Hedging Reserve £'000	Total £'000
Balance at 1 April 2024	2,123	495	4,450	29,739	12,606	(2,610)	46,803
Loss for financial period	-	-	-	-	4,354	-	4,354
Change in value of hedging instruments - cash flow hedges (gross of deferred tax)	-	-	-	-	-	(460)	(460)
Deferred tax impact of change in value of hedging instruments	-	-	-	-	-	115	115
Amounts recycled to profit and loss (gross of deferred tax)	-	-	-	-	-	84	84
Deferred tax impact of amounts recycled to profit and loss	-	-	-	-	-	(21)	(21)
Other comprehensive loss	-	-	-	-	-	(282)	(282)
Total comprehensive loss	-	-	-	-	4,354	(282)	4,072
Amounts transferred to profit and loss	-	-	-	(213)	213	-	-
Dividends	-	-	-	-	(5,000)	-	(5,000)
Balance at 30 September 2024	2,123	495	4,450	29,526	12,173	(2,892)	45,875

Notes:

1. **Called up Share Capital.** The equity reserve represents the equity component of company.
2. **Share Premium Account.** The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
3. **Capital redemption reserve.** On 1 July 2000, the company redeemed 1,200,000 redeemable preference shares of £1 each at par. On 15 July 2002, the company repurchased 3,250,000 (nominal value £1 each) of its shares from South Staffordshire Water Holdings Limited.
4. **Revaluation reserve.** The deemed cost of existing infrastructure assets determined as part of the transition to FRS 102 gave rise to a revaluation reserve of £36 million, net of deferred tax, which is being depreciated on a straight-line basis over the estimated remaining economic life of 80 years.
5. **Profit and Loss account.** The profit and loss reserve represents cumulative profits, net of dividends paid and other adjustments.
6. **Hedging reserve.** The company has entered into derivative financial instruments to hedge exposure to floating interest rates.

Cash flow statement – as at 30 September 2024

	Note	30 Sep 24 Unaudited		30 Sep 23 Unaudited	
		£'000	£'000	£'000	£'000
Cash inflow from operating activities			29,125		42,135
Corporation tax paid			-		(216)
Net cash inflow from operating activities	(a)		29,125		41,919
Cash flows from investing activities					
Purchase of intangible fixed assets		(7,404)		-	
Purchase of tangible fixed assets		(20,233)		(45,219)	
Proceeds from sale of tangible fixed assets		647		12	
Interest received		681		2,154	
Contributions and grants received		3,584		9,029	
Net cash outflow from investing activities			(22,725)		(34,024)
Cash flows from financing activities					
Interest paid		(8,705)		(6,985)	
Equity dividends paid		(5,000)		-	
Net cash inflow from financing activities			(13,705)		(6,985)
Decrease in cash	(b)		(7,305)		910
Cash and cash equivalents at the beginning of the period			21,155		23,571
Cash and cash equivalents at the end of the period			13,850		24,481

Purchase of intangible and tangible fixed assets related to the cash paid out in the period in relation to fixed asset additions.

Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	30 Sep 24 Unaudited		30 Sep 23 Unaudited	
	£'000	£'000	£'000	£'000
Total operating profit (after exceptional items)		15,694		17,354
Depreciation	14,485		13,479	
Amortisation	559		-	
Amortisation of capital contributions	(1,764)		(1,720)	
Profit on disposal of tangible fixed assets	(389)		(13)	
		12,891		11,746
(Increase) in stocks	(2)		(85)	
(Increase) / decrease in debtors	(8,760)		7,182	
Increase in creditors	9,302		5,938	
Cash inflow / (outflow) from operating activities		540		13,035
Corporation tax paid		-		(216)
Net cash inflow from operating activities		29,125		41,919

(b) Reconciliation in movement in net debt

	30 Sep 24 Unaudited £'000	30 Sep 23 Unaudited £'000
(Decrease) / increase in cash	(7,305)	910
Accrual of bank term loan issue costs (non-cash)	-	95
Bank term issue cost amortisation (non-cash)	(25)	-
Private placement issue cost (non-cash)	(3)	-
Movement on index-linked debt (non-cash)	(3,226)	(12,107)
Movement in derivatives (non-cash)	(460)	
(Increase) in net debt in period	(11,019)	(11,102)
Net debt brought forward	(380,166)	(337,491)
Net debt carried forward	(391,185)	(348,593)

Notes to the cash flow statement (continued)

	Balance at 31 Mar 2024	Cash Flow	Non-Cash Movements	Balance at 30 September 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	21,155	(7,305)	-	13,850
	21,155	(7,305)	-	13,850
Irredeemable debenture stock	(1,652)	34	(34)	(1,652)
Bank loans (net of issue costs)	(29,902)	1,422	(1,447)	(29,927)
Private placement loans (net of issue costs)	(79,919)	1,477	(1,480)	(79,922)
Index-linked debt (net of issue costs and including premium)	(291,072)	4,712	(7,938)	(294,298)
Derivatives	1,224	(481)	21	764
Other interest paid	-	1,060	(1,060)	-
Net debt	(380,166)	919	(11,938)	(391,185)

Interest paid on the above borrowings have been shown in the interest paid within the cash flow.

It is noted that the covenant net debt value as opposed to the book net debt value is used by stakeholders, including investors, lenders and rating agencies, to monitor key financial metrics such as the net debt/RCV as shown above and below.

	30 Sep 24 Unaudited	31 Mar 24	30 Sep 23 Unaudited
	£'000	£'000	£'000
Book net debt (as reported above)	(391,185)	(380,166)	(348,593)
Derivatives	(764)	(1,224)	(1,887)
Exclude book premium on issue of index linked debt	11,490	11,682	11,872
Exclude unamortised issue costs	(1,593)	(1,645)	(1,688)
Exclude accrued interest	1,478	1,462	775
Net debt reported for borrowing covenants	(380,574)	(369,891)	(339,521)
Regulatory Capital Value	548,140	540,533	515,854
Covenant Net Debt/Regulatory Capital Value	69.4%	68.4%	65.8%

Notes to the financial statements

The interim results for the six months to 30 September 2024 have been prepared under FRS 102 and on the basis of accounting policies consistent with those adopted for the year ended 31 March 2024.

The interim financial information is unaudited and does not constitute statutory accounts as defined in section 44 of the Companies Act 2006. The balance sheet for the year to 31 March 2024 has been extracted from the latest published audited accounts, which have been filed with the Registrar of Companies and on which the report of the auditors was unqualified.

The tax charge is based on the estimated effective rate of tax, including deferred tax for the full year to 31 March 2025.

Copies of the interim report are available from our Registered Office (South Staffordshire Water PLC, Green Lane, Walsall, WS2 7PD) or from our website at: www.south-staffs-water.co.uk/publications/annual-reports.

Exceptional items

In the opinion of the Directors, the company separately presents certain items on the face of the profit and loss account as exceptional. Exceptional items are material items of income or expense that, because of their size or incidence, are presented separately to allow an understanding of the company's financial performance and comparison to the prior year. They are not expected to be incurred on a recurring basis.

In July 2022, South Staffordshire Plc (Group), the parent company of South Staffordshire Water PLC (including the Cambridge Water and South Staffs Water regions), experienced a criminal cyber-attack. The incident involved the theft of data from the Group's IT systems, including personal data of a proportion of South Staffordshire Water's employees and customers.

The Group has been subject to regulatory investigation regarding the cyber-attack. While these investigations continue and the outcome remains unknown, the company considers it is probable that further costs associated with the investigation will be incurred and a provision has been recorded within the financial statements of South Staffordshire Water PLC.

Contingent liability

In July 2022, South Staffordshire Plc (Group), the parent company of South Staffordshire Water PLC (including the South Staffs Water and Cambridge Water regions), experienced a criminal cyber-attack. The incident involved the theft of data from the Group's IT systems including personal data of a proportion of South Staffordshire Water's employees and customers.

The quantum and value of civil claims we may receive, and the costs of liabilities that may be incurred addressing those claims, and any regulatory penalties, involves significant judgment and uncertainty. The assessment is therefore

subject to change as the claims progress and the factual position becomes clearer.

Ultimate controlling party

The immediate parent company is SSW Finance Ltd, which is registered in England and Wales.

The intermediate parent company is South Staffordshire Plc, which is registered in England and Wales and is the smallest group preparing consolidated accounts that include South Staffordshire Water. During the year the ultimate parent company in the United Kingdom was Hydrades IV Limited, registered in England and Wales, which was the largest UK group preparing consolidated accounts that include South Staffordshire Water PLC at 31 March 2024. The consolidated accounts for Hydrades IV Limited can be obtained from the company's registered office, Green Lane, Walsall, West Midlands, WS2 7PD.

The ultimate controlling party is AIP Holdings Limited, a company registered in England and Wales, which controls and manages and is the General Partner of a UK registered investment entity that acquired a majority equity interest of a holding company of the Group.

Post-balance sheet events

On 8 November 2024, the company agreed a new revolving cash facility (RCF) of £75 million to replace the current facility in place of £30 million which was due to expire in March 2026.

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