

**SUPPLEMENTARY PROSPECTUS DATED 10 OCTOBER 2025
TO THE BASE PROSPECTUS DATED 6 MARCH 2025**



Northumbrian Water Finance Plc

(incorporated in England and Wales with limited liability)

£6,000,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Northumbrian Water Limited

(incorporated in England and Wales with limited liability)

Supplement to the Base Prospectus

This supplement (the “**Supplement**”) constitutes a supplement to the base prospectus dated 6 March 2025 (the “**Base Prospectus**”) prepared in connection with the £6,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of Northumbrian Water Finance Plc (the “**Issuer**”) and guaranteed by Northumbrian Water Limited (the “**Guarantor**”) for the purposes of Article 23 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the “**UK Prospectus Regulation**”).

Status of Supplement

This Supplement is supplemental to, and shall be read in conjunction with, the Base Prospectus and the documents incorporated by reference therein. Unless otherwise defined in this Supplement, terms defined in the Base Prospectus have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in this Supplement and (b) any other statement in, or incorporated by reference in, the Base Prospectus, the statements in (a) above will prevail.

This Supplement has been approved as a supplementary prospectus by the Financial Conduct Authority (the “**FCA**”), as competent authority under the UK Prospectus Regulation, as a supplement to the Base Prospectus.

Responsibility

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and the Guarantor the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect its import.

Purpose of Supplement

The purpose of this Supplement is to:

- (a) incorporate by reference into the Base Prospectus the auditor's report and unconsolidated audited annual financial statements for the financial year ended 31 March 2025 of the Issuer (the “**Issuer’s 2025 Annual Financial Statements**”);
- (b) incorporate by reference into the Base Prospectus the auditor's report and consolidated audited annual financial statements for the financial year ended 31 March 2025 of the Guarantor (the “**Guarantor’s 2025 Annual Financial Statements**”);
- (c) update the following risk factors:
 - the risk factor entitled “*Risk following decision to refer to the CMA*” on page 18 of the Base Prospectus;
 - the risk factor entitled “*Water sector regulatory reforms*” on page 24 of the Base Prospectus;
 - the risk factor entitled “*Environmental pollution offences*” on page 27 of the Base Prospectus; and
- (d) delete and replace in its entirety the paragraph entitled “*Financial Position*” in the General Information section of the Base Prospectus,

each as further described below.

1. Documents Incorporated by Reference

On 23 July 2025, the Issuer published the Issuer's 2025 Annual Financial Statements, which were prepared in accordance with the International Standards on Auditing (UK).

On 14 July 2025, the Guarantor published the Guarantor's 2025 Annual Financial Statements (as set out on pages 151 to 173 of the 2025 annual report of the Guarantor). The Guarantor's 2025 Annual Financial Statements were prepared in accordance with Financial Reporting Standard (“**FRS**”) 101, reflecting International Financial Reporting Standards (“**IFRS**”) with reduced disclosures.

The Issuer's 2025 Annual Financial Statements and the Guarantor's 2025 Annual Financial Statements referred to above are available (free of charge) on Northumbrian Water's website at <https://www.nwg.co.uk/about-us/nwgroup/credit-investors>.

By virtue of this Supplement, each of the Issuer's 2025 Annual Financial Statements and the Guarantor's 2025 Annual Financial Statements are hereby incorporated in and form part of this Supplement, and are thereby incorporated in and form part of the Base Prospectus.

The table below sets out the relevant page references for the auditor's report and unconsolidated audited annual financial statements for the financial year ended 31 March 2025 in respect of the Issuer which are incorporated by reference herein:

Auditor's report and unconsolidated audited financial statements of the Issuer	2025
Independent auditor's report to the members of Northumbrian Water Finance PLC	9
Statement of comprehensive income	18
Balance sheet	19
Statement of changes in equity	20
Notes to the Financial Statements	21

The table below sets out the relevant page references for the auditor's report and consolidated audited annual financial statements for the financial year ended 31 March 2025 in respect of the Guarantor which are incorporated by reference herein:

Auditor's report and consolidated audited financial statements of the Guarantor	2025
Income statement	99
Statement of comprehensive income	99
Balance sheet	100
Statement of changes in equity	101
Cash flow statement	102
Notes to the Financial Statements	103
Independent auditor's report to the members of Northumbrian Water Limited	142 - 149

Any documents or information that are incorporated by reference in the documents referred to above do not form part of this Supplement.

2. Amendments to Risk Factors

- 2.1 The section entitled “*Risk following decision to refer to the CMA*” in the Base Prospectus is replaced entirely with the following paragraphs:

“*Risk following provisional redetermination by CMA*”

Although the Guarantor does not believe its existing PR24 FD, which applies between 1 April 2025 and 31 March 2030, would have a material adverse effect on the Guarantor’s operations and financial condition, the Guarantor is of the opinion that the FD for AMP8 does not appropriately balance the need for investment with the pressure on bills. In rejecting certain elements of the Guarantor’s initial business plan, the Guarantor believes the FD does not provide the necessary funding for asset health investment, which could increase risks around the resilience of the Guarantor’s assets and prevent it from responding to the impacts of climate change. Therefore, on 18 February 2025, the Guarantor’s Board unanimously decided to request that OFWAT refer its PR24 FD to the Competition and Markets Authority (the “CMA”).

Following which, OFWAT referred the Guarantor’s PR24 FD to the CMA on 18 March 2025 and subsequently the Guarantor provided its statement of case to the CMA on 21 March 2025.

On 9 October 2025, the CMA released its PR24 provisional redetermination on the price controls of the five water companies that disputed OFWAT’s determinations for PR24 (the “**Disputing Companies**”).

The CMA’s key provisional findings are:

- A combination of market movements together with targeted methodology changes indicates a higher return on equity, increasing by 0.8 per cent. to 5.9 per cent. real, but a lower return on debt, decreasing by 0.17 per cent. to 2.98 per cent. real. The overall allowed return (or weighted average cost of capital) for the Disputing Companies would increase by 0.26 per cent. to 4.29 per cent. real.
- Changes should be made to how base and enhancement costs are modelled, and frontier efficiency shifts should decrease by 0.3 per cent. per annum to 0.7 per cent. per annum. No additional allowances have been suggested for asset health investment which the Guarantor had requested in its statement of case, with the CMA deferring to OFWAT’s prescribed roadmap for AMP8. However, additional allowances have been granted to the Guarantor to fund climate change resilience projects at a number of wastewater sites. The Guarantor’s request to move certain enhancement items into the large scheme gated process was accepted. Taken in aggregate, the proposed changes to expenditure allowances result in lower allowances for two of the Disputing Companies, including the Guarantor, and higher allowances for three of the Disputing Companies.
- Minor adjustments have been suggested to the ODI framework in certain areas, such as setting a glide path for supply interruptions from 8 minutes at the start of AMP8 to 5 minutes by the end of AMP8 and reducing the incentive rate for pollution incidents, with the overall impact slightly reducing the risk of underperformance for the Disputing Companies.

The CMA has indicated it remains committed to the statutory deadline of 17 March 2026 to provide their final redeterminations to the Disputing Companies. There remains a risk that the final redetermination from the CMA in respect of the Guarantor has a material negative impact on the Guarantor’s business, financial condition and results of operation and, consequently, its ability to fulfil its obligations under the Guarantee.”

- 2.2 The section entitled “*Water sector regulatory reforms*” in the Base Prospectus is amended by replacing the final paragraph at the end of such section with the following paragraphs:

“In October 2024, the UK Government launched an independent commission into the water industry (the “**Cunliffe Review**”), with the aim of modernising and streamlining existing regulation and the intention of forming the basis of further legislation for the attraction of long-term investment in the sector. Interim conclusions from the review were published in June 2025 and on 21 July 2025, the final report (the “**Cunliffe Report**”) was submitted to the UK and Welsh Governments, outlining the full recommendations in relation to (amongst other things) strategic direction and planning, legislative framework, regulatory reform, company structures, ownership, governance and management, and infrastructure and asset health. Included within the report were proposals to replace OFWAT with a single regulator responsible for regulating the entire water system by abolishing OFWAT and merging it with the water functions of the Environment Agency, Natural England and the Drinking Water Inspectorate. The UK Government has confirmed that its full response to the Cunliffe Report’s recommendations will be outlined later in 2025 through a white paper, on which it will invite views via consultation. The Guarantor is currently reviewing the Cunliffe Report findings.

If implemented, the Cunliffe Report recommendations could radically change the legislative and regulatory framework within which the Guarantor currently operates and therefore require the diversion of resources towards adapting to a new set of sector-wide rules. This could have an adverse effect on the Guarantor’s business, financial condition and results of operation, and affect its ability to perform its obligations under the Guarantee.”

- 2.3 The section entitled “*Environmental pollution offences*” in the Base Prospectus is amended by replacing the paragraph starting with the words “There is a risk that any formal action...” with the following paragraphs:

“On 4 June 2025, OFWAT concluded its investigation into permitted FFT requirements at various wastewater treatment works. The Guarantor has agreed to pay a redress package totalling £15.7m to fund additional environmental improvements and further reduce spills. These additional investments will be fully paid for by the Guarantor and its shareholders and not paid for by its customers.

There is a risk that any further formal action taken by the Environment Agency and/or OFWAT (and any such claims) could have an adverse effect on the Guarantor’s business, financial condition and results of operations.”

3. Financial Position

Paragraph 7 (*Financial Position*) of the section of the Base Prospectus entitled “General Information” shall be deleted in its entirety and the following substituted therefor:

“There has been no significant change in the financial performance or financial position of the Issuer or the Group since 31 March 2025 being the date of the last published financial statements and there has been no material adverse change in the prospects of the Issuer and the Guarantor since 31 March 2025.”

4. General

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen since the date of the Base Prospectus.

This Supplement has been approved by the FCA, which is the United Kingdom competent authority for the purposes of Article 23 of the UK Prospectus Regulation in the United Kingdom, as a base prospectus supplement issued in compliance with the UK Prospectus Regulation. The FCA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation, and such approval should not be considered as an endorsement of each of the Issuer and the Guarantor.