

Bazalgette Holdings Limited

**Interim Report and Unaudited Condensed Consolidated Financial
Statements for the six months ended 30 September 2025**

Interim Operational Review

The Group

The Directors present the Interim Operational Review for Bazalgette Holdings Group (the Group) for the six months ended 30 September 2025.

The Group comprises Bazalgette Holdings Limited (BHL), Bazalgette Tunnel Limited (BTL), and Bazalgette Finance plc (BF). BTL began operating as an independent regulated infrastructure provider when it was awarded its licence by Ofwat in August 2015. The principal activity of the Group is to design, build, commission, finance and maintain the Thames Tideway Tunnel (TTT). The emphasis given to BTL, which trades under the name 'Tideway', throughout this report reflects its importance to the overall performance of the Group.

Overview

Tideway continues to be in the commissioning phase with the tunnel now in full operation. Since it was fully connected in February 2025, it has captured around 9 million tonnes of sewage that would otherwise have polluted the river.

Tideway remains committed to completing the programme with zero fatalities or serious injuries, and none were recorded in the period. Accident Frequency Rates (AFRs), which measure lost-time injuries over a rolling 12-month period, increased marginally during the first half of 2025/26, as a result of two lost time injuries together with a reduction in working hours. Health, Safety & Wellbeing improvement strategies and action plans remain in place for each Main Works Contractors (MWCs) contract to address any trends emerging from incident occurrences and subsequent investigations.

Construction activity is now limited to reinstatement, landscaping and architectural finishes and demobilising temporary marine works in the river. Two successful storm tests were completed during a significant rainfall event in July 2025, validating system functionality and leading to full operational settings. Preparations and readiness are now focussed on Storm Tests 3 and 4, which will be completed when the necessary weather conditions prevail. Eight out of thirteen public spaces are open, with the remaining sites due to open in the next period.

When storm testing and commissioning are complete, the Handover milestone expected in the first half of 2026 will mark the start of System Acceptance, with Thames Water taking over public realm operations while Tideway retains near-surface asset maintenance, monitoring, and optimisation. Preparations for full tunnel inspection are underway, exploring robotic and drone methods to avoid human entry. Beyond System Acceptance, Tideway will manage deep tunnel assets long-term, with dedicated teams transitioning to asset management roles and continuing support from Thames Water and regulators.

With the project now in the final phase of commissioning, Tideway has made progress in effecting the company's transition from a project delivery organisation to an asset ownership company. Tideway confirms that Andy Mitchell will step down as CEO once Handover has been met, with Matt Parr to succeed him. Matt first became involved in the Tideway project in 2011 and was Director of Strategy and Regulation for several years before becoming Deputy CEO. He has been a member of the leadership team since 2019. Matt has recruited his new leadership team which will progressively take up their responsibilities from November 2025, with support from the existing executive. The company's size, purpose and objectives will reflect Tideway's ongoing role as an infrastructure leader and custodian of the Tunnel.

Staff engagement and communication have remained a priority during the transition period, with changes well communicated and people who are due to leave the organisation well supported.

On costs, our estimate at completion (EAC) is £4.6bn. The impact on customer bills remains unchanged and well within the range set out when the project began in 2015. Tideway continues to maintain strong financial oversight during project completion.

Public and stakeholder engagement remained a priority, with several events celebrating the completion of new public spaces and the legacy of the project. A new documentary Beneath Your Feet was released and Tideway's impact was recognised nationally, with high profile media coverage. The company published its final Legacy Report in September charting the broader benefits of the project.

Total project costs incurred for the six-month period were £195.5m (2024 £212.7m), taking the total capitalised costs incurred on 30 September 2025 to £5,971.4m (2024: £5,615.9m)

A £250 million 8-year blue bond was issued in July 2025 through our bond programme. This debt issuance has strengthened Tideway's liquidity position, and the Group continues to benefit from strong financial resilience.

Our credit ratings were affirmed at BBB+ by Fitch in May 2025 and Baa1 by Moody's in June 2025, both with a stable outlook.

Safe, Sustainable Asset Management

Objective	We manage our infrastructure the right way, prioritising long-term safety and sustainability. We maximise availability of the Thames Tideway Tunnel for the benefit of London.
Priorities	Deliver our operations safely
	Successful project completion <ul style="list-style-type: none"> - Timely Handover and System Acceptance - Efficient commercial closeout - Establishing steady state
	Reliable system performance <ul style="list-style-type: none"> - Maximise asset availability - Monitoring performance

Safe Operations

Tideway remains committed to completing the programme with zero fatalities or serious injuries on or off site. Accident Frequency Rates (AFRs), which measure lost-time injuries over a rolling 12-month period, have increased marginally during the period. There were two RIDDOR reportable over 7-day incidents, resulting in AFR-1, AFR-3 and AFR-7 increasing to 0.34, 0.14 and 0.14 respectively. The increase is a combination of a reduction in working hours and the two incidents in the period. During the first six months of 2025/26, 713,122 hours were worked.

Q4 FY 2024/25*			Q2 FY 2025/26**		
AFR-1	AFR-3	AFR-7	AFR-1	AFR-3	AFR-7
0.27	0.00	0.00	0.34	0.14	0.14

* AFR as measured on 14 March 2025

** AFR as measured on 12 September 2025

Health, Safety & Wellbeing improvement strategies and action plans remain in place for each contract to address any trends emerging from incident occurrences and subsequent investigations, to consider the forthcoming works' risk profile and to continually improve HSW performance. These are monitored each period to assess their continued suitability and effectiveness.

With worksite testing and commissioning ongoing, dedicated working groups have continued to ensure collaboration and safe and effective management of these works. This includes the Marine Logistics Safety Forum which continues to meet covering marine works required as part of site demobilisation.

Tideway continues to be supported by the Mates in Mind charity. In recognition of likely increased stress levels as we move towards the latter phases of the project, stress management is prominent in our health focus, identifying key risks and actions to minimise impact.

Successful Project Completion

Tideway continues to be in the commissioning phase with the tunnel now in full operation and subject to ongoing validation and storm testing. Construction activity is now limited to reinstatement, architectural and landscaping finishes and demobilising temporary marine works in the river.

Two successful storm tests were completed during a significant rainfall event on Saturday 19th July 2025, capturing Combined Sewer Overflows (CSO) and validating system functionality of hydraulic, ventilation and control systems under real storm flow conditions. The system responded as designed with the penstocks closing across all sites at different tunnel setting levels.

During the storm tests, crews were mobilised to sites to capture CCTV footage of inflows into hydraulic structures to complement permanent and temporary monitoring equipment installed and to carry out air sampling for validating odour treatment equipment.

For both storm tests, the system responses were predominantly as expected. Whilst there were several observations and individual asset faults during the test requiring minor software changes, these are normal for a commissioning test and overall, the hybrid storm test was a success. As a result, Tideway and Thames Water agreed to move the tunnel set points to the full tunnel fill level settings to provide the full system capacity to protect the river going forward.

With the completion of Storm Test 1 and Storm Test 2 the Tideway commissioning team is focussed on preparations and readiness for Storm Test 3 (full tunnel fill event) and Storm Test 4 (30-day automatic operation). The continued below average rainfall over spring and summer has meant that a Storm Test 3 level storm has not been observed since the start of full operations in February 2025. There have been only 15 smaller rainfall events during the 6-month period, contributing to the tunnel capturing ~9 million m³ into the London Tideway Tunnel system to date.

Following Storm Test 3 a post storm test inspection of the tunnel is planned, requiring an outage. Planning for a safe, efficient tunnel inspection is underway with a targeted inspection approach, using remote drone technologies for near-surface assets to enhance the safety and efficiency of the inspections, while deep tunnel inspections are limited to reduce exposure to confined space risks and environmental disruption. This approach also improves the accuracy and speed of asset assessments, supporting Tideway's broader goals of innovation and operational excellence in managing the London Tideway Tunnel (LTT) infrastructure. Inspection of the near surface assets using drones has commenced in the period and the quality of the data being collected is excellent.

Physical completion of permanent works in the Central and East areas was achieved in the period with the Main Works Contractors in all three delivery areas now focused on finalising certification, as-built drawings and Operational & Maintenance documentation. With works complete on thirteen out of twenty-one sites, the remaining eight sites are now in the process of final snagging and demobilisation. Remaining works within the river are associated with reinstatement and removal of temporary works (piles) at three sites. Eight out of thirteen public spaces are now open to the public under the stewardship of Tideway and the remaining sites are due to open in the next period.

Remaining works within the river that require consent from the Port of London Authority (PLA) include demobilising temporary marine structures and installing a permanent CSO discharge warning system. Obtaining consents from the PLA has been challenging and has had an impact on this element of the programme and on the remaining costs. Reviews of the remaining programme to secure the necessary PLA consents are ongoing, with mitigations being identified to prevent any material impact on the completion of the works.

System Acceptance

When storm testing and commissioning is complete, the Handover milestone will be reached marking the commencement of the System Acceptance phase when Thames Water takeover responsibility for the operation and maintenance of public realm areas. During System Acceptance, Tideway will retain responsibility for maintenance of the near surface assets, monitoring & testing for climatic and operational scenarios and system optimisation.

Planning for the System Acceptance Phase is well progressed with Tideway's System Acceptance and Service Manager teams mobilised and are finalising a suite of service contracts that underpin operational readiness, including tunnel access, monitoring, maintenance, and rapid response capabilities. The System Acceptance Phase maintenance contractor has commenced mobilising ready to take over maintenance duties from the three Main Work Contractors at completion.

Acknowledging Thames Water as integral in the review and validation of commissioning the LTT System, the collaborative approach between Tideway, the contracting organisations and Thames Water has been maintained during storm testing.

Considering the below average rainfall observed during commissioning and extrapolating to the System Acceptance period an alternative streamlined approach to System Acceptance is being explored with Thames Water. The ambition of the parties is to achieve System Acceptance by August 2027, in line with the Planned System Acceptance Date as set out in Tideway's licence, with all operational and critical scope work completed at the time of Handover, whilst achieving the quality and fitness for purpose objectives of the Project Documents.

Beyond System Acceptance Tideway has long term responsibilities for the asset management of the deep tunnel assets including asset protection, inspection, repairs & maintenance, monitoring and performance reporting. Dedicated resources from within the existing Tideway teams have been appointed to new Asset Management roles and are transitioning to form a new team that will support the System Acceptance teams and ensure key learning, knowledge and experience is taken forward from the construction phases into the long-term operation phase.

Tideway continues to have the support of Thames Water, the Environment Agency, Ofwat, and Department for Environment, Food & Rural Affairs in achieving the associated successful project outcomes.

Connected People and Partners

Objective	We are a responsible company that fosters a culture of respect and collaboration. We attract, develop and retain the right people, who are trusted by our partners.
Priorities	Deliver an effective people strategy
	Deliver an effective stakeholder engagement strategy
	Demonstrate and communicate our impact
	Maintain robust and reliable systems
	Manage an effective transition

Tideway continued to follow a proactive engagement strategy, internally and externally, showcasing the project's outcomes and learnings – notably the impact on the river now the Tunnel is operational, and our 10-year experience of delivering UK infrastructure.

We marked several project milestones during the period including the public opening of Effra Quay and the Isle of Effra (new public spaces created at our Albert Embankment site), officiated by local MP Florence Eshalomi; the substantial completion of works at King Edward Memorial Park in Wapping, marked with a visit by HRH the Duke of Gloucester; and the public opening of Heathwall Quay in Battersea, officiated by the Mayor of London Sir Sadiq Khan.

Bazalgette Embankment, Tideway's largest new public space, located in the City of London, was the focal point for a series of celebration events. In May, His Majesty King Charles III visited the site to meet members of the workforce. In September, around 800 people who had contributed to the project over the past ten years attended commemorative events featuring live performances that brought to life figures such as Sir Joseph Bazalgette and Saint Barbara, the Patron Saint of Tunnelling. HRH The Princess Royal, Secretary of State Emma Reynolds MP, and the Mayor of London attended. The September events programme included a media briefing on our extensive public art programme, involving every artist and those involved in the architectural delivery.

The independently produced documentary 'Beneath your Feet', which tells the story of the project and features key Tideway alumni, aired on Amazon Prime, with any proceeds due to Tideway to be donated to London based charities.

Tideway's work received national media attention, with several outlets (including the *Financial Times*, *The Times* and *The Daily Telegraph*) profiling the project as a UK infrastructure success story. The coverage highlighted Tideway's direct employment model, its wider social legacy, and its strong performance on health, safety, and wellbeing, as well as core delivery of the asset to time and close to budget.

Our website Tracker, which shows the volume of sewage discharges already prevented from entering the Thames, continues to be widely referenced. Our active social media presence helps us to reach a range of different audiences, and we published the final episode of our long-running Tunnel Vision YouTube series (which received acclaim on BBC Radio 4's public relations-themed podcast *When It Hits the Fan*.)

We continue to provide a 24-hour Helpdesk, typically for people who live close to our work sites but also open to people with general enquiries. We logged 570 contacts and 68 complaints during the period (compared with 581 and 155 in the same period last year), all

of which were closed out at the first stage and within five working days. The final, souvenir edition of *River Times*, our community-focused newsletter, was delivered to around 40,000 households and businesses living close to Tideway sites.

We made good progress towards achieving the commitments set out in our Legacy programme, closing out a further three commitments during the period (providing infrastructure to support biodiversity; delivering essential infrastructure; and delivering a heritage and public art strategy) taking the total number of commitments closed out to 46 out of 54. In September we published our final Legacy Report with a detailed summary of our performance against all 54 original commitments.

As part of our commitment to our vision of 'Reconnecting London to the River Thames' we have started to look at how we could play a part in adding to the evidence base and understanding of river health for the long-term.

Tideway marked its support for the Royal Society for the Protection of Birds' nature reserve at Rainham Marshes where a new information board was unveiled explaining how spoil from the project has been used to develop a 110-hectare wetland at the site. Tideway also provided a grant (through the proceeds of our Sustainable Financing Framework) to repair the boardwalk at the site, to improve accessibility for visitors.

Diversity and inclusion remain a key part of the culture at Tideway. Our employee network, Encompass, continues to engage and inform people with a programme of information scaled to the size of the new organisation.

Tideway has begun the process of transition from a project delivery organisation to an asset ownership company, with key leadership appointments made during the period and a plan in place for the transition between the current executive team and the new appointees.

Staff engagement and communication have remained a priority throughout this period with weekly all-staff meetings and other communication channels continuing to inform staff on progress towards achieving project milestones as well as the future company plans. People who are due to leave Tideway continue to be well supported as they consider their future options.

Resilient Finance

Objective	We deliver efficient, sustainable financing and risk management. We work to secure a regulatory environment that supports us in our commitments.
Priorities	Deliver an effective, resilient and sustainable financing plan which includes fair returns for investors
	Ensure financial control and risk management
	Maintain effective financial reporting and investor engagement
	Achieve supportive regulatory regime

Since Licence Award, the Tideway group has raised £3.5bn of long-term debt, all of which has been drawn. This includes a £250m 8-year blue bond issued in July 2025 through our bond programme. With that issuance Tideway became the first UK corporate to issue 'Blue Bonds' in Sterling. This debt issuance has strengthened Tideway's liquidity position, and the company continues to benefit from strong financial resilience. Sufficient liquidity, taking into account the undrawn £160m Revolving Credit Facility (RCF), has been secured to cover all remaining anticipated costs for the delivery of the project.

As of 30 September 2025, we had total liquidity of £585.4m comprising £425.4m of unrestricted cash and the £160m undrawn RCF. Cash and liquidity continued to be managed effectively and prudently, in accordance with our Investment Management Strategy.

In September 2025, we increased the liquidity under our liquidity facilities by £20m to £95m with the aim of covering the Liquidity Required Amount, as defined in the Master Definitions Agreement (MDA). Following this increase, all amounts standing to the credit of the Debt Service Reserve Accounts to satisfy the same liquidity requirement were released in full.

On 30 September 2025, Tideway's financial ratios remained healthy and fully compliant with covenants. The ratio of Senior Net debt to Adjusted RCV (gearing) was 68.2 per cent, and the ratio of Net Cash Flow to Senior Debt Interest (interest cover ratio) was 4.4x, compared to maximum and minimum covenants of 70.0 per cent and 1.3x, respectively (see the Interim Financial Performance Review section for more details on debt covenant triggers).

Our credit ratings were affirmed at BBB+ by Fitch in May 2025 and Baa1 by Moody's in June 2025, both with a stable outlook.

Distributions totalling £33.0m were paid in the six months to 30 September 2025 with £6.1m of interest being capitalised, taking the shareholder loan balance to £978.7m.

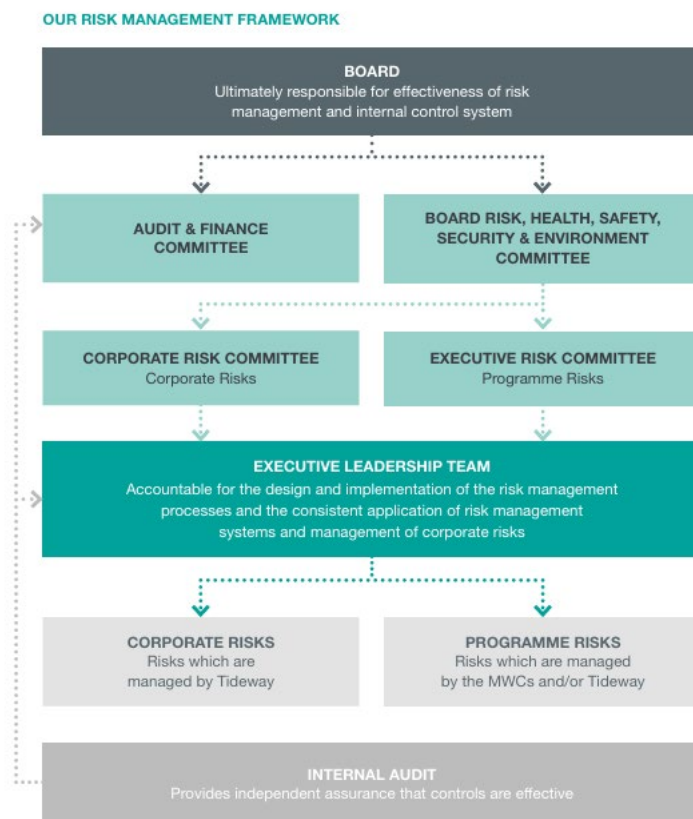
In May 2025, it was announced that Royal London had entered into an agreement to acquire Dalmore Capital. Dalmore Capital will operate as a stand-alone infrastructure capability within Royal London Asset Management.

During the period the Independent Water Commission ("Cunliffe Review") published its final recommendations. We continue to engage proactively with policymakers and regulators to advocate for any reforms to be applied appropriately to Tideway, and to ensure that we maintain positive relationships and open communication with key stakeholders during the transition period.

Risk Management

Risk management is embedded in Tideway's culture and is central to achieving its objectives. The Group has implemented a clearly defined process for identifying, analysing and controlling risk throughout the business. This includes quantification of project risks, the potential cost and impact to the schedule. This approach allows us to challenge the effectiveness of our mitigating actions.

Tideway's principal risks are those that could have a material, adverse impact on the business, reputation and/or financial condition of the project. The principal risks are health, safety and wellbeing; programme delivery; supply chain failure; high impact, low probability events; credit rating; inflation; reputation; the performance of Thames Water; regulatory and political. During the period Tideway's focus for its risks remained broadly unchanged. These principal risks are under continual review as part of the Risk Management Framework.



Interim Financial Performance Review

Accounting policies

Our condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards (IAS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards (“UK-Adopted IFRS”). The Interim Financial Statements are prepared on a historical cost basis except for certain financial instruments that are measured at fair value. The Group’s accounting policies are consistent with those disclosed in the Group’s Annual Report for the year ended 31 March 2025.

During the construction phase of the project, expenditure which is directly attributable to bringing the Thames Tideway Tunnel into its intended use will be capitalised as an asset under construction within the Consolidated Statement of Financial Position. Similarly, during the construction phase, any regulated revenue amounts received and due to receive from Thames Water, will be accounted for as advance payment liability and deferred income on the Consolidated Statement of Financial Position. The assessment of the accounting for the Thames Tideway Tunnel post construction phase is under review, particularly on the timing and applicability of other accounting standards alongside IFRS 16 – Leases. The revenue amounts received from Thames Water are treated as prepaid lease payments. On lease commencement date, these will be de-recognised with the asset under construction, and a finance lease receivable will be recognised accordingly.

Non-GAAP Measures

In our financial reporting, we use certain measures that are not required under International Financial Reporting Standards (IFRS), the Generally Accepted Accounting Principles (GAAP). We believe these measures are valuable to the users of the accounts in helping them understand our underlying business performance. Our principal non-GAAP measure is Allowable and Excluded Project Spend.

Under our Licence, our costs are classified as either Allowable Project Spend or Excluded Project Spend. Allowable Project Spend (on a cash basis) is added to our Regulatory Capital Value (RCV). Excluded Project Spend (on a cash basis), such as financing costs, is not added to the RCV.

Allowable costs are stated on an accrual basis, which form part of the Allowable Project Spend when the underlying assets or liabilities are cash settled. Excluded costs are costs stated on an accruals basis which will be Excluded Project Spend when the underlying assets or liabilities are cash settled.

On costs, our estimate at completion (EAC) is £4.6bn. The impact on customer bills remains unchanged and well within the range set out when the project began in 2015. Tideway continues to maintain strong financial oversight during project completion.

For the purposes of calculating net debt, borrowings include all intra-group and third-party borrowings with the exclusion of shareholder loan notes.

Consolidated Income Statement

During the six-month period ended 30 September 2025, the Group reported a profit of £1.7m (2024: loss of £4.0m) with no dividends paid or proposed (2024: £nil). We did not recognise any taxable profits in the period (2024: £nil) and the estimated current tax charge for the period is £nil (2024: £nil).

We do not consider that the reported profit in the period reflects our business performance, as it results from the movement in the fair value in the Group's derivative financial instruments. These are long-term swaps which we entered into with financial institutions to reduce the Group's exposures to interest rate risk and associate our finance costs to inflation for BTL's regulatory period. This ensures that we benefit from the economic hedge formed with our revenue and RCV which are linked to inflation.

The movement in fair value of these financial instruments is recognised in the Consolidated Income Statement because, under International Accounting Standards (IAS) 23, these do not represent current borrowing costs incurred for financing the project and so, unlike our other expenditure, are not qualified for capitalisation.

Consolidated Statement of Financial Position

The total carrying value of the tunnel asset under construction is shown in the table below.

Asset Under Construction (£m)	Six months ended 30 September 2025	Six months ended 30 September 2024
Net Book Value Brought Forward	5,775.9	5,403.2
Additions (Capitalised Costs)*	195.5	212.7
Net Book Value Carried Forward	5,971.4	5,615.9

* Capitalised Costs is the GAAP measure and aligns with the property, plant and equipment note in the financial statements

As of 30 September 2025, costs of £5,971.4m were capitalised within the asset under construction in the Condensed Consolidated Statement of Financial Position. This represents £195.5m of costs incurred during the six months ended 30 September 2025, and £5,775.9m incurred in the prior periods up to 31 March 2025 (refer to Note 4 to the Interim Financial Statements).

The table below reflects the split of this period's capitalised costs between the Direct costs, Indirect costs and Excluded costs.

Analysis of Capitalised Costs (£m)	Six months ended 30 September 2025	Six months ended 30 September 2024
Direct Costs	42.4	93.0
Indirect Costs	26.2	28.7
Total Allowable	68.6	121.7
Excluded costs	126.9	91.0
Total Capitalised Costs	195.5	212.7

For the six-month period ended 30 September 2025, total capitalised costs were £195.5m (2024: £212.7m). The decrease in capitalised costs primarily results from lower Direct costs as the project comes closer to completion. Excluded costs increased largely as a result of the new debt raised in current period and higher accretion on our interest costs for our index-linked debt versus that in the prior period.

The Allowable Costs of £68.6m (2024: £121.7m) includes £42.4m (2024: £93.0m) of Direct costs and £26.2m (2024: £28.7m) of Indirect costs. These are explained further below.

Direct costs

Direct costs are primarily the Main Works Contractors (MWCs) costs and the System Integrator Contractor (SIC) costs directly related to the secondary lining works and other related construction activities such as shaft construction and marine works.

Indirect costs

The largest indirect costs are resource costs of £18.5m (2024: £21.4m). This represents the cost to employ an average of 168.1 Full Time Equivalents (FTEs) across the six-month period. These FTEs are either employed directly by the Group or contracted by the Group via our programme manager, Jacobs. Other indirect costs include non-resource costs such as information systems, office, insurance, Government Support Package and other running costs.

Excluded costs

Excluded costs for the six-month period 30 September 2025 were £126.9m (2024: £91.0m). These comprise mainly of £124.5m of net interest expense (including shareholder loan interest of £39.1m) and £2.4m of costs which mainly related to financing activities. These costs have increased in the period compared with 2024 as higher inflation indices have increased the interest costs on our index-linked debts.

Costs and net cash outflow comparison

The table below shows both the Allowable costs and Excluded costs and the equivalent Allowable Project Spend and Excluded Project Spend for the six months ended 30 September 2025.

Analysis of Project Costs and the equivalent Net Cash Outflows (£m)	Six months ended 30 September 2025			Six months ended 30 September 2024		
	Costs	Timing Differences	Cash Outflow	Costs	Timing Differences	Cash Outflow
Direct Costs	42.4	15.5	57.9	93.0	9.8	102.8
Indirect Costs	26.2	(0.1)	26.1	28.7	2.6	31.3
Total Allowable	68.6	15.4	84.0	121.7	12.4	134.1
Excluded Costs	126.9	(79.6)	47.3	91.0	(50.9)	40.1
Total	195.5	(64.2)	131.3	212.7	(38.5)	174.2

The timing differences between Allowable Costs and Allowable Project Spend are mainly due to the timing of monthly payments to our three MWCs and the SIC. Timing differences between Excluded Costs and Excluded Project Spend are principally due to the accretion cost of index-linked third-party borrowings and the shareholder loan interest accrual.

Cash

Cash at 30 September 2025 was £120.4m, which was £8.5m higher than the £111.9m cash at 31 March 2025. The table below shows the movements in cash as per the IFRS Cash Flows Statement.

Cash Flow (£m)	Six months ended 30 September 2025	Six months ended 30 September 2024
Cash generated from operations before changes in working capital		
(Increase)/decrease in trade and other receivables	(3.5)	11.0
Decrease in trade and other payables	(5.5)	(11.8)
Increase in advance payment liability	62.6	62.6
Net cash from operating activities	53.6	61.8
Net cash used in investing activities	(280.0)	(25.8)
Construction of infrastructure asset	(120.0)	(135.8)
Funds placed in short-term deposits	(240.0)	(90.0)
Short-term deposits matured	80.0	200.0
Net cash from/(used in) financing activities	234.9	(32.8)
Proceeds from new borrowings	248.8	-
Repayment of borrowings	(13.8)	-
Derivative Financial Instruments	-	(32.6)
Repayment of lease liabilities	(0.1)	(0.2)
Net increase in cash and cash equivalents during the period	8.5	3.2
Cash and cash equivalents at the start of the period	111.9	189.9
Cash and cash equivalents at the end of the period	120.4	193.1

Net cash flows from operating activities of £53.6m (2024: £61.8m) represent movements in working capital and are chiefly driven by timing of payments to our MWCs and the receipt of regulated revenue payments from Thames Water which are deferred on the Consolidated Statement of Financial Position during the construction phase of the project.

Net cash flows used in investing activities of £280.0m (2024: £25.8m) show the gross cash outflows used in constructing the TTT as well as movements to and from short-term deposits which represent money market funds where cash is held on deposit for a period longer than three months.

The net cash inflows from financing activities of £234.9m (2024: cash outflows of £32.8m), which is resulting from the £250m bond issuance in July 2025, offset by the amortisation of EIB loan during the current period.

Financial key performance indicators (KPIs)

Under its Common Terms Agreement (CTA), Tideway must comply with a set of financial covenants including to calculate two key ratios, Senior Regulatory Asset Ratio (Senior RAR) and Funds from Interest Cover Ratio (FFO ICR) and report compliance with certain thresholds in specified circumstances. The performance of the two ratios at 30 September 2025 are provided below.

1 - Senior RAR

This ratio compares the net debt to the RCV. It is calculated as long-term senior borrowings, less cash and short-term deposits to the RCV. The Senior RAR trigger in the CTA is 70%.

		As at 30 September	
Senior RAR		2025	2024
a	Net Debt - Per CTA	3,758.3	3,527.9
b	RCV - Per CTA ¹	5,506.6	5,191.0
c	Senior RAR a/b	68.2%	68.0%

¹ RCV is per the CTA definition not the Regulatory Accounts definition.

		As at 30 September	
Reconciliation to the financial statements (£m)		2025	2024
Cash		120.2	262.6
Short term deposits		305.0	50.0
Borrowings (excluding shareholder loan)		(3,957.5)	(3,649.4)
Accretion on Index Linked Financial Instruments		(229.9)	(196.0)
Lease liabilities		0.0	(0.5)
Other adjustments ¹		3.9	5.4
Net Debt - Per CTA		(3,758.3)	(3,527.9)

¹ Adjustment for discount on £250m fixed rate bond 2027, discount on £300m fixed rate bond 2034, discount on £250m fixed rate bond 2033, premium on £150m index linked bonds 2032 and premium on £75m index linked bond 2036.

2 - FFO ICR

This ratio compares the level of cash interest cover compared with the funds from operations. The FFO ICR trigger in the CTA is 1.3 times. The test period is 12 months to the reporting date.

		Six months ended 30 September	
FFO ICR		2025	2024
d	Net Cash Flow - per CTA	130.8	118.3
e	Debt Interest - per CTA	29.7	13.1
f	FFO ICR d/e	4.4	9.0

Reconciliation to the financial statements (£m)	2025	2024
Increase in Advance payment liability 2025/26 ¹	62.7	-
Increase in Advance payment liability 2024/25 ¹	65.5	62.6
Increase in Advance payment liability 2023/24 ¹	-	54.4
VAT adjustment per CTA	2.6	1.3
Net Cash Flow per CTA	130.8	118.3

Reconciliation to the financial statements (£m)	2025	2024
Net interest (exc. shareholder interest) paid 2025/26	8.1	-
Net interest (exc. shareholder interest) paid 2024/25	20.6	1.2
Net interest (exc. shareholder interest) paid 2023/24	-	11.6
Commitment fees paid 25/26	0.6	-
Commitment fees paid 24/25	0.4	0.2
Commitment fees paid 23/24	-	0.1
Debt Interest per CTA ²	29.7	13.1

¹ Part of "Cash from operations" within the Consolidated Cash Flows Statement

² Part of "Construction of infrastructure asset" within the Consolidated Cash Flows Statement

Statement of directors' responsibilities in respect of the financial statements

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

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of the Company who were in office during the period and up to the date of approval of these condensed consolidated interim financial statements were:

- Andrew Cox
- Christopher Morgan (resigned 29 August 2025)
- Alistair Ray
- Daniel Pires
- Amanda Woods
- Edward Randolph (appointed 3 September 2025)

The Directors' responsibility statement was approved and signed by order of the Board by:



Daniel Pires

Director

25 November 2025

Consolidated Income Statement

	Notes	Six months ended 30 September 2025 £m Unaudited	Six months ended 30 September 2024 £m Unaudited	Year ended 31 March 2025 £m Audited
Net operating costs		-	-	-
Finance income	2	-	0.4	0.4
Finance costs		-	-	-
Gain/(loss) on financial instruments	2	1.7	(4.4)	3.5
Profit/(loss) before tax		1.7	(4.0)	3.9
Taxation	3	-	-	-
Profit/(loss) for the period/year		1.7	(4.0)	3.9

Consolidated Statement of Comprehensive Income

	Six months ended 30 September 2025 £m Unaudited	Six months ended 30 September 2024 £m Unaudited	Year ended 31 March 2025 £m Audited
Profit/(loss) for the period/year	1.7	(4.0)	3.9
Other comprehensive income for the period/year	-	-	-
Total comprehensive income/(loss) for the period/year attributed to owners of the parent	1.7	(4.0)	3.9

The accompanying notes on pages 21 to 29 which are an integral part of these Interim Financial Statements.

Consolidated Statement of Financial Position

	Notes	30 September 2025 £m Unaudited	30 September 2024 £m Unaudited	31 March 2025 £m Audited
Non-current assets				
Property, plant and equipment	4	5,971.5	5,616.6	5,776.2
Other receivables	5	<u>2.5</u>	<u>19.0</u>	<u>2.7</u>
		<u>5,974.0</u>	<u>5,635.6</u>	<u>5,778.9</u>
Current assets				
Trade and other receivables	5	31.0	39.7	33.5
Cash and cash equivalents	6	120.4	193.1	111.9
Short-term cash deposits	6	<u>305.0</u>	<u>120.0</u>	<u>145.0</u>
		<u>456.4</u>	<u>352.8</u>	<u>290.4</u>
Total assets		<u>6,430.4</u>	<u>5,988.4</u>	<u>6,069.3</u>
Current liabilities				
Trade and other payables	7	(79.2)	(118.8)	(85.2)
Lease liabilities		-	(0.5)	(0.1)
Borrowings	8	(27.6)	(13.8)	(27.5)
Derivative financial instruments	9	<u>(9.4)</u>	<u>(6.1)</u>	<u>(8.5)</u>
		<u>(116.2)</u>	<u>(139.2)</u>	<u>(121.3)</u>
Non-current liabilities				
Other payables	7	(12.6)	(10.6)	(11.7)
Advance payment liability	7	(675.3)	(547.1)	(612.6)
Borrowings	8	(4,899.4)	(4,595.7)	(4,617.0)
Derivative financial instruments	9	<u>(145.3)</u>	<u>(123.8)</u>	<u>(126.8)</u>
		<u>(5,732.6)</u>	<u>(5,277.2)</u>	<u>(5,368.1)</u>
Total liabilities		<u>(5,848.8)</u>	<u>(5,416.4)</u>	<u>(5,489.4)</u>
Net assets		<u>581.6</u>	<u>572.0</u>	<u>579.9</u>
Equity				
Share capital		509.7	509.7	509.7
Retained earnings		<u>71.9</u>	<u>62.3</u>	<u>70.2</u>
Total equity		<u>581.6</u>	<u>572.0</u>	<u>579.9</u>

The accompanying notes on pages 21 to 29 which are an integral part of these Interim Financial Statements.

Consolidated Statement of Changes in Equity

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2025 (audited)	509.7	70.2	579.9
Profit for the period	-	1.7	1.7
Total comprehensive income for the period	-	1.7	1.7
Total contributions by and distributions to owners of the parent	-	-	-
Balance at 30 September 2025 (unaudited)	509.7	71.9	581.6

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2024 (audited)	509.7	66.3	576.0
Loss for the period	-	(4.0)	(4.0)
Total comprehensive loss for the period	-	(4.0)	(4.0)
Total contributions by and distributions to owners of the parent	-	-	-
Balance at 30 September 2024 (unaudited)	509.7	62.3	572.0

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2024 (audited)	509.7	66.3	576.0
Profit for the year	-	3.9	3.9
Total comprehensive income for the year	-	3.9	3.9
Total contributions by and distributions to owners of the parent	-	-	-
Balance at 31 March 2025 (audited)	509.7	70.2	579.9

The accompanying notes on pages 21 to 29 which are an integral part of these Interim Financial Statements.

Consolidated Statement of Cash Flows

	Six months ended 30 September 2025 £m Unaudited	Six months ended 30 September 2024 £m Unaudited	Year ended 31 March 2025 £m Audited
Cash flows used in operating activities before working capital movements	-	-	-
(Increase)/decrease in trade and other receivables	(3.5)	11.0	6.6
Decrease in trade and other payables	(5.5)	(11.8)	(43.9)
Increase in advance payment liability	62.6	62.6	128.1
Cash flows generated from operating activities	53.6	61.8	90.8
Net cash flows from operating activities	53.6	61.8	90.8
Cash flows from investing activities			
Construction of infrastructure asset	(120.0)	(135.8)	(253.7)
Funds placed in short-term deposits	(240.0)	(90.0)	(70.0)
Short-term deposits matured	80.0	200.0	155.0
Interest received	-	-	0.4
Net cash flows used in investing activities	(280.0)	(25.8)	(168.3)
Cash flows from financing activities			
Proceeds from borrowings	248.8	-	-
Repayment of borrowings	(13.8)	-	-
Derivative financial instruments	-	(32.6)	-
Principal repayments of lease liabilities	(0.1)	(0.2)	(0.5)
Net cash flows from/(used in) financing activities	234.9	(32.8)	(0.5)
Net increase/(decrease) in cash and cash equivalents during the period/year	8.5	3.2	(78.0)
Cash and cash equivalents at beginning of the period/year	111.9	189.9	189.9
Cash and cash equivalents at end of the period/year	120.4	193.1	111.9

Construction of infrastructure asset included capitalised interest and swap accretion paid of £18.4m (six months ended 30 September 2024: £18.4m) and capitalised interest received of £5.6m (six months ended 30 September 2024: £12.2 m).

The accompanying notes on pages 21 to 29 which are an integral part of these Interim Financial Statements.

Notes to the Interim Financial Statements

1. Material Accounting Policy Information

Basis of preparation

The unaudited condensed consolidated interim financial statements of Bazalgette Holdings Group (Interim Financial Statements) comprise Bazalgette Holdings Limited (BHL or the Company), Bazalgette Tunnel Limited (BTL), and Bazalgette Finance plc.

These Interim Financial Statements consolidate those of BHL and its subsidiaries (together referred to as the “Group”) and comprise their unaudited financial statements for the six months ended 30 September 2025.

These Interim Financial Statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted for use in the UK and as issued by the International Accounting Standards Board (IASB) and the Disclosure Transparency Rules (DTR) issued by the Financial Conduct Authority. These Interim Financial Statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and they should be read in conjunction with the Group’s last audited consolidated financial statements for the year ended 31 March 2025. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s consolidated financial position and performance since the last financial statements.

These Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value, and have been prepared on a basis consistent with the IFRS accounting policies as set out in the Group’s Annual Report for the year ended 31 March 2025.

In preparing these Interim Financial Statements, the directors have made certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the directors in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 March 2025.

After considering current financial projections and facilities available to the Group, the Directors of the Company are satisfied that the Group has sufficient liquidity, via its available cash balances and undrawn financing facilities, to meet its operational needs and its liabilities as they fall due and there have been no other material uncertainties identified that would impact the Group’s operational ability over the going concern period from the date of approval of these Interim Financial Statements. Therefore, the Directors of the Company consider it appropriate to prepare these Interim Financial Statements on a going concern basis.

These Interim Financial Statements are presented in Pounds Sterling.

Notes to the Interim Financial Statements

2. Finance income and costs

	Six months ended 30 September 2025 £m Unaudited	Six months ended 30 September 2024 £m Unaudited	Year ended 31 March 2025 £m Audited
Finance income			
Interest income	(7.0)	(9.2)	(16.2)
Capitalised finance income into asset under construction	<u>7.0</u>	<u>8.8</u>	<u>15.8</u>
Finance income	<u>-</u>	<u>(0.4)</u>	<u>(0.4)</u>
Finance costs			
Interest expense on borrowings*	126.3	89.4	214.7
Interest expense on lease liabilities	-	-	-
Financing fees	<u>1.4</u>	<u>0.9</u>	<u>6.1</u>
	<u>127.7</u>	<u>90.3</u>	<u>220.8</u>
Capitalised finance costs into asset under construction	<u>(127.7)</u>	<u>(90.3)</u>	<u>(220.8)</u>
Net finance costs	<u>-</u>	<u>-</u>	<u>-</u>
Financial instruments at fair value through profit or loss			
Fair value (gain)/loss on index-linked swaps	(1.7)	4.4	(3.5)
Interest and accretion expenses/(income) on index-linked swaps	<u>5.5</u>	<u>18.1</u>	<u>(11.7)</u>
Net losses/(gains) on financial instruments at fair value through profit or loss	3.8	22.5	(15.2)
Capitalised interest and accretion (expenses)/income on index-linked swaps into asset under construction	<u>(5.5)</u>	<u>(18.1)</u>	<u>11.7</u>
(Gain)/loss on financial instruments	<u>(1.7)</u>	<u>4.4</u>	<u>(3.5)</u>

* Includes accretion costs on index-linked borrowings of £42.8m for six months ended 30 September 2025 (2024: £31.3m).

3. Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual corporation tax rate expected for the full financial year applied against the loss before tax for the period. The Group capitalises all costs incurred in relation to its tunnel asset and derivative fair value gains and losses are disregarded for current tax purposes. As a result, the calculated profits attributable to corporation tax are £nil for the six months ended 30 September 2025 (2024: £nil).

As at the Consolidated Statement of Financial Position date, there is an unrecognised deferred tax asset of £341.2m (31 March 2025: £307.6m) on gross deductible temporary differences of £1,364.6m (31 March 2025: £1,230.2m). The temporary differences have not been recognised due to uncertainty around their future utilisation.

Notes to the Interim Financial Statements

4. Property, plant and equipment

Group property, plant and equipment comprised the followings:

	Right-of-use (ROU) assets £m	Asset under construction £m	Total £m
Net book value at 1 April 2025 (audited)	0.3	5,775.9	5,776.2
Additions for the period	-	195.5	195.5
Depreciation charge for the period	(0.2)	-	(0.2)
Net book value at 30 September 2025 (unaudited)	<u>0.1</u>	<u>5,971.4</u>	<u>5,971.5</u>

	Right-of-use (ROU) assets £m	Asset under construction £m	Total £m
Net book value at 1 April 2024 (audited)	1.1	5,403.2	5,404.3
Additions for the period	-	212.7	212.7
Depreciation charge for the period	(0.4)	-	(0.4)
Net book value at 30 September 2024 (unaudited)	<u>0.7</u>	<u>5,615.9</u>	<u>5,616.6</u>

	Right-of-use (ROU) assets £m	Asset under construction £m	Total £m
Net book value at 1 April 2024 (audited)	1.1	5,403.2	5,404.3
Additions for the year	-	372.7	372.7
Depreciation charge for the year	(0.6)	-	(0.6)
Disposals for the year	(0.2)	-	(0.2)
Net book value at 31 March 2025 (audited)	<u>0.3</u>	<u>5,775.9</u>	<u>5,776.2</u>

Asset under construction

During the construction phase of the project which commenced in 2015 and which will be completed at System Acceptance, all expenditure which is directly attributable to bringing the Thames Tideway Tunnel asset into its working condition for its intended use will be capitalised. Majority of expenditure, excluding the fair value movements of certain financial instruments, is considered to have met this requirement in the six months ended 30 September 2025. The cumulative total of finance interest and expense costs capitalised project to date at 30 September 2025 was £1,477.7m (31 March 2025: £1,350.0m).

Notes to the Interim Financial Statements

5. Trade and other receivables

	30 September 2025 £m Unaudited	30 September 2024 £m Unaudited	31 March 2025 £m Audited
Trade receivables	12.6	13.0	11.5
Accrued income	10.7	15.7	11.0
Other receivables	3.1	3.8	3.1
Prepayments	<u>7.1</u>	<u>26.2</u>	<u>10.6</u>
	<u>33.5</u>	<u>58.7</u>	<u>36.2</u>
Non-current assets	2.5	19.0	2.7
Current assets	<u>31.0</u>	<u>39.7</u>	<u>33.5</u>

Accrued income of £10.7m (31 March 2025: £11.0m) relates to cumulative revenue earned on the project to date that has not been invoiced to Thames Water as at the Consolidated Statement of Financial Position date. Prepayments include £4.5m (31 March 2025: £6.7m) in relation to the Government Support Package, £0.2m (31 March 2025: £1.1m) in relation to insurance contracts and £2.5m (31 March 2025: £2.8m) financing related costs.

6. Cash and cash equivalents

	30 September 2025 £m Unaudited	30 September 2024 £m Unaudited	31 March 2025 £m Audited
Cash and bank balances	14.4	58.1	15.9
Cash equivalents	<u>106.0</u>	<u>135.0</u>	<u>96.0</u>
Cash and cash equivalents per cash flow statement	<u>120.4</u>	<u>193.1</u>	<u>111.9</u>

Cash equivalents comprise deposits and investments in money market funds with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates their fair value. Short-term deposits with a maturity of greater than three months are presented separately on the Consolidated Statement of Financial Position. At the Consolidated Statement of Financial Position date, these totalled £305.0m (31 March 2025: £145.0m).

The Group also holds a Special Purpose Account for receiving insurance claim proceeds. The cash value in the Special Purpose Account was £nil at 30 September 2025 (31 March 2025: £0.2m).

Notes to the Interim Financial Statements

6. Cash and cash equivalents (continued)

Restricted Cash

The Group has an obligation to maintain a Liquidity Required Amount as defined in the Masters Definition Agreement (MDA), a CTA requirement, in the form of committed Liquidity Facility and amounts standing to the credit of the Debt Service Reserve Accounts (“DSRAs”).

The Group holds DSRAs to maintain committed liquidity facilities with regards to the prospective financing cost payments for a period of 12 months from the Consolidated Statement of Financial Position date. During the six months ended 30 September 2025, the Group increased its Liquidity Facility by £20m, securing a total undrawn credit line of £95m to cover the Liquidity Required Amount under the CTA requirement. As at 30 September 2025, the size of the Liquidity Facility is sufficient to cover the Liquidity Required Amount. Therefore, no cash is required to be placed within the DSRAs and the restricted cash value in the DSRAs was £nil as at 30 September 2025 (31 March 2025: £7.0m).

7. Trade and other payables

	30 September 2025 £m Unaudited	30 September 2024 £m Unaudited	31 March 2025 £m Audited
Trade payables	1.7	0.5	9.1
Contract retentions payable	11.5	12.2	11.4
Accrued expenses	57.4	90.1	55.9
Deferred income	21.2	26.6	20.5
Advanced payment liability	675.3	547.1	612.6
	<u>767.1</u>	<u>676.5</u>	<u>709.5</u>
Non-current liabilities	687.9	557.7	624.3
Current liabilities	<u>79.2</u>	<u>118.8</u>	<u>85.2</u>

The advance payment liability represents deferred revenue that has been invoiced to and settled by Thames Water. The deferred income of £21.2m (31 March 2025: £20.5m) represents the cumulative balance on the project to date of revenue accrued and revenue invoiced to Thames Water, less the revenue that has been settled by Thames Water at the Consolidated Statement of Financial Position date.

8. Borrowings

The Group raises finance under a multi-currency financing platform in both loan and bond formats.

Bonds are issued by Bazalgette Finance plc, a wholly owned subsidiary of the Company, and lent on a back-to-back basis to BTL.

Notes to the Interim Financial Statements

8. Borrowings (continued)

Some of the finance raised by the Group was in a deferred format which means that the proceeds from the borrowing were not received until a future settlement date. This aligned with the timing of funds required for the project expenditure profile. Where bonds were issued with deferred draw-down dates, the proceeds from these bonds were received from the bond purchaser on the future settlement dates.

All deferred bonds have now been fully drawn down.

This note provides information about the Group's borrowings, which are measured at amortised cost.

	30 September 2025 £m Unaudited	30 September 2024 £m Unaudited	31 March 2025 £m Audited
Third party borrowings			
£250m 2.375% fixed-rate bond 2027	249.4	249.0	249.2
£75m 0.828% index-linked bond 2047 ^{a, b}	101.0	97.5	98.7
£200m 0.740% index-linked bond 2042 ^{a, c}	238.5	232.2	235.1
£100m 0.688% index-linked bond 2050 ^a	144.4	138.7	141.5
£100m 0.755% index-linked bond 2051 ^a	140.2	134.7	137.3
£100m 0.249% index-linked bond 2040 ^{a, d}	141.3	136.2	139.0
£125m 0.192% index-linked bond 2049 ^{a, e}	186.3	178.7	182.0
£25m 1.035% index-linked bond 2048 ^{a, f}	34.4	33.1	33.8
£25m 0.951% index-linked bond 2054 ^{a, g}	34.4	33.0	33.8
£50m 0.787% index-linked bond 2052 ^a	69.0	66.2	67.5
£300m 2.860% fixed-rate loan 2032 ^h	300.0	300.0	300.0
£700m (£620m SONIA+1.094% floating-rate; £80m index-linked+0.010% ^d) ⁱ	706.0	715.8	717.6
£100m 0.010% index-linked loan 2049 ^{a, m}	140.3	133.8	135.3
£25m 1.042% index-linked bond 2048 ^{a, f}	33.7	32.4	33.0
£25m 0.954% index-linked bond 2054 ^{a, g}	33.7	32.4	33.0
£75m 0.010% index linked bond 2036 ^a	106.8	103.3	104.6
£300m 2.750% fixed-rate bonds 2034	299.1	299.0	299.0
£75m 2.418% fixed-rate loan 2041	75.0	75.0	75.0
£150m 0.010% index-linked bond 2032 ^a	191.3	182.7	184.9
£75m 0.949% index-linked bond 2052 ^{a, k}	89.1	86.3	87.5
£50m 0.074% index-linked bond 2049 ^{a, l}	72.4	69.7	70.9
£50m 0.174% index-linked bond 2049 ^{a, l}	72.4	69.7	70.9
£50m 6.020% fixed-rate loan 2033	50.0	50.0	50.0
£150m 6.050% fixed-rate loan 2035	150.0	150.0	150.0
£50m 6.110% fixed-rate loan 2038	50.0	50.0	50.0
£250m 5.500% fixed-rate bond 2033	248.8	-	-
Intra-group borrowings			
Shareholder loan notes 8.000% fixed-rate 2064 ^j	978.7	960.1	972.6
	4,936.2	4,609.5	4,652.2
Less: unamortised debt issue costs	(9.2)	-	(7.7)
Total borrowings	4,927.0	4,609.5	4,644.5
Current liabilities	27.6	13.8	27.5
Non-current liabilities	4,899.4	4,595.7	4,617.0

Notes to the Interim Financial Statements

8. Borrowings (continued)

- a) The value of the capital and interest elements of these index-linked bonds and loans are linked to movements in either the Consumer Price Index (CPI) or Retail Price Index (RPI)
- b) This debt amortises (requires repayment of debt accretion) from 2038
- c) This debt amortises from 2033 and contains a collar mechanism that limits total accretion repayment within a predetermined range
- d) This debt amortises from 2036
- e) This debt amortises from 2045
- f) This debt amortises from 2044
- g) This debt amortises from 2050
- h) The Group has entered into swap agreements that convert £70.0m of this debt into index-linked debt
- i) The Group has entered into swap agreements that convert £620m of this debt into index-linked debt
- j) Borrowing from the BHL's immediate parent Bazalgette Ventures Limited
- k) This debt amortises from 2034
- l) This debt amortises from 2042
- m) This debt amortises from 2040

9. Fair value of financial instruments

The fair value of financial instruments represents the price that would be received to sell an asset or paid to transfer a liability between informed and willing parties, other than in a forced or liquidation sale, at the measurement date.

The fair value of financial instruments and a comparison to their carrying value is shown in the table below. The Group has not disclosed the fair values for cash and cash equivalents, short-term deposits, trade receivables and trade payables as their carrying amounts are a reasonable approximation of the fair value.

	30 September 2025		30 September 2024		31 March 2025	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Financial liabilities at amortised cost						
Non-current						
Borrowings – fixed-rate sterling loans	(1,604.0)	(1,515.6)	(1,585.1)	(1,547.0)	(1,597.7)	(1,473.8)
Borrowings – fixed-rate sterling bonds	(796.0)	(757.3)	(548.0)	(480.3)	(548.8)	(474.0)
Borrowings – index-linked bonds and loans	(1,916.9)	(1,243.0)	(1,760.6)	(1,134.5)	(1,877.6)	(1,172.2)
Borrowings – floating-rate sterling loans	(582.5)	(546.7)	(715.8)	(639.5)	(592.9)	(539.9)
Current						
Borrowings – index-linked sterling bonds and loans	(3.8)	(2.8)	-	-	(3.7)	(3.7)
Borrowings – floating-rate sterling loans	(23.8)	(22.8)	-	-	(23.8)	(55.4)
Financial liabilities at fair value through profit or loss						
Non-current						
Derivatives – index-linked swaps	(145.3)	(145.3)	(123.8)	(123.8)	(126.8)	(126.8)
Current						
Derivatives – index-linked swaps	(9.4)	(9.4)	(6.1)	(6.1)	(8.5)	(8.5)
Total	(5,081.7)	(4,242.9)	(4,739.4)	(3,931.2)	(4,779.8)	(3,854.3)

Notes to the Interim Financial Statements

9. Fair value of financial instruments (continued)

Financial liabilities at amortised cost

Borrowings include index-linked bonds, fixed-rate bonds, floating-rate loans and fixed-rate loans. The fair value of borrowings is determined using observable quoted market prices where this is available or by discounting the expected future cash flows using appropriate available market data and a credit risk adjustment representative of the Group.

The Group discloses the fair value of its borrowings based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The Group considers the fair value measurement of all its borrowings to fall within Level 2, as the calculation of the estimated fair value is based on market data inputs which are observable directly or indirectly.

Financial instruments at fair value through profit and loss

The Group's index-linked swaps are measured at fair value through profit and loss. Where an active market exists, swaps are recorded at fair value using quoted market prices. Otherwise, they are valued using a net present value model. As there is no quoted market price, the fair value of each swap is calculated as the net present value of the expected future cash flow associated with each leg of the swap, discounted to the reporting date using market rates and adjusted for the credit risk. Estimates of future cash flows are based on well-defined and traded market references.

The Group considers all its derivative financial instruments to fall within Level 2 as the calculation of the estimated fair value is based on market data inputs which are observable directly or indirectly. The calculation does include unobservable inputs with regards to the determination of credit risk of the Group but these are not considered significant to the valuation. There were no transfers required between the levels of fair value hierarchy in the six months to 30 September 2025.

The table below sets out the valuation basis of financial instruments carried at fair value at the Consolidated Statement of Financial Position date.

	30 September 2025 Level 2 £m Unaudited	30 September 2024 Level 2 £m Unaudited	31 March 2025 Level 2 £m Audited
Financial instruments at fair value through profit or loss			
Derivative financial liabilities			
Index-linked swaps*	(154.7)	(129.9)	(135.3)
	<u>(154.7)</u>	<u>(129.9)</u>	<u>(135.3)</u>

* Accrued accretion on index-linked swaps was £229.9m liability (31 March 2025: £209.2m), which forms part of the overall fair value of the derivative financial instruments being presented above.

Notes to the Interim Financial Statements

10. Contingent liabilities

There are a number of uncertainties surrounding the Group including potential claims, which may affect the financial performance of the Group. Where claims are possible but not probable, or unquantifiable, such claims are treated as contingent liabilities.

Contingent liabilities are not recognised in Consolidated Statement of Financial Position but are monitored to ensure that should a possible obligation become probable and a transfer of economic benefits to settle an obligation can be reliably measured, then a provision for the obligation is made. There were no contingent liabilities at the Consolidated Statement of Financial Position date.

11. Related parties

Transactions between BHL and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Amounts outstanding on borrowings from the immediate parent company, Bazalgette Ventures Limited were £978.7m of loan principal and £nil of interest payable at 30 September 2025 (31 March 2025: £972.6m of loan principal and £nil of interest payable). During the six-month period ended 30 September 2025, £33.0m (2024: £nil) interest was paid, £6.1m (2024: £37.4m) unpaid interest was capitalised back into the borrowing principal and £nil (2024: £nil) principal was repaid.

12. Subsequent events occurring after the reporting date

No material events have occurred between the reporting date and the approval date of these Interim Financial Statements that would require adjustment to or disclosures in these Interim Financial Statements.