

Severn Trent Plc Trading Update

Severn Trent Plc today announces the following trading update for the period to 13 July 2022.

Strong start to the third year of AMP7

- **Operational Performance** We have had a good start to the year operationally and continue to expect at least £50 million in customer ODI outperformance payments in FY23. As expected, we are seeing the increase in operating costs, particularly energy and chemicals, outlined in our technical guidance.
- Environmental Performance We are confident we will retain our 4-star Environmental Performance Assessment rating for 2021 and expect this to be confirmed by the Environment Agency soon. We also remain on track to meet or exceed target on 100% of our environment ODIs this year.
- Energy Self-generation We are benefitting from our decade of investment in renewable energy generation and generated 145 GWh of energy in the first quarter of this financial year which equates to over 50% of our consumption. This generation is 4% higher than the same period in FY22.
- Sustainable Financing Framework Our updated Sustainable Financing Framework will be released in July. This framework details our environmental, social, and governance performance and ambitions, enabling Severn Trent Plc and its subsidiaries to raise financing for sustainable investment and expenditure. The report will be published on our website at www.severntrent.com.

PR24 draft methodology update

Ofwat issued its PR24 draft methodology on Thursday 7th July. Severn Trent held a briefing via webcast on Tuesday 12th July. The webcast and presentation can be accessed at www.severntrent.com.

Enquiries

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Glossary

Environmental Performance Assessment (EPA)

A non-statutory tool for comparing performance between water and sewerage companies (WaSCs) operating mainly in England. It uses measurable environmental indicators to provide a meaningful comparison of performance across the nine WaSCs in England.

Outcome Delivery Incentives (ODIs)

A framework made up of outcomes, measures, targets and incentives which provides companies with rewards for achieving stretching performance targets and compensates customers if performance is below performance targets. This was first introduced at the 2014 price review (PR14) by the regulator, Ofwat. Outcome Delivery Incentives are quoted pre-tax in 2017/18 prices. We assume a 25% rate of corporation tax to be in place when ODIs are taken into revenue.

PR24

The price review (PR) is a financial review process led by Ofwat where wholesale price controls for water and sewage companies are set every five years. PR24 (Price Review 2024) set wholesale price controls for water and sewerage companies for 2025 to 2030.

Cautionary statement regarding forward-looking statements

This document contains statements that are, or may be deemed to be, 'forward-looking statements' with respect to Severn Trent's financial condition, results of operations and business and certain of Severn Trent's plans and objectives with respect to these items.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'will', 'would', 'should', 'expects', 'believes', 'intends', 'plans', 'projects', 'potential', 'reasonably possible', 'targets', 'goal', 'estimates' or words with a similar meaning, and, in each case, their negative or other variations or comparable terminology. Any forward-looking statements in this document are based on Severn Trent's current expectations and, by their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and no assurances can be given that the forward-looking statements in this document will be realised. There are a number of factors, many of which are beyond Severn Trent's control, that could cause actual results, performance and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: the Principal Risks and uncertainties detailed in this document; the Principal Risks disclosed in our latest Annual Report and Accounts (which have not been updated since the date of its publication); changes in the economies and markets in which the Group operates; changes in the regulatory and competition frameworks in which the Group operates; the impact of legal or other proceedings against or which affect the Group; and changes in interest and exchange rates.

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Nothing in this document should be regarded as a profits forecast.

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