Arqiva Broadcast Parent Limited

Registered number 08085823

Annual Report and Financial Statements

For the year ended 30 June 2024

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Company Financial Statements

Corporate Information

As at the date of this report (25 September 2024):

Group Board of Directors
Mike Darcey (Chair)
Diego Massidda (appointed 16 November 2023)
Andrew MacLeod (appointed 01 July 2023)
Matthew Postgate
Susana Leith-Smith
Paul Donovan
Scott Longhurst
Maximilian Fieguth
Arnaud Jaguin (Resigned 16 November 2023 and reappointed as an alternate to Diego Massidda 06 December 2023)
David Stirton (alternate to Maximilian Fieguth)

Company Secretary
Nicola Phillips (Appointed 28 July 2023)
Sean West (Resigned 28 July 2023)

Group website:
www.arqiva.com

Registered Office
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Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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London
WC2N 6RH

Company Registration Number
08085823

Cautionary Statement

This Annual Report and Financial Statements contains various forward-looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented herein. When used in this report, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Group, have been used to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Save as otherwise required by any rules or regulations, the Group does not undertake any obligations publicly to release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The risks and uncertainties referred to above include:

- actions or decisions by governmental and regulatory bodies, or changes in the regulatory framework in which the Group operates, which may impact the ability of the Group to carry on its businesses,
- changes or advances in technology, and availability of resources such as spectrum, necessary to use new or existing technology, or customer and consumer preferences regarding technology,
- the performance of the markets in the UK, the EU, and the wider region in which the Group operates,
- the ability of the Group to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake,
- the ability of the Group to develop, expand and maintain its media & broadcast (M&B) and utilities network infrastructure,
- the ability of the Group to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects,
- the Group's dependency on only a limited number of key customers for a large percentage of its revenue; and
- expectations as to revenues not under contract.

Guidance note to the Annual Report and Financial Statements:

In this document, references to 'Arqiva' and 'the Group' refer to Arqiva Broadcast Parent Limited ('ABPL') and its subsidiaries and markets as the context may require. References to the 'Company' refer to the results and performance of Arqiva Broadcast Parent Limited as a standalone entity.

A reference to a year expressed as 2024 is to the financial year ended 30 June 2024. This convention applies similarly to any reference to a previous or subsequent financial year. Additionally, references to 'current year', 'this year' and 'the year' are in respect of the financial year ended 30 June 2024. References to the 'prior year' and 'last year' are to the financial year ended 30 June 2023.

Arqiva at a glance - 2024

ENABLING A SWITCHED-ON WORLD TO FLOW

Who we are

In today's switched-on world, companies – entire industries – are grappling with how to share data and content across a myriad of connected devices. That's where Arqiva comes in. Fundamentally, we're enablers. Behind the scenes, we apply our knowledge and expertise to stitch together technologies that connect broadcasters, media organisations and utility companies to their customers, and the content, data, information, and entertainment they want.

What we do

In today's ever-evolving world, the demand for information, content and entertainment is greater than ever. Satisfying the demand for 24/7 connection is the challenge that our media, broadcast and utilities customers are facing, delivering more content on more devices than ever before.

At Arqiva, we are enablers, applying our knowledge and expertise to technologies to unlock new opportunities for our customers. We work in partnership, building and operating the infrastructure through which data and content can flow effectively, securely, and sustainably.

Arqiva, is the UK's pre-eminent provider of national television and radio broadcast infrastructure and provides end-to-end connectivity solutions to the media and utility industries. Arqiva is the sole provider of terrestrial television network access (Freeview) and the owner of two of the three national commercial multiplexes. Arqiva is a shareholder in, and operator for both commercial national DAB (Digital Audio Broadcasting) radio multiplexes and is the service provider for the BBC national DAB radio multiplex. The Group is also a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels available for UK Direct to Home (DTH) satellite broadcast.

The Group has been an early and leading participant in the development of the smart utility infrastructure in the UK through its smart water and energy metering services. We provide satellite connectivity services for electricity networks and we are one of only two communication service providers for smart energy meter connectivity in the UK. The Group operates through two main commercial functions, Media and Broadcast (M&B) and Smart Utility Networks (SUN) supported by non-revenue generating Operations, Technology and Corporate functions.

Our history

Since 1922, Arqiva has been at the forefront of media transmission. We delivered the world's first TV broadcast for the BBC at London's Alexandra Palace in 1936. In the 1970's, we developed satellite TV, Teletext and in the 2000's launched the UK's national DAB radio and digital television networks.

More recently, we have moved into new sectors providing digital connectivity for the utilities sector. We won our first contract to deliver gas and electricity metering in the north of England and Scotland in 2013and followed that in 2015 with a partnership with Thames Water to set up and run the world's largest smart water metering network.Our smart water metering network has now connected more than 5 million meters in total.

We continue to innovate: recently launching new products such as Arqade - a cloud-based channel and live event interchange and Hybrid Connectivity, a managed connectivity solution to support the network monitoring and control needs of utility companies. Further information can be found at www.arqiva.com/about/.

Arqiva in Numbers

c. 1,450 broadcast transmission sites in the UK	c. 1,150 TV transmission sites
98.5% of the UK population reached through Freeview TV services	Market leader for commercial DTT[1] spectrum, owning two of the three national commercial multiplexes
c.80 satellite dishes accessing 30+ satellites delivering TV channels internationally to 5 continents	99.5% network coverage across the North of England and Scotland on our smart energy networks
Over 5m smart meters installed 50 million data points delivered on our smart metering networks every day	Over 3000 broadcast services provided to over 100 countries

Highlights of the year

Group Revenue £645.2m. 5.2% increase year on year	M&B Revenue £481.3m (up 4.1%) SUN Revenue £163.9m (up 8.6%)
Operating Profit £216.6m (8.9% decrease)	Operating cashflow (after capital and financing activity) £232.9m (0.2% decrease)
Commenced purchase of renewable energy from our main supplier in April 2024	Maintain senior debt credit rating of BBB+/BBB (S&P/Fitch)
Bilsdale broadcast site now fully operational following fire in 2021	Arqiva – winner of Britain's Healthiest Workplace 2023

[1] Refers to Digital Terrestrial Television best known for supporting Freeview.

Chair's Introduction

Overview

Arqiva has delivered a solid set of financial results in 2024, despite the continued global challenges and economic uncertainties faced, particularly increased power costs, challenging markets for our customers and competition from new market entrants in the water metering industry.

Following last year's successful simplification plan which saw Arqiva consolidate its functional operating model, we have continued to simplify our business. This year's focus has been on embedding the changes and utilising new ways of working. This will enable the business to continue to meet the demands of its customers in a more efficient and responsive manner.

There has been a particular focus on transforming the technology function through changes to the organisational structure and new appointments to the senior leadership team. This has resulted in significant changes to the way cross-functional teams operate; with an increased emphasis on product development and a new go-to-market approach supported by new business development and operational capability. The technical needs of a business such as Arqiva continue to evolve at pace, and these investments will ensure we are better able to adapt and compete in our chosen markets.

Changes in the Board of Directors

This year, we welcomed Diego Massidda to the Board of Directors to replace Arnaud Jaguin as a D9 Infrastructure representative. We welcome Arnaud's continued involvement in Board matters as Diego's nominated alternate. After joining the Board at the end of the last year, Andy MacLeod has also now taken over from Max Fieguth as the Chair of the Governance and Remuneration Committee. We have also welcomed to the Executive Committee and Board, Nicola Phillips who has joined as Chief Legal Officer and Company Secretary. With the arrival of the new Company Secretary and the other changes to the Board over the past two years, we took the opportunity to commission an external Board Performance Review. This review was completed earlier in the year, and we expect the implementation of various recommendations to set the conditions for an even more robust and effective Corporate Governance structure moving forward.

Sustainability

Building a sustainable future for Arqiva is a core part of our Vision 2031 strategy. At a Board level, we are keen to understand fully our climate and sustainability risks and our opportunities and strategy, building this into the day-to-day operations of the business. The Operational Resilience sub-committee has oversight of the sustainability programmes, with a sustainability working group reporting their findings.

Following last year's approval of the Environmental Sustainability Policy[2], and our sustainability charter, we have taken strides to strengthen the Environmental, Social and Governance (ESG) team and have significantly enhanced our ESG reporting. Such reporting aligns to the external ESG standards for the Non-Financial and Sustainability Information Statement (NFSIS) and the Streamlined Energy and Carbon Reporting (SECR). As a result, we now have a much clearer line of sight from the actions that we take as a business to the impact it has on our emissions. In turn, this work is enabling us to direct Arqiva's sustainability plans with tangible actions and outcomes, with the clear goal of achieving Net Zero by 2031.

Future Outlook

Our current market outlook has been set against the backdrop of ongoing inflationary pressures. Higher fuel prices have increased our power costs and our media customers have faced their own market challenges. The year has also been punctuated by several key political and regulatory determinations.

[2] https://arqiva.com/documentation/safety-health-and-environment/SHE-PY-004%20Environmental%20Sustainability%20Policy.pdf

The Media Act received Royal Assent in May 2024, representing the first major update to media legislation in decades. While various changes brought by the Media Act are yet to come into force, measures include steps to strengthen public service broadcasters by enabling them to fulfil content requirements across both broadcast and online platforms and introducing new prominence requirements for their online players. Among other provisions, removing some regulatory burdens on radio services is also included. The BBC licence fee framework remains unchanged, with the new Labour Government not expected to make any changes before the end of the current licence term in 2027.

In May 2024, following a request under the previous Government, Ofcom published a report on the future of TV distribution which looked at how the market could evolve over the next decade and beyond. Ofcom outlined broad approaches for consideration by the Government, highlighting the importance of laying out its vision for the long-term future to provide certainty to audiences and investors. Arqiva is in close dialogue with relevant stakeholders including the regulator as this area of policy debate progresses.

In the regulatory environment for water, Ofwat's final determinations in the next Asset Management Period (AMP8) is due later in 2024. The regulator's final determinations will set the investment plan for the industry for the next 5 years. The regulator has highlighted the need for improved (smart) water management, better leakage detection and sewerage control. This has created the opportunity for Arqiva and other companies to bid for strategically important contracts. In recent months, we have found that the scale of investment has encouraged new entrants to the market to compete for this work. As the industry leader in smart water metering with both new and existing technology offerings, Arqiva is well positioned and equipped to support the water companies in their strategic ambitions.

The changes in the media and broadcast industry are setting the conditions for long term sustainable contracts on terrestrial TV and encouraging the business to diversify its media offering through internet and cloud delivery. And in the water industry we are seeing the opportunity for Arqiva to showcase its world class capabilities in smart metering and data delivery through unrivalled networks.

On behalf of the Board, I want to close by thanking all our colleagues for their continued dedication and hard work in the provision of our services, particularly during a year where we have driven a number of large-scale system deployments and transformation programmes.

Mike Darcey

Chair

September 2024

Strategic Report

Chief Executive's Statement

The past year has seen a lot of change in the market landscape across the two sectors in which Arqiva operates: media and utilities. We have capitalised on opportunities across those markets and continued our focus on building strong foundations. The investments we have made in new capabilities and systems are showing benefits, both in delivering a more efficient operation but also setting us up for growth. Against a backdrop of significant political and economic shifts, we have demonstrated resilience, adaptability, and a commitment to innovation.

Market Environment and Strategic Positioning

The last year has been a difficult period for many of our radio and TV customers that rely on the advertising market for their income. The UK advertising market was substantially down year-over-year owing to difficult macroeconomic conditions but is showing signs of recovery into the second half of calendar 2024. We continue to invest in our long-standing relationships and worked closely with customers to navigate this period. The vast majority of our customers remain resilient and our investment to broaden our product portfolio should further underpin this.

We also received validation on the future of the DTT spectrum for the next period. At the World Radiocommunication Conference ("WRC") in November 2023, it was confirmed that the 600 Mhz band's primary allocation is for DTT. The next point at which this would be reviewed by the WRC is in 2031.

Looking beyond the next decade, in May 2024 Ofcom published a report on the future of TV distribution, which outlined how the market could evolve over the next 10-15 years. The report outlined broad approaches for consideration by the Government, including investment in a more efficient DTT service, reducing DTT to a core service, or moving towards a DTT switch-off in the longer-term. In addition, it highlighted the importance of Government laying out its vision for the long-term future to provide certainty to audiences and investors. Arqiva is in close dialogue with relevant stakeholders including the regulator and relevant government departments as this area of policy debate progresses.

In the utilities sector, Ofwat's draft determinations for the 2025-2030 period signal the largest investment programme since privatisation. This includes an ambitious rollout of over 10 million smart water meters, presenting Arqiva with a significant growth opportunity to leverage our smart metering expertise and support the water sector's strategic agenda in water and waste monitoring.

The business has actively participated in the consultations with water companies for the price review 2024 methodology to ensure the accelerated investment in smart meters and draft water resource management plans is underpinned. This will not only support growth plans for our utilities business but critically the sustainability plans of our customers. We remain focused on winning new contracts in this area, recognising the increased competition from new entrants, by investing in product and propositions that differentiate our offer.

Operational Highlights and Financial Performance

Despite the challenging market conditions, Arqiva delivered a solid performance with Group revenue increasing by 5.2% to £645.2 million (2023: 2.5% increase to £613.3m). However, our profitability was impacted by rising power costs and increased headcount expenses, reflecting macroeconomic wage pressures and our strategic investments in new media markets.

Both of our commercial divisions have seen top line growth underpinned by long term contracts and the recovery in smart device sales following pandemic related silicon component shortages. Our Media and Broadcast function performed well, although revenue growth was tempered by a reduction in DTT channel sales, lower pricing on contract renewals, and the loss of some customers.

In our Smart Utilities Network division sales of devices and in-contract charges has driven growth, though some of this was offset by higher procurement costs for the increased meter volumes. We are optimistic about the future of our relationship with the DCC, particularly with the recent agreement with for the scaling and optimisation of their network, which is expected to contribute significantly to our FY25 revenue.

Furthermore, I am delighted to announce that the Bilsdale broadcast site is now fully operational following the fire in 2021, marking not just an important moment for the business but the 600,000 households in the Northeast covered by the mast. We have been providing TV services since May 2023 and radio since January 2024.

Challenges and Strategic Initiatives

The volatility in energy markets posed significant challenges this year, leading to a 77% increase in our power costs following the expiration of our previous hedging contracts. Following a period of higher energy cost and market volatility, which is now reducing, we have since reestablished an effective hedging strategy with longer term contracts to mitigate these risks. We also transitioned to purchase electricity with renewable energy guarantee of origin certification from April 2024. These actions will help to stabilise costs and support our sustainability goals.

This year we have made substantial progress in reorienting our technology function, focusing on cloud computing to enhance our media content delivery. This transformation requires ongoing investments in talent development and process management, which are critical to our long-term success. We are already seeing the benefits of these changes as we have reduced our customer onboarding times seven-fold, making us more agile and capable of competing in the faster paced media markets.

I am also pleased to record that we completed the complex, 4-year transition from our older Arqnet2 domestic optical telecommunications network to a refreshed architecture in a new network named Arqnet3. Arqnet3 provides critical national infrastructure across our broadcast, utility and corporate services. Completing this project while maintaining service for our customers was an important achievement by the team and demonstrated our commitment to providing long term resilient equipment for our terrestrial and satellite customers.

Corporate Governance and Sustainability

This year, we also took decisive steps to reduce our business risk profile. We completed a pension buy-in for our defined benefit scheme, transferring liabilities to a new insurer; established an insurance captive to better manage our insurance claims in light of the Bilsdale fire; and initiated a programme to optimize our real estate portfolio.

Sustainability is an area of increasing importance for us, our customers and wider society. In line with industry practice, we adopt an Environmental-Social-Governance (ESG) framework, which is covered in more detail below. For the environment component, one of the main things we are focusing on is reducing our direct emissions (known as Scope 1) and indirect emissions (Scope 2). We have an ambitious target to be net zero by 2040 with an interim target for our scope 1&2 emissions to be net zero by 2031. This will come from a combination of reducing our emissions by a third and two thirds coming from buying renewable electricity. Since April 2024, we purchase 100% green energy through Carbon Trust verified schemes.

Our wider sustainability strategy covers a broad range of initiatives; from company-wide schemes such as replacing equipment with more energy efficient alternatives, transitioning our vehicles to electric and decommissioning end-of-life networks, to smaller more local proposals including reducing the use of paper and plastic in the office to planting trees and rewilding initiatives on our grounds.

Our commitment to sustainability was recently recognized with a silver rating in the EcoVadis ESG survey, placing us in the top 15% of participating businesses.

Acknowledgements

I want to extend my deepest gratitude to our colleagues, whose dedication and resilience have been instrumental in navigating this complex environment. Our people are our greatest assets, and we continue to focus on their wellbeing to ensure they can perform at their best. This year we launched a holistic approach with initiatives covering physical, mental, social, professional and financial wellbeing. It is always nice to see this sustained commitment and effort being recognised by being named Britain's Healthiest Workplace in 2023.

Looking Ahead

As we move forward, Arqiva is well-positioned to capitalise on emerging opportunities in both the media and utilities sectors. We remain committed to driving innovation, supporting our customers, and delivering sustainable growth. I am confident that we remain on course with our Vision 2031 journey and that we will achieve even greater success in the year ahead.

Shuja Khan

Chief Executive Officer

September 2024

Arqiva Business Overview

Arqiva's performance takes place against a backdrop of change in the political and regulatory environment shaping our sectors. The Media Bill was passed into law in May 2024, representing the first major update to media legislation in 20 years, updating the legislative framework for many Arqiva broadcast customers. The BBC licence fee framework however remains unchanged, with the new Labour Government not expected to make any changes before the end of the current licence term in 2027. May 2024 also saw OFCOM release its report in the future of broadcast TV, this is covered in more detail on page 20.

In utilities, the water sector economic regulator, Ofwat, has released its draft determinations for company business plans for the next regulated price period, 2025-2030. These would deliver the largest investment programme since privatisation, pending Ofwat's final determinations. This includes the delivery of over 10 million smart water meters. The sector is targeting performance improvements across multiple areas including leakage, per capita consumption, pollution incidents, drinking water quality, and supply interruptions, creating significant opportunities for technology and connectivity solutions that drive improvements.

Our business is strategically positioned to meet the demands of our customers across both sectors as they adapt to change in policy and regulatory requirements. These two significant events are setting the scene for Arqiva's future business development. We will continue to work hard to support our long-term strategic media customers, whilst developing new opportunities in new media markets. In addition, the current water industry investment rounds provide potential for Arqiva to leverage its smart metering capabilities and help to deliver Ofwat's improvement agenda.

Turning our attention to the year that has just passed, the Group has delivered a solid performance this year despite strong market headwinds and a tough competitive environment. The Group's overall revenue has increased by 5.2% to £645.2m mainly driven by RPI linked contracts and increased sales in smart devices, following pandemic related component shortfalls in prior years that we are no longer experiencing. Our profit has been impacted by increased power costs and higher headcount costs. We have seen macro-economic wage inflation pressures and the growth into new media areas has come at a cost as we have looked to transform our talent base in specific technical areas.

Our Media and Broadcast business function has seen growth in its revenue due to the longstanding RPI-linked contracts. However, this increase has been partly offset due to a number of factors: a reduction in DTT channel sales, lower pricing on contract renewals and the loss of some customers entering administration.

We are pleased to announce that the Bilsdale broadcast site is now fully operational having fully restored TV services by June 2023 and radio services by January 2024 following. We have received the final insurance payment resulting from additional build cost and service disruption.

As a business, we have seen a significant rise in our power costs this year due to continued market volatility. This increase is partially negated by the pass through of power charges to media customers. Last year, we benefited from an established hedging strategy for power purchases that allowed us to secure below market pricing to March 2023. However, as these contracts have come to an end, we have been exposed to higher power costs. We reestablished an effective hedging strategy in the latter stages of the year, with layered longer-term contracts providing a stable cost base going forward. Additionally, since April 2024, the Group now purchases 100% green energy through Carbon Trust verified schemes.

In our SUN function, we are pleased to have signed an agreement with CSPN for scale and optimisation work on the network. Some initial milestones have been completed in this financial year and the bulk of the revenue will be recognised in FY25. In addition, we have seen an increase in sales of our energy and water devices, although these generate low margins due to increased third-party procurement costs.

In 2024 Arqiva continued its journey to transform the technology function and focus on media content delivered through cloud computing. This has driven a step change in what we do and how we do it. Alongside re-skilling and developing our in-house capability around process management, agile ways of working and specific cloud computing skills to develop the new products we are launching, we are also hiring in new talent and some short term support to accelerate our time to competency.

During the year, the Board has undertaken a number of activities to reduce the overall risk profile of the business and improve its risk management processes. We have worked with the pension trustees and completed a pension buy-in for the defined benefit pension scheme, thereby transferring the liabilities and assets of the scheme to the new pension insurer. We have established an insurance captive, which came into effect from the renewal date of 01 July 2024, as such there were no *incurred but not reported* losses *(IBNR)* as at 30 June 2024. The insurance captive helps to provide better coverage at lower rates by accessing the reinsurance market. We have also identified a number of land and building assets that are no longer needed for operational reasons and aims to maximise the gain on their disposal over the coming years.

As a business, the number of colleagues participating in our employee surveys is up 5% and we continue to see high levels of engagement across all functions of Arqiva. We have an energised workforce and have seen incredible participation during this year's Arqiva Challenge. This is an annual company-wide event that sees volunteer employees take on demanding physical challenges. We are delighted and proud to have been voted Britain's Healthiest place to work 2023.

Business model

Enabling a switched-on world to flow

Arqiva is at the heart of Media and Broadcast and Smart Utilities Networks in the UK; providing critical data, network, and communications services.

Arqiva works in partnership with its customers, delivering vital connectivity. We are building and operating the complex ecosystems and infrastructures through which data and content can move effectively, securely and sustainably at scale – whether that's through media broadcasting and transmission services, or smart networks for energy and water.

Arqiva earns revenue from its customers through the provision of network access and transmission service as well as fees for engineering services and new projects. Arqiva's services tend to be mission-critical for its customers, providing the network coverage necessary for the fulfilment of their requirements for their licensed services to be provided in each licensed area. Arqiva delivers broadcasters' services to their agreed coverage and availability requirements.

Arqiva's assets, operations and markets are predominantly within the UK and our business is predominantly focused on the UK Market. We currently have a small overseas footprint, and so have had minimal exposure to international markets and foreign exchange. However, this is evolving as we have established new business development roles in targeted markets, aimed at growing our cloud based global media management services.

Arqiva has invested significantly into capital infrastructure and has £1,190.1m of property, plant, and equipment as at 30 June 2024. Our transmission upgrade and sustainability programmes aim to replace equipment with modern more efficient, and less power intensive alternatives, helping to reduce our overall power consumption and emissions, supporting our drive to Net Zero. We have also increased our investment in IT and software as we look to the future and the development of the Arqade cloud media management products.

Arqiva is financed through a mixture of equity and long-term debt, with an average maturity debt profile of over 4 years. The Group's senior debt also benefits from an investment grade BBB+ rating from Standard and Poor's and BBB from Fitch.

Arqiva operates through two main commercial functions, Media and Broadcast and Smart Utility Networks supported by non-revenue generating Operations, Technology and Corporate functions.

COMMERCIAL

Media and Broadcast

This function consists of Terrestrial Broadcast TV and Radio, Digital Platforms Multiplex, UK Direct-to-Home satellite (DTH) and Global Media segments.

Arqiva is the UK's only supplier of national terrestrial television and radio broadcasting services and our Digital Terrestrial Television (DTT) network allows more than 16 million households a means to access TV.

Our radio infrastructure supports a range of services across the UK with over 300 stations on DAB and over 460 stations across FM, AM, and MW.

Sector Snapshot

Media and Broadcast services remain incredibly important for viewers and listeners in the UK. Even as viewing habits change, Ofcom reports that 75% of people continue to watch broadcast content every week. 9 out of 10 UK adults listen to over 20 hours of radio each week.

In recent years, the UK has seen the emergence of alternative viewing platforms. Hybrid platforms leverage the reach and cost effectiveness of DTT to deliver the Free-to-Air (FTA) services with interactive services typical of IP, such as catch-up and on-demand. The increase in "pay-lite" services (e.g. Netflix, Amazon and Disney+) give consumers further optionality to combine DTT with a cheaper Over The Top (OTT) offering. This trend also supports the satellite and global media segment which has been providing IP streams and video-on-demand processing services and has in recent years invested in cloud-based delivery services.

Media and Broadcast at Arqiva

The Group benefits from a regulated position as the sole UK national provider of transmission services for DTT broadcasting, the most used TV platform for the consumption of linear and live content in television homes across the UK. The Group operates all television transmission sites used for DTT broadcasting in the UK, with over 1,450 broadcast transmission sites of which 1,150 are television transmission sites, covering 98.5% of the UK population. Through its Digital Platforms products, the Group is also the UK market leader for the provision of access to the DTT platform for broadcast channels, operating the licence for two (of six) DTT Multiplexes used for transmission of DTT services in the UK. The Group's DTT Multiplexes have 32 streams carrying 43 channels including full-time 24/7 TV channels in addition to part-time and radio services. We are enabling leading broadcasters such as Sky, Warner Bros, Discovery, and UKTV to deliver broadcasting content using its channel capacity.

DTT, through the subscription-free platform, Freeview, enables the public service broadcasters ("PSBs") to meet the obligation under their licences to extend coverage to 98.5% of the UK population.

While consumer preference indicates rising use of OTT services, popularly known as streaming services, FTA television retains the majority share of live video viewing in the UK as per published TV viewing data. The near-universal coverage of DTT combined with both affordability and broadband coverage constraints suggest that the future is likely to remain a hybrid of FTA TV, Pay-TV & OTT with a substantial share of viewing driven by FTA TV.

The Group benefits from its regulated position as the only UK national provider of radio broadcast transmission services with a 100% national market share, covering both analogue and digital services through DAB. The Group has radio network infrastructure comprising approximately 1,700 analogue transmitters and 1,020 DAB transmitters over 690 radio sites providing coverage of up to 99% of the UK population. The Group operates the two national commercial digital radio multiplexes and holds 25 of the UK's 59 local DAB radio licences. Further, the Group is the service provider for the BBC national digital radio multiplex. The Group intends to support its customers and the industry by continuing to develop digital DAB radio as an attractive medium for listeners and is planning for the expected eventual phase-out of analogue (AM closure is expected to be phased over time and completed before 2030 while there have been Government statements of support for no FM switch-off before 2030), and positioning DAB as the default replacement network for analogue services.

The Group's UK DTH satellite and global media business is a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels uplinked for DTH satellite broadcast. The Group provides services to c.24% of fully managed channels for UK DTH. The Group operates more than 80 uplink dishes in five teleports (ground stations that act as a hub to connect a satellite network to a terrestrial telecommunications network), accessing more than 25 satellites and delivering media content to five continents. Arqiva procures third-party ground-based teleport services where a line of sight to a satellite cannot be achieved from its UK assets.

This infrastructure enables the Group to provide customers with a comprehensive range of services to deliver their data, broadcast content and media services internationally. In addition, the Group provides encryption, multiplexing, up linking and satellite space to channel operators through its global media distribution offering. The Group also provides video-on-demand, streaming, metadata management and other OTT and cloud-based services. In addition the Group provides network connectivity capabilities at over 300 key media and broadcast locations delivering content in the UK through its own optical and IP enabled networks and to the five continents around the world through leased access to a third-party global fibre network.

Media and Broadcast contributes significant and stable cash flows to the Group with a long-term order book of £2.4bn (2023: £2.6bn), the major TV contracts are RPI-linked and include contracts running as far as 2035, and so a significant portion of revenue is RPI linked.

Smart Utilities Networks

The SUN function covers two principal markets, Arqiva is the exclusive metering connectivity provider to electricity and gas companies in the North of England and Scotland and we are also the provider of utility meter monitoring systems to help reduce water wastage and supporting sustainability.

Sector snapshot

Ambitious environmental and sustainability agendas from regulators are driving change across the utility sectors, providing huge opportunities for growth. Today less than 10% of UK premises have a smart water meter, and less than 30% have a smart energy meter. With 20% of water lost through leakage, our water customers are focused on reducing leaks as well as eliminating pollution caused by sewer flooding. Smart meters are providing an opportunity to meet sustainability targets through reducing the UK's overall greenhouse gas emissions, including up to 0.5% from smart water meters on their own.

Smart Utilities Networks at Arqiva

Digital technology means that we can now get a much better handle on how much gas, electricity and water we all consume. That's the first step in using less of it, something we all have to do if we're going to live sustainably on the planet. Arqiva works across the utilities sector to make this happen. Through our efforts, energy and water grids and meters are getting smarter, meaning more control, and less wastage.

For energy and mobility companies, satellite operators, government organisations and telecoms providers, secure networks are vital. Arqiva utilises global satellite, teleport and fibre networks to support communications for these areas. With coverage that spans the globe, we build customised end-to-end solutions that offer reliable data communication.

Arqiva generates revenues with respect to the build and operation of the smart 'machine-to-machine' networks and other data transmission services applications. With a continuing focus on innovation and market opportunities, Arqiva is embracing the fast-developing machine-to-machine sector, particularly for utilities, using our Flexnet network solution across our smart metering contracts. The Group has invested in building machine-to-machine networks, which support major energy metering contracts spanning 15 years and covering more than 10 million premises. Over 3.5 million have already been installed by Arqiva through the Communications Service Provider (North) contract with the DCC. Arqiva has invested substantially in infrastructure to support these contracts, which now results in recurring cash flows during the long-term operational phases of the network delivery.

The utilities business remains a key part of the Arqiva business. It is a strategic priority for growth due to the forthcoming Ofwat investment determinations. The SUN function has the potential to become the UK's leading smart utilities network provider. In this area we are supporting our customers in being able to achieve their net zero carbon sustainability agendas including in the water market. The UK has seen the adoption of Advanced Metering Infrastructure ("AMI") by major water companies due to regulatory and societal pressures on reducing customer-end leakage and domestic consumption. Arqiva has a significant proportion of the addressable AMI market, having already installed over 2.3 million AMI meters for Thames Water, Anglian Water and Northumbrian Water. The Group is the market leading provider of AMI metering networks at scale. The Group also offers satellite data communications for electricity distribution networks.

Following the sale of the telecoms business to Cellnex, we implemented a revenue share agreement for the use of broadcast sites for telecommunications equipment and transitional services. This is included in Utilities revenues.

The SUN products have an order book of £0.5bn (2023: £0.5bn), with contracts running as far as 2050. The Water industry is actively running multiple RFP processes for smart metering investment programmes, for the next 5 year-AMP[3] 8 period. Arqiva is actively participating in multiple bids with a view to increasing its market share of smart water metering.

OPERATIONS

The operations team is responsible for the efficient operation and maintenance of all Arqiva sites, the Operations function provides in-life support for our media and broadcast, utilities, and internal IT systems to ensure they are delivering to our customers' requirements.

Our field engineering services help to deliver corrective maintenance, preventative maintenance and project works across our broadcast and utilities transmission systems, antennas, structures and satellite/links infrastructure. Additionally, the operations function provides management of inventory and logistics, changes, configuration and sites and structures as well as cyber security, disaster recovery and network operations.

Also within the Operation function is the Group's Resilience and Risk team. This incorporates Safety, Health and Environment, Business Continuity and Sustainability specialist teams.

The Operations function is a non-revenue generating area and incurs costs in the provision of these management and support services.

TECHNOLOGY

Our technology function operates across the business comprising engineering, product management, product marketing, information security, data and insight and transformation. In addition we have reallocated the delivery teams following the dissolution of the Simplification function in 2023.

CORPORATE

Corporate functions at Arqiva comprise Finance, Procurement, Strategy & Regulatory, Legal and People and Culture providing support services across the business.

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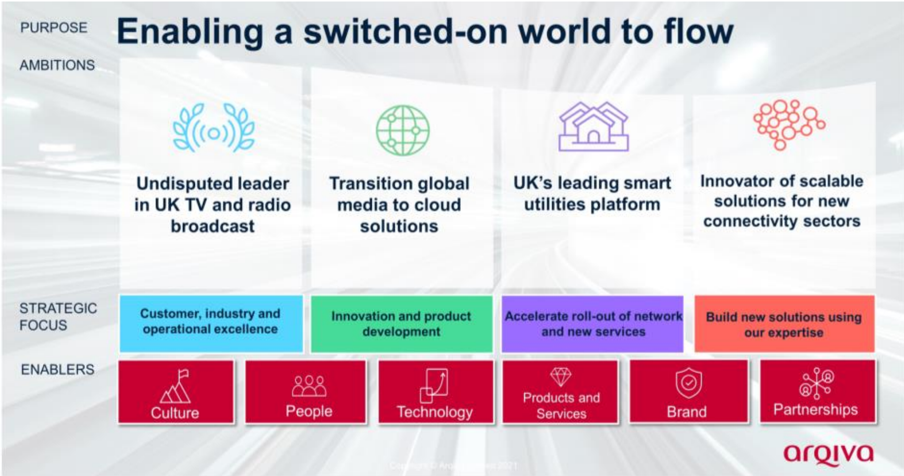
[3] The AMP is the Ofwat Asset Management Plan period, which is used to determine the pricing review, the next review is AMP8 and covers the 2024 price review.

Strategic Overview

The Group's strategic focus is Vision 2031. We have four key ambitions each with a related strategy and supported by key enablers to deliver them.



Each ambition has a number of priorities in order to help achieve the vision, as shown below:

To be the undisputed leader in UK TV and radio broadcast

- Deliver sustainable TV and Radio broadcast, protecting and focusing on customer and operational excellence and managing capacity and margins to maximise revenues, ensuring that the value we bring to society is understood,
- Leverage our scale and the cloud, enabling industry efficiency by supporting our customers to move to more cost-efficient and increasingly flexible models,
- Expand services and drive renewals, delivering greater value by selling across our portfolio of services and creating long-term partnerships while also developing value-added services in new areas.

To transition global media to cloud-based solutions

- Scaling IP and cloud-based services; investing in building broadcast quality cloud processing and extending our footprint in live /events content,
- Becoming the go-to choice for our partners in cloud distribution so they can better manage their global content flows across all formats,
- Growing multiplex service, using our infrastructure to provide virtual, cost-effective, and scalable services to TV cable operators outside of the UK.

To be the UK's leading smart utilities platform provider

- Leading in connecting UK smart meters, maintaining market leadership, and scaling our operations to drive and accelerate the roll-out of domestic smart meters,
- Broadening our product offering, developing new value-added data-driven services in monitoring and control, that reduce energy use, water wastage and pollution,
- Diversifying through forging partnerships and widening technology choice, to deliver new hybrid connectivity solutions and real time network monitoring.

To be an innovator of scalable solutions for new connectivity sectors

- Working with partners, building new solutions for new and emerging sectors that have growing and more complex connectivity needs including:

  Creating services that make the most of our infrastructure,

  spectrum and satellite expertise, to support development of the Low Earth Orbit (LEO) satellite sector and its related services.

  Internet of Things (IoT) opportunities across multiple sectors as they develop.

Progress in 2024

Growing the business: Alongside our core product offerings of TV and radio broadcast and utilities networks, we are developing and strengthening our technology team to better support our Media & Broadcast function. We have recruited a new director of Product, a new director of Enablement and a new director of Data and Insight. Together their roles will focus on meeting the ever-changing demands of our customers. Their primary attention is on our cloud-computing content-exchange platform, Arqade; they are already developing new ways of working to better serve our customers' rapidly changing needs, through reduced customer onboarding times and improved customer journeys.

Within the SUN function, a number of market opportunities have been identified including digital transformation of the utilities sector and the requirements to meet regulatory targets. To support this, new products have been developed providing a managed sensors proposition to monitor utilities networks including sewer levels and water quality. We are enhancing our data analytics services to interpret the data from both meters and sensors and provide more meaningful insight for our utility customers. We have been actively working with new and existing water customers, to better understand their needs and position us to bid for new work during the water industry's 5 yearly investment cycle.

Culture: Our growth and simplification plans are underpinned by living our culture. Established in the prior year, we have continued to drive our culture goals of Accountability, One Arqiva and Curiosity in order to enable high performance, high engagement, innovation, agility and empower our people.

Health and Wellbeing: We place a high importance on the health and wellbeing of all our colleagues. We are delighted to have been awarded the Vitality 'Britain's Healthiest Workplace - Winner 2023'.

Business Update

The focus of this financial year has been one of consolidation. Following the roll out of Vision 2031 and conclusion of our simplification programme, the group has looked to embed the key enablers to help realise its strategic goals. We have reviewed our technology function and are developing the key capabilities required to help support our longer-term aspirations.

The Group's contracted order book for continuing operations was £2.9bn at 30 June 2024 (2023: £3.1bn). A significant proportion of the value of the order book relates to medium to long-term contracts, which includes DTT and radio transmission and smart energy and water metering, as well as other infrastructure services. The decline in the order book reflects the unchanged nature of the transmission business. However, the Group remains focused on growth opportunities in targeted core infrastructure areas such as smart utilities, as well as diversification in new product launches as noted above.

Media And Broadcast

DTT Multiplexes

The DTT platform remains fully utilised despite challenging trading conditions faced by customers caused by recent volatile economic conditions.

Radio

Both national DAB multiplexes remain fully occupied with 80% of Digital 1 ("D1") multiplex capacity being contracted to 2035.The second national multiplex also has a large number of contracts secured until its current licence end date of 2028. We continue to see strong interest in national DAB and some large local DAB renewals have been signed.

Whilst the radio advertising market in the past 12 months has been challenging there are signs that the market is stabilising. Despite this market backdrop, the year saw significant contract renewals with over £200 million of total contract value signed, securing business out to 2035.

A number of our large FM contracts were extended to 2030, with negotiations ongoing on several other FM networks for renewals to 2030 and beyond. We continue to see disposals across the AM platform as AM listening continues to decline, this is consistent with our long-term planning expectations.

Direct to Home (DTH)

At the year end, the DTH platform remained close to full capacity following large renewals for up to 5 years, with contracts secured in the final quarter with a global sports broadcaster, one of the major Indian multi channels operators and one of the UK's largest free to air broadcasters. We continue to see interest for further channel launches on the platform.

Media Management Products

Arqplex: the Group's cloud multiplexing deployment, is in service, supporting 5 disaster recovery systems for ITV. A second customer deployment for another Public Service Broadcaster (PSB) Arqplex system has been deployed and is due to be in service during this year.

Arqade: Arqiva's cloud-based video content exchange product launched in 2022, enabling media companies to interchange their content with multiple platforms efficiently across the world. We currently deliver all NBC Universal Group's feeds outside the Americas (45 channels) via Arqade.

Arqads: Arqiva's addressable advertising solution, is powering new customer services for Sky Adsmart; development of features to support targeted advertising on Freeview is underway. The Arqads platform hosts a portfolio of channels supporting two major media organisations this helps them to monetise their channels more effectively on the Sky Platform.

There remains an exciting growing pipeline of potential customers across all of these products, and we are actively bidding for a number of formal opportunities with UK and international customers. To date we have secured a number of contracts across this new range of products.

Regulatory Environment

This year has seen a number of activities by the DCMS that have direct bearing on the Arqiva media business. In December 2023, the previous Secretary of State for Culture, Media and Sport announced that the DCMS will, with support from a panel of experts, lead a review into the sustainability of the BBC's current funding model, with the aim to report to the Secretary of State by Autumn 2024. The review will not impact the current Charter, which extends until 31 December 2027, but will inform the next Charter Review, which is when decisions on the BBC's funding model will be made. Formal public consultation will be launched as part of the Charter Review itself.

On 24 May 2024, the Media Act 2024 received Royal Assent. While various aspects are yet to be implemented, the Act introduced a range of provisions to modernise broadcasting regulation and support public service broadcasters. These include measures to provide public service broadcasters with the flexibility to fulfil their remit across a range of services, provide prominence for public service broadcasters on connected devices, broaden the scope of the listed events regime to apply to public service broadcasters on-demand platforms, reduce regulatory burdens for commercial radio stations, and protect radio's position on voice-activated smart speakers. Arqiva will engage with Ofcom through consultation processes as the regulator progresses with implementing changes brought by the Media Act.

In May 2024, Ofcom published a report on the future of TV distribution, following a request from the Government for an early review of market changes impacting distribution across platforms in its 2022 Broadcasting White Paper. Ofcom's report looks at how the market could evolve over the next 10-15 years and outlined broad approaches for consideration by industry and Government on the future of TV distribution, alongside areas of further work needed to inform policy making. Ofcom outlined the importance of the Government laying out its vision for the long-term future of free TV distribution by October 2025, to provide certainty to audiences and investors. Arqiva is in close dialogue with Ofcom and will engage with both Government and the regulator as this policy debate develops.

The World Radio Conference (WRC) 2023 took place in Dubai in December 2023. The conference determines the allocation of radio spectrum between countries. The conference saw no changes for the use of DTT's spectrum in the UK. DTT's spectrum arrangements will next be reviewed at the WRC 2031 with any review concentrated on the upper part of the spectrum used by DTT rather than the whole band.

Although the UK general election occurred after Arqiva's financial year end, Arqiva was and continues to be actively engaged with ministers in DCMS and other relevant departments as priorities for media and broadcast policy continue to evolve.

Smart Utilities Networks

Regulatory Environment

Ofwat, the regulator of the water and wastewater sectors in England and Wales, released its draft determinations on water company business plans for price review 2024 (the regulated price period between 2025-2030). This indicates that over 10 million smart meters could be rolled out over the period, with total expenditure allowed of about £1.5 billion. Final plans and investment will be determined by Ofwat's final determinations, which Ofwat expects to publish in December 2024.

In October 2023, the National Infrastructure Commission (NIC) released its Second National Infrastructure Assessment, which takes a 30-year view of the UK's infrastructure needs and provides recommendations to the Government on how to meet these needs. The NIC recommended the Government enable water companies to implement compulsory metering and require companies to systematically roll out smart meters. In the NIC's Infrastructure Progress Review, released in May 2024, the NIC reiterated its call for smart water metering and stated that companies and regulators should ensure that smart meters' data recording and data collection is appropriate to secure effective demand reductions. The Government is expected to respond to the NIC's Second National Infrastructure Assessment by the end of October 2024.

Following the 4 July General Election, the new Government announced several measures for the water sector aimed at cutting sewage spills and securing investment in upgrading infrastructure. These measures include securing agreement from Ofwat that funding for infrastructure is ringfenced, water companies making the interests of customers and environment a primary objective in their articles of association, the introduction of new consumer panels to hold water companies to account and the strengthening of compensation for households and businesses when basic water services are affected.

The Government also announced through the King's speech its intention to introduce a Water (Special Measures) Bill. This Bill would introduce measures to make water company executives criminally liable for breaches of the law, give the water regulator new powers to ban the payment of bonuses if environmental standards are not met, bring forward a new code of conduct for water companies, introduce new powers to bring automatic fines, and require water companies to install real-time monitors at every sewage outlet with data independently scrutinised by water regulators. These developments present an excellent opportunity for Arqiva's connectivity proposition beyond the smart meter across the water sector.

Anglian Water

Since the award of the Anglian Water contract in June 2020, the Group has deployed over 900,000 meters. The pace of network rollout continues to accelerate with a joint plan to complete all sites, supporting 1.1m meters, before the end of the 2020-2025 regulatory period. Anglian have launched their 2025-2030 procurement process with the process conclusion expected in September 2024.

Thames Water

Since April 2015, Arqiva has delivered a smart metering network for Thames Water and in January 2024 achieved delivery of over 1m meters. This is the largest smart water metering network in the UK and has high coverage across the Thames Water London region. Arqiva continues to engage with Thames as they develop their plans for both London and the Thames Valley.

SGN Hybrid Connectivity

Arqiva has signed a 5 year contract with SGN to provide connectivity solutions for 230 of their sites with ongoing discussions exploring a further expansion for their network and for solutions with other gas and electricity operators.

Other Smart Water Metering Procurements

Ofwat's draft determination has confirmed the larger than expected opportunity for smart metering. Ofwat is also proposing a regime based upon the data performance of meters delivered rather than just the number of meters installed which is helpful to Arqiva's 'premium' positioning.

Beyond the Meter

Ofwat's draft determination confirms the considerable increase in investment in both wastewater and WINEP (Water Industry National Environmental Programme). This signal increased requirements for various water sensors across water and water metering.

Smart energy metering rollout

The Group's smart metering communication network in the North of England and Scotland continues to cover 99.5% of eligible premises. There are currently over 3.2 million communications hubs operating on the network representing circa 25% of the total UK communication hub installations. Continued volatility in global energy markets combined with domestic initiatives to address the increasing need for a more flexible and data driven energy system, creates the need for considerable change and places new additional demand on our solution. A strong relationship continues to be had with consistent operational and commercial performance. Delivery of an expansion in capacity to support the additional traffic and network demands now forecasted to occur is progressing to plan with further evolution of the service being evaluated.

The DCC is transitioning to a new regulatory model, where it will operate its core business on a not-for-profit basis in the next licence period, as the company has reached maturity and is operating at scale. These changes will not affect Arqiva's contractual relationship with the DCC.

Corporate Update

Defined Benefit Pension Scheme: Arqiva has historically operated a Defined Benefit Pension Scheme, which was closed to future employees in 2016. Following the scheme closure, the Group has been making material cash deficit recovery contributions to the scheme to address the plan's funding shortfall. A combination of the recovery contributions and favourable changes in the economic environment have resulted in surplus funding positions in recent years. The scheme has therefore taken an opportunity to complete an insurer backed buy-in transaction covering the whole scheme. The buy-in transaction completed in April 2024. The insurer buy-in de-risks the funding of future liabilities and considerably reduces the Group exposure to future funding contributions.

Bilsdale Mast Fire

The construction of a permanent 300m replacement mast was completed at Bilsdale. Television and radio services went live in May 2023 and January 2024 respectively, re-establishing service coverage for the region. As a result, all broadcast services have now been restored to the main Bilsdale mast. Service credits have been agreed or settled with most customers whose services were disrupted as part of this incident. In addition, the final insurance payment was also received, bringing to conclusion that part of the business recovery. See page 27 for further information on the financial impacts of the fire.

Sustainability

Arqiva continues to progress with its target to achieve net zero carbon emissions for scope 1 & 2 emissions by 2031, by reducing energy consumption across its broadcasting infrastructure. Other initiatives to help reduce our emissions include scheduling of engineering tasks to reduce miles travelled to site and repeat visits and the optimisation of heating and lighting systems in our main offices. In April 2024, the Group commenced purchase of electricity with renewable energy guarantee of origin certification from April 2024 from our main supplier.

More recently, the Group has completed the EcoVadis ESG survey and was awarded a silver rating putting Arqiva in the top 15% of participating businesses.

Management Changes

Nicola Phillips was appointed to the role of Chief Legal Officer in July 2023. Nicola was previously with Parker-Meggitt, where she was Deputy General Counsel (UK & EMEA) & Director of Legal Operations. Nicola is also appointed as Company Secretary and sits on Arqiva's Executive Committee reporting to CEO Shuja Khan.

Adrian Twyning, Chief of Operations, left the business at the end of the 2024 financial year. In his three years at Arqiva, Adrian brought a focus around operational excellence and delivery, leading on a number of substantial projects. While a formal recruitment process is underway, Mark Steele has been appointed Interim Chief of Operations.

Energy Hedging

Arqiva has historically been protected from spikes in energy prices through long-term forward energy purchases made under an energy supply contract that expired in March 2023. During the year, the Group entered new forward purchase contracts at prices significantly higher than those in previous years resulting in an increase in energy costs of 77% which has had a material impact on the FY24 results.

Britain's Healthiest Workplace

Arqiva first formally introduced a wellbeing strategy in 2013 and from achieving 9th place in Vitality Health's Britain's healthiest workplace survey in 2015, Arqiva has worked its way up the rankings (3rd in 2017, 5th in 2019 and 2nd in 2022) to finally win the category for large organisation, 1000+ employees, in the 2023 survey (announced Jan 2024). This external recognition not only demonstrates our ongoing commitment to the health and wellbeing of all of our employees but also our desire for continued improvement in this area.

Refinancing

In July 2023 the Group successfully refinanced £172m and £90m of the EIB and ITL senior debt that was due to mature in January 2024 and June 2024 respectively. The early repayments were financed by the Group issuing $118m of amortising USPP notes and a £250m 5-year public bond. Simultaneously, the Group rebalanced its interest rate swaps portfolio to maintain compliance with the hedging covenants. Following the refinancing, the Group's senior debt continues to be rated BBB+/BBB by S&P/Fitch.

Financial review

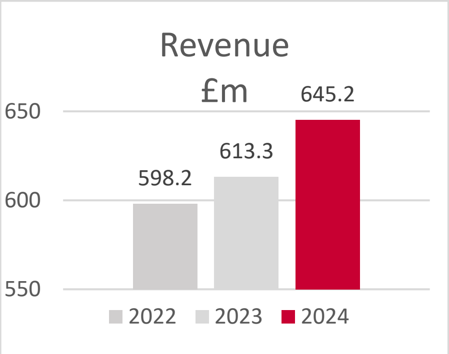
Financial Performance

This review contains a summary of the financial performance for the year ended 30 June 2024, and presents Arqiva's key financial performance indicators[4] alongside it. Other non-financial KPI's are included on page 33.

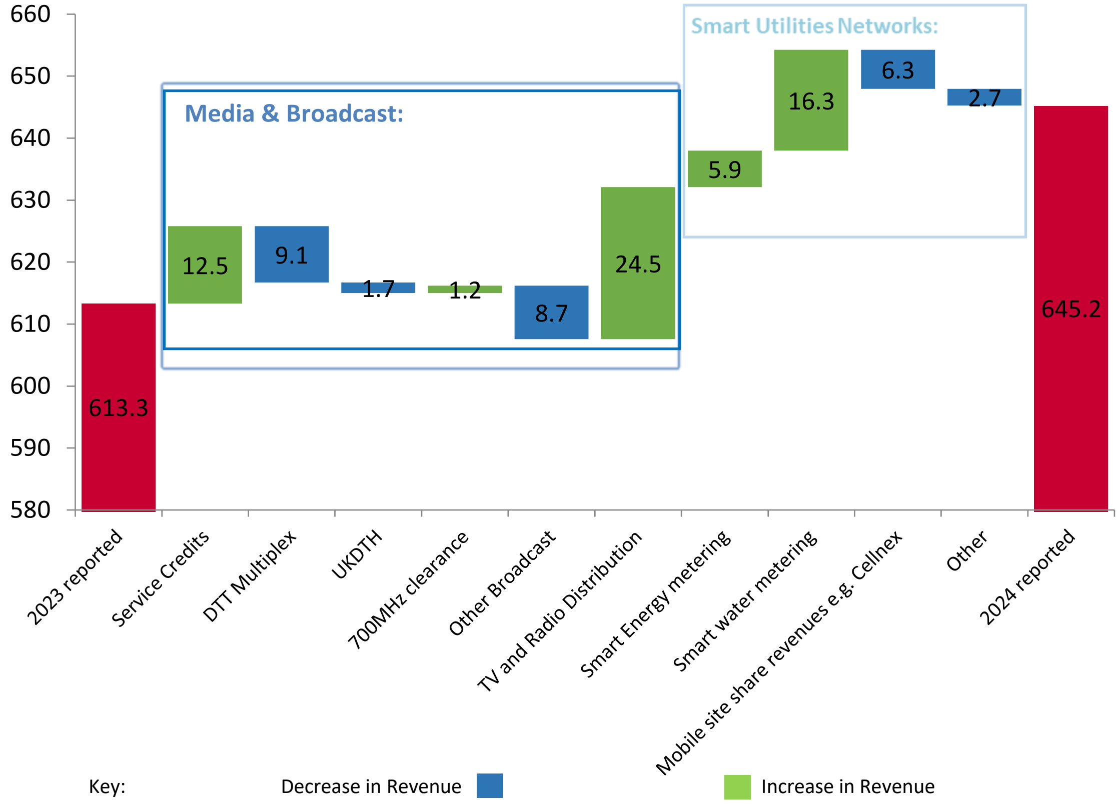
Financial KPI: Revenue[5]:

For the year ended 30 June 2024, revenue for the Group was £645.2m, an increase of 5.2% from £613.3m in the prior year. Whilst both of our business functions have seen growth this year, we have seen a larger relative growth in our SUN function of 8.6%, compared to Media and Broadcast of 4.1%.

Revenue by market area	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m	Variance %
Media and Broadcast	481.3	462.4	4.1%
Smart Utilities Networks	163.9	150.9	8.6%
Total Group Revenue	**645.2**	**613.3**	**5.2%**

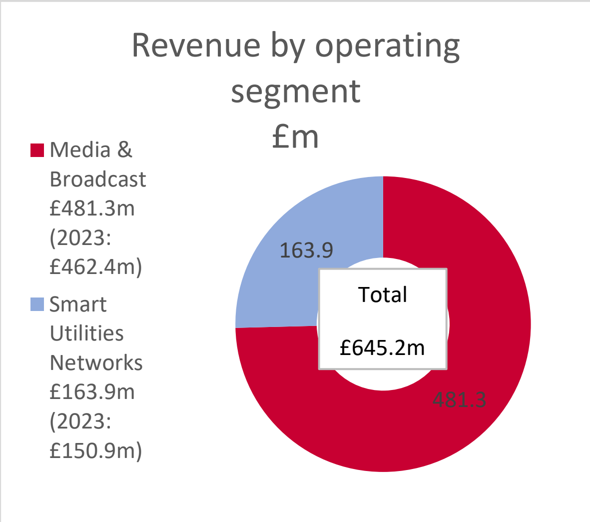


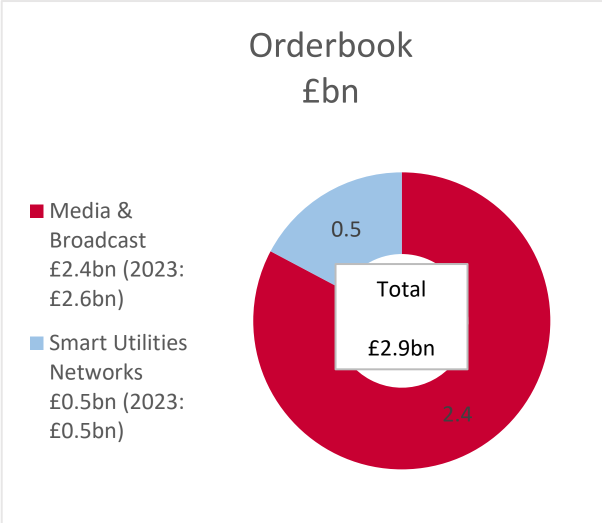
The in-year movements are illustrated in the following revenue chart:



4 *As noted in the revenue definition, revenue is presented in accordance with IFRS 15. Operating cash flow after capital and financial investment activities is a non-GAAP measure and refers to net cash flows from operating activities less cash flows from investing activities per the cash flow statement excluding interest received. See page 30 for a reconciliation to cash inflow from operating activities.*

5 *Definition: revenue is accounted for presented in accordance with IFRS 15.*





Media and Broadcast

Total Media and Broadcast revenue has increased by 4.1% year on year from £462.4m to £481.3m. Our core broadcast TV and radio distribution products have remained strong and stable during the year with RPI linked inflationary increases on long-term contracts as well as the passthrough of a proportion of power costs to customers.

This increase has been partially offset by the impact of pricing pressures on renewals across the Group's DTT channels. We have also experienced a number of channel vacancies following customer administration and non-renewal due to challenging customer trading conditions. However, our commercial DTT multiplexes have remained fully utilised throughout the year, following the launch of replacement customer channels. Although our managed media services product has also experienced year on year decreases due to customer terminations.

Our final revenue figures have also been impacted by the settlement of customer service credits arising from the service disruption at our Bilsdale broadcast site, £2.8m in this financial year (2023: £15.3m). Because we already had a significant provision for expected settlement payments, we were able to offset this against the latest tranche of payments, so the net impact of payment was lower this year compared to prior years. See note 7.

As discussed in more detail below, we have seen higher power costs this year. A large percentage of these costs are passed through to our customers in cost of sales and as a consequence we have experienced higher revenues from power passthrough.

Smart Utilities Networks

The SUN function has seen an 8.6% increase in revenue year on year, from £150.9m to £163.9m. This is mainly due to the increased volumes of device sales across water and energy metering contracts.

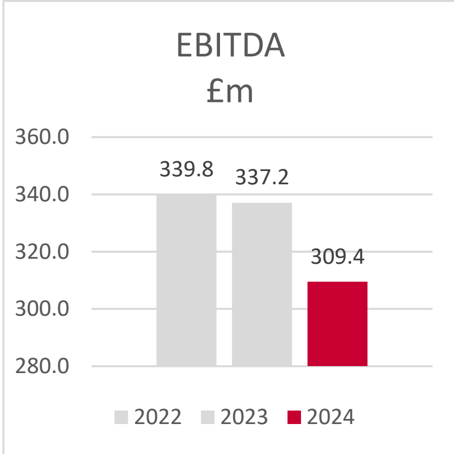
Strong growth in water metering has been driven by the roll out of additional network sites and increased sales of devices. Device sales have been particularly strong on the Thames Water and Anglian Water contracts, clearing much of the supply backlog following post-pandemic component shortages. This year we have also benefited from a significant one-off change request for the scaling and optimisation work on the CPSN network.

The SUN revenue also includes site share revenues relating to the utilisation of broadcast sites for telecommunications equipment as well as transitional services that have been provided following the sale of the telecoms business to Cellnex. Last year we benefited from a one-off Cellnex transaction that has not been repeated in FY24.

Financial KPI: EBITDA[7]:

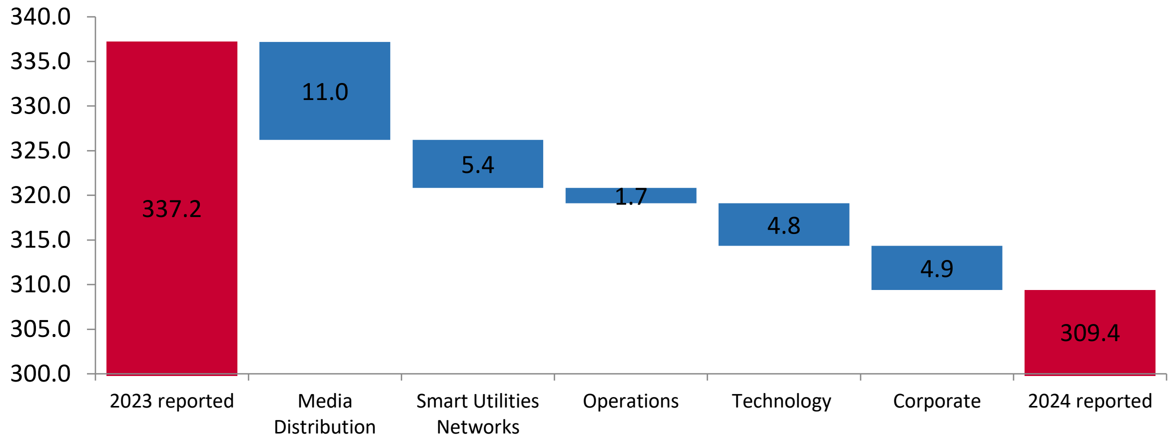
Total EBITDA was £309.4m, a decrease of 8.2% compared to the prior year of £337.2m.

EBITDA by market area	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m	Variance %
Commercial			
Media and Broadcast	*341.3*	*352.3*	*(3.1)%*
Smart Utilities Networks	*65.5*	*70.9*	*(7.6)%*
Total Commercial	406.8	423.2	(3.9)%
Operations	(25.0)	(23.3)	(7.3)%
Technology	(37.2)	(32.4)	(14.8)%
Corporate	(35.2)	(30.3)	(16.2)%
Total Group EBITDA	**309.4**	**337.2**	**(8.2)%**



Despite the increase in revenue, EBITDA has been significantly impacted by a rise in power costs and additional people costs; the prior year benefitted from surplus bonus and incentive programme accrual releases that were not repeated this financial year.

The following waterfall chart demonstrates the year-on-year impact of total EBITDA for the Group reflecting the key financial factors:



Key Decrease in EBITDA Increase in EBITDA

Media and Broadcast

Media and Broadcast EBITDA has decreased by 3.1%, from £352.3m to £341.3m. Despite overall revenue increases, EBITDA has been eroded by several factors: the loss of high margin DTT channel customers, contract renewal price pressures, increased power costs. The dual running transition phase from Arqnet2 to Arqnet3 has also increased running costs for the M&B business.

[7] *Definition: EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that do not reflect the underlying business performance. See page 31 for its reconciliation to operating profit.*

Smart Utilities Networks

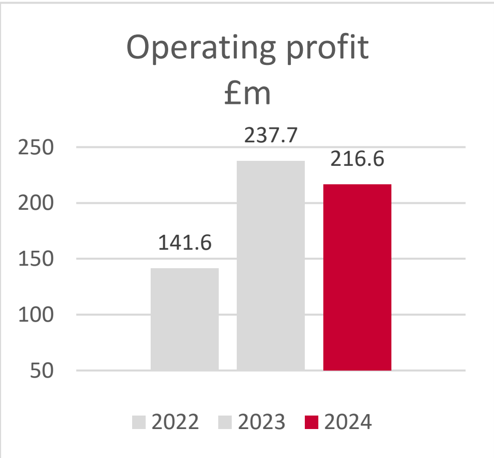
EBITDA for the SUN function has decreased £5.4m (7.6%) from £70.9m to £65.5m. Despite the increased revenues from higher volumes of devices sales, this has had minimal impact on EBITDA. The reduction in profitability year on year primarily relates to the non-recurrence of prior year one-off revenue.

Other Functions

The Operations function is a non-revenue generating part of the business responsible for the efficient operations and maintenance of all Arqiva services including field engineers, disaster recovery and network operations. The cost of the Operations function has increased by 7.3% from £23.3m to £25.0m. The increase is predominantly due to increased staff costs driven by the annual pay rise and increased headcount.

EBITDA has decreased further due to the non-revenue generating Technology function, which has seen costs rise to £37.2m, an increase of 14.8% from £32.4m in the prior year. The increase in cost is mainly due to the nature of the project work resulting in lower capitalisation of overheads in the year. Licence costs have increased reflecting more use of cloud-based software-as-a-service applications. This has been partially offset by a reduction in one-off costs incurred in the prior year in relation to the Group's digital enterprise platforms, resulting from the transformation programme and higher consultancy project costs.

Corporate EBITDA represents costs for the support functions such as finance, strategy & regulatory, legal, HR services as well as the Executive team. Overall EBITDA has decreased as result of cost increases of 16.2% for this function rising from £30.3m to £35.2m this year. This year's costs are largely in line with the prior year, with an increase due to higher insurance costs. However the prior year's results also benefitted from the release of surplus bonus and incentive programmes accruals.



Operating expenses have increased reflecting the wider cost of living and wage inflation pressures. Headcount has also been increased to support business growth, fill prior year vacancies and to reduce reliance on higher cost contract staff. Additional consultancy fees have been incurred in the year to support the development of growth strategies and target market assessment.

Capital expenditure has grown in line with new business and renewal sales activity. Maintenance expenditure has performed broadly in line with prior year.

The Bilsdale restoration project incurred cost overruns as a result of bad weather delays during the winter of 2023. These costs are presented within exceptional operating expenses.

In the year, depreciation has decreased by £3.4m (2024: £88.3m; 2023: £91.7m). The decrease in depreciation is driven by a reduction in accelerated depreciation, compared to prior year, particularly in connection with assets replaced under the 700MHz clearance programme. Further decreases are due to the reassessment of the calculation of depreciation in relation to the 700MHz clearance programme.

Amortisation expense has increased by 51.2% in the year, from £12.9m to £19.7m. This has been driven by an increase in the purchases of Intangible Assets and completion of assets under the course of construction, which have been capitalised during the year. This increase is linked to the scaling of growth areas of the business that use more Intangible Assets than the historic activities of the business.

Exceptional operating expenses charged to operating profit were £7.9m, decreasing from £11.2m in 2023. Exceptional costs in the current year predominantly relate to the restoration costs arising from the Bilsdale fire, restructuring and severance costs and costs associated with the one-off pension buy-in.The pension buy-in was instigated to de-risk the defined benefit Pension scheme that has seen Arqiva have to make supplementary payments to the pension liabilities. (See note 7 for further details). Exceptional operating expenses are excluded from EBITDA. A reconciliation of EBITDA to operating profit is presented below.

The Group has continued to engage with insurers regarding the Bilsdale fire. Whilst the insurers have concluded their investigations, the precise findings have not been publicly shared. A final stage payment of £16.0m was received from the insurers in the year (2023: £20.0m, 2022: £5m) which has been recognised as exceptional other income in the income statement, bringing the total insurance payments received to £41m.

Operating profit has decreased by 8.9% from £237.7m in 2023 to £216.6m in 2024. The decrease has been driven by several factors: revenue mix (high margin products, renewal price pressure and customer losses, plus growth in low margin smart metering device sales), combined with increases in cost of sales, higher power costs, and operating expenses due to the factors described above. These increases have outweighed the increase to revenue in the year. A reconciliation between operating profit and EBITDA is presented below:

	Year ended **30 June 2024** **£m**	Year ended **30 June 2023** **£m**
Operating profit	216.6	237.7
Exceptional items charged to operating profit	7.9	6.7
Exceptional service credits	2.8	15.3
Depreciation	88.3	91.7
Amortisation	19.7	12.9
Loss on disposal of fixed assets	-	0.7
Other Income	(9.9)	(7.8)
Exceptional Other Income	(16.0)	(20.0)
Total EBITDA	**309.4**	**337.2**

Finance Costs

Finance costs (net of finance income) were £320.1m, an increase of 8.2% from £295.8m in 2023. The increase is primarily driven by the increased inflation driving additional interest on index-linked swaps, combined with the first full year of interest incurred on the $118m US private placement loan which commenced in June 2023. Also included is a near full year of interest on the £250m Senior bond, that commenced in July 2023. Proceeds of these refinancings were utilised to prepay the Group’s £90m ITL and £172m EIB term debt.

We have recognised a loss of £10.6m in Other Gains and Losses (2023: £28.2m loss) as a result of fair value movements of interest rate and index-linked swaps, this is largely due to changes in forward market rates and credit spreads.

The Loss before tax for the Group was £114.1m, an increase of £27.8m from the prior year of £86.3m. The loss before tax is reported after non-cash charges of £328.7m (2023: £327.6m) as shown below:

Reconciliation between loss/profit before tax and non-cash charges/(gains)	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss before tax	(114.1)	(86.3)
Depreciation	*88.3*	*91.7*
Amortisation	*19.7*	*12.9*
Gain on disposal of fixed assets (other income)	*(1.9)*	-
(Gain)/Loss on disposal of fixed assets	*(1.3)*	*0.7*
Interest payable on amounts owed to group undertakings	*182.0*	*165.0*
Other non-cash financing costs[9]	*30.0*	*29.1*
Fair value movements on derivative financial instruments	*10.6*	*28.2*
Total non-cash charges	***328.7***	***327.6***
Adjusted profit before tax and non-cash charges	**214.6**	**241.3**

Cash Flow

Net cash inflow from operating activities was £283.0m, a 2.1% increase from £277.3m in 2023. This is primarily due to lower working capital movement in comparison to prior year which was mainly due to one-off working capital increase in the prior year not seen in FY2024. This was mostly offset by a decrease in operating profit year on year of 8.9%.

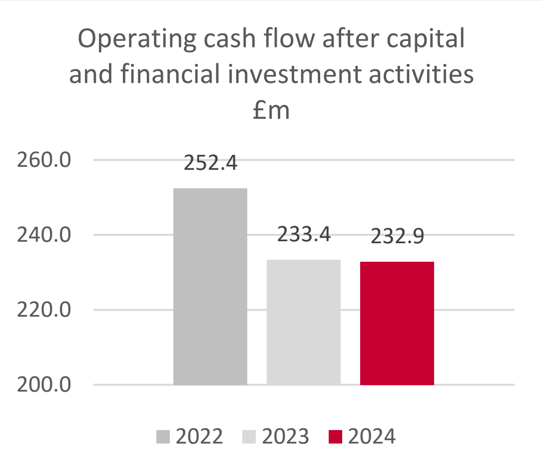
There has been a small increase in capital expenditure on the purchase of tangible and intangible assets year on year. This is driven by increased investment in Arqiva's new products and expanding utilities business. The increase was partially offset by a reduction in capital expenditure as the final stages of the Bilsdale rebuild work completed during the year, this is despite the cost overruns resulting from the poor weather in December 2023.

Reconciliation between net cash flow from operating activities and operating cash flow after capital and financial investment	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Net cash inflow from operating activities	283.0	277.3
Purchase of tangible and intangible assets	(71.3)	(64.7)
Sale of tangible and intangible assets	5.2	0.8
Receipt of insurance stage payment	16.0	20.0
Net capital expenditure and financial investment	**(50.1)**	**(43.9)**
Operating cash flow after capital and financial investment activities	**232.9**	**233.4**
Cash Conversion as a % of EBITDA[10]		
Operating cash flow after capital and financial investment	75.3%	69.2%

[9] Includes amortisation of debt issues costs, unwinding of discount on provisions, imputed interest and interest on lease liabilities

[10] Cash conversion as a % of EBITDA is a non-GAAP measure referring to the calculation of operating cash flow after capital and financial investment activities as a percentage of EBITDA.

Financial KPI: Operating cash flow after capital and financial investment[11]:



Operating cash flow after capital and financial investment activities was £232.9m, a decrease of 0.2% from £233.4m in the prior year. This decrease has been principally driven by lower operating profit compared to 2023.

The decrease was partially offset by lower working capital movements compared to 2023 and a reduction in value of working non-cash adjustments for FY24, related to a smaller service credit impact in comparison to FY23 (2024: £2.8m, 2023: £15.3m). Cash conversion levels for the Group remain strong although decreased due to movements in working capital.

Financing cash flows have reduced year on year (2024: £251.0m outflow, 2023: £442.9m outflow) owing to the different refinancing transactions and timings of loan principal repayments this year compared to last year. This year the net cash flow from new loans and loan repayments is £75.9m, with the Group receiving a cash inflow of £250m from a senior bond entered into during FY24. This was offset by the Group repaying the EIB and ITL loans in the year, £262m, in addition to partial loan principal repayments. In 2023 the financing cash flow was a net outflow of £149.1m, as last year the Groups Junior debt was refinanced with £450.0m proceeds utilised along with existing cash balances to redeem the previous £625.0m of Junior bonds. Additionally, the cash outflow in the year was lower due to a reduction in the accretion payments on our inflation-linked swaps, from £146.9m in 2023, down to £53.4m in 2024. The lower accretion payment was as a result of high inflation in the prior year, reducing throughout FY24.

The total cash flow for the year was a £15.5m outflow (2023: £207.5m outflow). This decrease in outflow is principally owing to lower repayments of borrowings and accretion impact.

Financial Position

Net liabilities were £957.5m, representing an increase of 14.0% from £839.8m in the prior year. The net liability position is primarily driven by the capital structure reflecting borrowings, lease liabilities and derivative financial instruments held. The increase in liabilities for the year is driven by the financing costs for the Group. Our assessment of going concern is set out on page 32.

Tax

The historic position with respect to the Tax Return filings for the year ended 30 June 2021, in respect of the tax treatment of an aspect of the disposal of the Telecoms business to Cellnex, has been the subject of correspondence with HMRC as described in Note 4. This has resulted in a deferred tax credit of £31.8m recognised in the year ended 30 June 2024. There are no outstanding enquiries or issues being dealt with by HMRC in connection with the Group's tax affairs.

Financing

The Group established a Whole Business Securitisation ('WBS') structure in February 2013, following which the Group has continued to refinance elements of its debt structure by further extending its maturity profile. Standard and Poors and Fitch reconfirmed their rating of Arqiva senior debt at BBB+ and BBB respectively.

[11] Definition*: Operating cash flow after capital investment activities is a non-GAAP measure and refers to net cash flows from operating activities less the net cash flow from capital expenditure and financial investment per the cash flow statement excluding interest received. It represents the cash generated after spending required to maintain or expand its asset base. See table above for the reconciliation to net cash flow from operations.*

As at 30 June 2024 the Group's debt finance[12] comprised:

	< 1 year £m	1-2years £m	2-5 years £m	>5 years £m	Total £m
Finance lease obligations	16.9	12.1	15.1	16.6	**60.7**
Senior bonds and notes	48.1	75.0	515.1	316.8	**955.0**
Junior bonds	-	-	450.0	-	**450.0**
Total	**65.0**	**87.1**	**980.2**	**333.4**	**1,465.7**

Included within the above is £734.0m of fixed rate debt and £671.1m of floating rate debt. £93.3m of Senior bonds and notes represents US dollar-denominated private placements. All other debt held at 30 June 2024 is sterling denominated. The Group holds interest rate swaps (including inflation-linked interest rate swaps) and cross-currency swaps to hedge its interest rate exposures. The hedging strategy is employed to ensure the certainty of future interest cash flows. The Group does not apply hedge accounting to its swap arrangements.

In the year the Group completed its senior debt refinancing, with a £250m public bond issue. These facilities are fixed rate in nature with a coupon of 7.21% and a final maturity in 2028. £262.0m of the proceeds from the public bond issue and the US private placement issue completed in June 2023 have been utilised to prepay the outstanding senior term debt that was due to mature within the next 12 months.

The Group continues to comply with all financial covenant requirements including the following historic covenant ratio requirements at the senior financing level:

Senior debt level financial covenant ratios	30 June 2024	30 June 2023
Maximum allowed ratio of net debt to EBITDA	6.00	6.00
Actual ratio of net debt to EBITDA	3.06	2.97
Minimum allowed ratio of cash flow[13] to interest	1.55	1.55
Actual ratio of cash flow[5] to interest	4.17	5.56

Liquidity

To ensure we have sufficient available funds for working capital requirements and planned growth the Group maintains cash reserves and access to undrawn committed facilities to cover forecast requirements. At 30 June 2024, the Group had a cash balance of £20.8m (2023: £36.3m). The Group carefully manages the credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions. The institutions used have satisfactory credit ratings assigned by international credit rating agencies. The levels of credit risk are monitored through the Group's on-going risk management processes, which include a regular review of counterparty credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.

Drawings on facilities at 30 June 2024	Total Facility £m	Drawn £m	Available £m
Working Capital facility	205.0	-	205.0
Liquidity facility	150.0	-	150.0
Total Facilities	**355.0**	**-**	**355.0**
Cash held	-	-	20.8
Total Available Cash	**355.0**	**-**	**375.8**

[12] Excluding unamortised debt issue costs and accrued interest.
[13] 'Cash flow' as defined under the Group's financing common terms agreement, i.e. this is not a GAAP measure.

Going Concern

The Group meets its day-to-day working capital and financing requirements through the net cash generated from its operations. The Group undertakes a review of going concern through a review of forecasting. This includes cash flow forecasts and considers the requirements of capital expenditure and debt repayments and also includes severe but plausible scenarios. The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund the current operations. This also includes contractual and commercial commitments both in terms of capital programmes, financing as they fall due.

This is further supported by the debt facilities which have a £nil drawdown balance at year end. For this reason, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Non-financial KPIs

Broadcast - Network availability

99.968%

Definition – Arqiva strives to provide consistently high service levels and look to manage and monitor the total annual level of network availability across both TV and radio infrastructure as a percentage across all multiplexes.

Result – Through careful management, Arqiva has consistently been able to achieve high levels of network availability. Availability is under the target of 99.995% availability due to an extended outage with one customer.

Strategic ambition targeted - to be the undisputed leader in UK TV and radio broadcast distribution

Utilities

The smart metering M2M contract has continued to achieve 99.5% network coverage in the North of England and Scotland.
Rollout of water metering on contracts won with Anglian Water and Thames Water. Other smart water metering bids are in progress.

Strategic ambition targeted– To be the UK's leading smart utilities platform provider.

New sector product diversification

Media Management Products

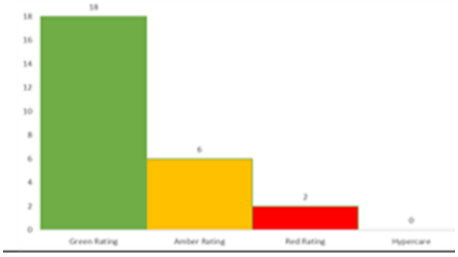
- Arqade, a cloud-based channel and live event content exchange has launched demonstrating the value of integration with traditional broadcast infrastructure.
- Arqplex, the Group's first customer cloud multiplexing deployment product, supporting customer deployments.
- These products have been underpinned by improved customer onboarding and customer journey, capacity management for Arq-products, automated system health checks, enhanced governance and agile development and release management.

Utility Products

- Hybrid Connectivity services, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies. We are pleased to announce that we have recently secured a deal with SGN providing hybrid connectivity across 230 of their sites.
- Leakage Detection and Sewage Level monitor proof of concept trials are continuing with positive feedback.

Strategic ambition – Innovator of scalable solutions for high-connectivity sectors

Customers
Premium customer temperature check



Premium customers temperature check for the sentiment of our top 26 premium customers in June has 18 of our customers in a good position at Green.
We have six customers classified as Amber. Key issues highlighted relate to service, reliability, outages and initial issues in new product implementation.
Two customers were classified as red due to an extended outage with one customer and the other terminating their contract to move to another supplier.
No customers are in Hypercare – an improvement from one in the prior year due to progress made on open issues.

People

69

Our engagement score from our most recent 'Have Your Say' Employee Engagement survey in June 2024 is 69

Arqiva is 3 points off the Glint UK Benchmark engagement score of 72, with above benchmark scores across a number of areas including Wellbeing, Inclusion and Recognition.

Our response rate in June 2024 was 84% (+5% from March 2023) with 2,878 comments left.

Corporate Responsibility

Doing business the right way and sustainably is vital to Arqiva. It's as important as what we achieve.

Arqiva endeavours to conduct its business in a way that benefits all our stakeholders including customers, suppliers, employees, shareholders and the communities in which we operate as well as creating a sustainable future for the business.

Our ethics, values and behaviours are woven through every aspect of what we do.

We believe that having the right culture is something that needs to be actively managed in order to deliver our purpose of 'enabling a switched-on world to flow'. Our culture is critical to the success of our strategy with our 3 culture goals driving how we serve our customers and create a great place to work. These goals include:

1. Accountability – being accountable for the promises we make
2. One Arqiva – working together as one team
3. Curiosity – striving to look at things differently to discover a better way

Sustainability

Sustainability is an integral part of our Vision 2031 strategy and our business operations and decision making. When thinking about sustainability we consider environmental sustainability, social responsibility and corporate governance (ESG). This comprehensive perspective allows us to assess the potential impacts of various sustainability factors throughout our business.

Our overarching strategic purpose is social, enabling people to stay connected to the information and entertainment that matters to them. We recognise the needs of the most vulnerable in society keeping them connected via both our Media and Broadcast and our smart utilities services.

We are working to incorporate sustainability into our business practices by leveraging the expertise of our colleagues to discover innovative solutions for growth and development of our products. In Media and Broadcast this brings an opportunity to replace or upgrade existing technology with higher efficiency alternatives as we transition global media to cloud based services reducing energy consumption and our carbon footprint.

The rollout of our smart utilities platforms enables end users to understand their water and energy use so they can consider ways to reduce consumption of valuable resources and save money.

Conducting our business in a fair and ethical manner is critical to our success and relies on the interdependencies between our culture, people, technology, products and services, brand and partnerships including our supply chain. We operate a supplier code of conduct to encourage and support our suppliers to act responsibly, working in socially and environmentally sustainable ways including minimising any potential impact on the environment as a result of supplying goods or services to us.

All colleagues receive training on a range of sustainability topics including Environmental Awareness, Cyber Security and Diversity and Inclusion. ESG metrics are included as an element of bonus payments made to colleagues.

During the year we participated in the EcoVadis ESG benchmarking survey gaining a silver medal, putting Arqiva in the top 15% of participants, we also scored 83 in the GRESB benchmarking survey.

Our sustainability programme continues to steer and shape our sustainability initiatives across the organisation, including development of our carbon reduction plans. Sustainability performance is monitored by the Executive Committee, reviewed on a regular basis by the Operational Resilience Board Sub-Committee and ultimately overseen by the Board.

Environmental Sustainability

Over the past year we have continued to refine our environmental sustainability goals focusing on our journey to *Net Zero*, how we enhance the environments in which we operate and how we manage resources and waste, full details of progress in the year and our Streamlined Carbon Emissions Report can be found on pages 60-61. To support the business in developing its sustainability agenda the sustainability team has been strengthened with 3 new heads and we have increased internal stakeholder engagement through the creation of a new virtual ESG team.

Social

Supporting Charities

We support our colleagues' fundraising for local and other national causes close to their hearts. Arqiva provides matched funding enabling colleagues to fundraise for their chosen charities, from Diabetes UK, Walking with the Wounded and the NSPCC to local community projects, children's clubs and sports teams.

Our Wellbeing team this year have successfully co-ordinated the Arqiva Challenge 24 which included giving our colleagues the opportunity to engage in physical activities such as the Cumbria Challenge, Ultra Challenge and Kiltwalk. This will now continue every year to help raise much needed funds for charities such as Walking with the Wounded and Children with Cancer UK.

Arqiva also supports the 'Give as You Earn' scheme in partnership with the Charities Aid Foundation (CAF) allowing colleagues to get tax relief on their donations. The amount provided to charities through this scheme has reached over £120,000 over the past four years.

We also support our colleagues to volunteer their time and talents to causes they care about. During 2024 Arqiva has partnered with Matchable, an online portal to match colleagues with volunteering projects. To further support this, we offer our colleagues one day paid volunteering leave every year.

Supporting Our People

We aim to create a workplace where people feel engaged, energised, and respected, where they can do their best, and look after their personal wellbeing, both in and out of work. This is underpinned by our People Strategy to ensure that ‘everyone has the opportunity to create value and succeed’.

Learning and Development
At Arqiva we are committed to our learning vision of ‘empowering curiosity, growth and performance through learning’. This helps us to enable and grow our culture of learning across the business. We are dedicated to ensuring our people all experience accessible and inclusive learning experiences which deliver clear colleague and business benefit.

By using our *Skills Management* programme alongside our rich learning offering we can help our people and teams to work on targeted focus areas for development, whether in role or for aspirational roles. This programme supports our teams on multiple fronts including resource management, career mobility, and professional and personal development.

Our people have access to a host of self-learn learning platforms and material, both internally and externally such as LinkedIn Learning, A Cloud Guru and Now Learning. On top of utilising external offerings, our internal L&D teams support colleagues via delivery of training sessions across technical subjects as well as leadership and management topics, and by facilitating workshops to foster the right culture when working cross function.

The Group is a corporate partner of the Institute of Engineering and Technology (IET) supporting engineering roles to achieve IET Professional status. As well as also being a member of the AWS Partner Network, we provide sponsorship for professional qualifications and subscriptions.

Wellbeing
Arqiva embraces a holistic approach to wellbeing, recognising the broad factors that contribute to overall wellness. We call our approach to wellbeing, “Whole-person Wellbeing”. Our approach supports our desire for everyone to have the opportunity to create value and succeed at work and demonstrates to all our stakeholders that we are an organisation which takes its commitment to health and wellbeing seriously.

Our wellbeing mission is to - help our people to be the best version of themselves at work and still have the time and energy to live a full life outside of work.

Our approach sees us embrace five pillars of wellbeing:

- **Physical Wellbeing:** We want our people to be motivated and equipped to own their physical health with greater understanding and access to meaningful tools. To help drive this forward, we’ve launched initiatives such as onsite health checks, onsite gyms, activity challenges, free flu vaccinations, at home test kits and much more,

- **Professional Wellbeing:** Our people should feel satisfied in their jobs. Here we provide opportunities to learn, develop and move career,

- **Social Wellbeing**: Through volunteering platforms, onsite social events and employee networks, such as family networks and veteran networks, we encourage our people to develop informal non-work-related networks,

- **Financial Wellbeing:** We enable access to a strong network of experts to provide agility in a space that is so important to our people, and
- **Mental Wellbeing:** We are committed to protecting and supporting the mental health of our people, so that they can thrive. We have worked hard to destigmatise mental health, through regular company-wide communication, retaining a large Mental Health First Aider group, our employee networks, and regular onsite events. In turn, this provides our people with the freedom to tell us how they' re really feeling so that we can adapt and support their ever-changing needs.

We are pleased to report that we were awarded the Vitality 'Healthiest place to Work' award for 2023 demonstrating our continuing commitments to the wellbeing of all of our employees.

Health and Safety

Health and safety is vital, whether in the office or repairing an antenna on a 300 metre mast. We are committed to complying with applicable health and safety legislation and to continual improvement in achieving a high standard of health, safety, and welfare in our operations and for all those in the organisation and others who may be affected by our activities. The Group operates a robust integrated management system that is certified to ISO14001, ISO45001, ISO90001 and ISO270001 as well as offering training programmes covering specific skills and general awareness.

We have also been a driving force in developing the Mast and Tower Safety Group, we run our own accredited IOSH Working Safely training scheme for our engineers, and we collaborate with the union BECTU on an annual employee safety conference.

Supporting Diversity and Inclusion

Our diversity and inclusion programme ensures that we are continually focused on what is needed for everyone to feel included and safe and to be able to perform. We are committed to making our workplace as diverse and inclusive as possible because the complex engineering and commercial challenges we need to solve can only be done by people with a diverse range of skills, backgrounds and life experiences.

Our aim is to create an inclusive environment, where there are no barriers to success and our vision is for a workforce who feel valued, empowered and engaged, where every contribution is heard, every perspective is valued, and every individual feels empowered to be successful. We have moved beyond building awareness through our annual calendar of campaigns and events and are now supporting colleagues to feel empowered to make an impact.

Our Diversity Ambassadors have been instrumental in encouraging and engaging other workplace communities and we now have ten flourishing colleague networks including our recently formed Veterans Network and Arqiva Black Network and our network leads are working well together to ensure we are considering intersectionality and maximising opportunity. As ever, we are running events and activities throughout the year so we can listen, support, and take opportunities to make lasting, tangible changes so our working practices are even more inclusive. We are proudly a corporate member of the industry leading Inclusive Employers to ensure we benefit from their subject matter expertise as well as being a member of Tommy's 'Pregnancy and Parenting at Work' eLearning campaign to support pregnant colleagues and secondary caregivers through that journey.

At a Board level, the Governance and Remuneration Committee are responsible for reviewing the Group's diversity and inclusion policies.

Employees

The average number of persons employed by the Group during the year was 1,319 (2023: 1,284). Arqiva recognises the significant contribution of our employees and makes every effort to create a rewarding and engaging work environment.

Our policy is to provide equal opportunities for all employees, irrespective of race, nationality, gender, sexual orientation, marital status, religious or political beliefs, disability or age. Like many engineering-based businesses, we recognise that Arqiva has a higher proportion of men than women and we are working to address this with the Employers Network for Equality and Inclusion through our diversity and inclusion programme.

The table below provides a breakdown of the gender of Directors and employees as at 30 June:

	2024		2023	
	Female Number / %	Male Number / %	Female Number / %	Male Number / %
Board of Directors	1 / 13%	7 / 87%	1 / 13%	7 / 87%
Executive Committee	2 / 25%	6 / 75%	3 / 33%	6 / 66%
Group Employees	325 / 25%	970 / 75%	295 / 23%	989 / 77%

To support emerging talent, Arqiva offers 2-year graduate programmes with an annual intake every September to progress into permanent roles as well as running apprenticeship schemes, via the Apprenticeship Levy. Other initiatives include a line manager support programme, a line manager induction, and we provide the Level 3 and Level 5 Apprenticeship in Leadership and Management, accredited by the Chartered Management Institute

The Arqiva Employee Board ("AEB") has continued throughout the year. The AEB is a democratically elected Board that acts as a voice for employees across Arqiva and provides a clear and direct link between the Group's employees and the Executive Committee. The AEB continues to meet on a monthly basis to discuss key matters such as performance management, or efficiencies and processes to develop responsive action plans. Furthermore, the AEB (as well as the Executive Committee) interacts with representatives of BECTU (the Broadcasting, Entertainment, Cinematograph and Theatre Union) regarding employee matters.

The Group's employee forums provide an effective channel for communication and collective consultation across the Group. They play an important role in enabling employees to help the Group manage change effectively. The goals of each forum are to act as the formal consultative body for its part of the business within Arqiva, provide a voice to management on employee issues, initiate and support social activities, and promote consultation and sharing information.

Significant emphasis is placed on employee communication. The Group intranet, 'The Hub', makes information available to employees on all matters including performance, growth, and issues affecting the industry. The Group also runs "Connect Days" across various sites to bring employees together and provide opportunities for updates and discussion across the business. We also introduced Viva Engage, an Enterprise Social Network to further enhance colleague interaction and engagement.

Our "Work. Life. Smarter." initiative also recognises the benefit of hybrid working to our employees. This commitment to our people endeavours for our people to feel supported and empowered to work in a way that enables them to thrive in their role, give their best every day and a work experience that provides a choice about how, when and where we work.

Arqiva wants all our employees to benefit from our success and growth as a business. The annual bonus scheme recognises the importance of high performance and is designed to reward employees for achieving targets and continuous improvement in overall performance, in line with our values and strategy. The scheme takes into account the targets that have been set by the Group. The Group must achieve a minimum operating cash performance before a bonus becomes payable which is then calculated based on these financial KPIs. As noted in our NFSIS[14] section of the report, this year we have also introduced an ESG performance related target of 10%.

Arqiva has also introduced a Share the Success Policy for employees who do not qualify for the annual bonus scheme. This scheme is also based on achieving a minimum operating cash target with performance shared with qualifying colleagues on a profit share arrangement. These bonus payments for the 2024 financial year are expected to be made in October 2024. In addition, certain members of our senior management participate in a long-term incentive plan which is typically 3 years in duration and is designed to recognise the value of strategic initiatives being undertaken by the Group during the longer-term. As with the annual bonus scheme, the Group must achieve a minimum threshold of financial performance before a bonus becomes payable under the long-term incentive plan which is then calculated based upon the 3-year Group financial KPIs of EBITDA and operating cash performance. All such arrangements are cash-based incentive schemes which operate against documented performance targets and are reviewed at least annually by the Governance and Remuneration Committee.

Gender Pay Gap

The full annual gender pay gap report is available on the company website at www.arqiva.com. The latest report shows the emphasis and commitment to diversity and inclusion with improvements in both the mean and median pay gaps for the reporting period. The full report provides details on why we have a pay gap, the reasons for the increase in the year and the actions we are taking to address the issue.

Modern Slavery Act

The Group is fully committed to ensuring that we do not participate in the violation of human rights and we expect the same of our suppliers. Our Modern Slavery Statement sets out the steps taken to identify, address and prevent modern slavery and human trafficking in our business and supply chain. Whilst the Modern Slavery Statement specifies three of Arqiva's entities, this is a function of their annual turnover, it pertains to and is upheld by the Group in its entirety. The Modern Slavery Statement is reviewed by the Board on an annual basis. and can be found at: www.arqiva.com/policies/Modern%20Slavery%20Statement%20-%20June%202024.pdf**.**

Anti-Bribery and Anti-Corruption

In conjunction with the UK Bribery Act 2010, the Group has adopted a Code of Conduct for employees which incorporates all its anti-corruption policies and procedures. The policies apply to all Arqiva employees employed on both a permanent and temporary basis. The Code of Conduct also sets out the policies and procedures on the giving and receiving of gifts and hospitality.

Information Security

Due to the critical importance of our sites and systems to the Group, our customers and, in some cases, as Critical National Infrastructure, we take information security very seriously, focusing on protecting and managing access to information throughout its entire lifecycle.

[14] NFSIS – The non-financial and sustainability information statement forms part of the Strategic Report, a requirement under Companies Act 2006, and replaces the previous non-financial information statement (NFSIS) that was required for UK public interest entities (PIEs) with over 500 employees.

We hold certification to ISO/IEC 27001:2022. ISO27001 is an internationally recognised specification for an information security management system (ISMS), a framework of policies and procedures that includes all legal, physical and technical controls involved in an organisation’s information risk management processes. This allows us to compete for new business which requires us to demonstrate the robustness of our security controls. Through independent review and certification, supported by regular internal audits, we continue to confidently demonstrate our commitment to security and secure working practices. We have held ISO27001 certification since 2013 and recertify every three years with recertification last given in May 2022.

Taxation

The Group’s approach to tax is to ensure compliance with all legal and statutory obligations. The Group is committed to maintaining a transparent and constructive working relationship with HM Revenue & Customs and with local tax authorities in the jurisdictions in which we operate. The total contribution to UK tax receipts including business rates, income tax, PAYE and NI paid by both the Group and employees, totalled £52.9m for the financial year (2023: £54.1m).

The Group is a primarily UK based infrastructure group. There are some trading operations outside of the UK, however these generate less than 1% of operating profit and there are no tax planning activities taken which seek to reduce the Group’s UK profits or revenues by transferring revenue or profit out of the UK. The Group’s small overseas trading entities deal directly with customers in their area of residence and fulfil their tax requirements in the local jurisdictions.

This report was approved by the Board on 19 September 2024 and signed on its behalf by:

Scott Longhurst
25 September 2024

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"), requires companies that meet certain thresholds to report on the Directors' application of their section 172 duty to promote the success of the Company, as set out in the Companies Act 2006, along with stakeholder and employee engagement.

The Companies Act 2006 sets out a set of general duties owed by directors to a company, including a list of matters to which directors must have regard, which are set out in s.172(1)(a) to (f). During 2024, in continuing to exercise their duties, the Directors have had regard for these matters, as well as other factors, in considering proposals from the Executive Committee and continuing to govern the Company on behalf of our shareholders.

Section 172 Factor	Key Examples	Page/Reference
Consequence of any decision in the long-term	Strategic Overview Business Update Directors' Report - Wates Corporate Responsibility	18-19 19-23 70 34
Interests of employees	Employee Engagement Supporting our people Supporting Diversity & Inclusion	42-44 36-37 (Corporate Responsibility) 37 -48 (Corporate Responsibility)
Fostering relationships with suppliers, customers and others	Stakeholder Engagement Business Update	41-43 19-23
Impact of operations on the community and the environment	Environmental Sustainability Streamlined Energy and Carbon Reporting (SECR) Climate Related Risks and Opportunities (Non-Financial Sustainability Information Statement) Supporting Charities	34 (Corporate Responsibility) and 58-60 61-63 63-69 35, 80 (Corporate Responsibility)
Maintaining a high standard of business conduct	Governance Directors' Report - Wates Corporate Governance Statement Health & Safety Modern Slavery Act, Anti-Bribery & Corruption	44-51 70-75 70 (Corporate Responsibility) 37 (Corporate Responsibility); Modern Slavery Statement available at www.arqiva.com
Acting fairly between members	Stakeholder Engagement Accountability	41-43 73

Stakeholder Engagement Statement

Throughout the year, the Board has continued to ensure engagement with relevant stakeholders generally in relation to its day-to-day business and particularly with respect to key challenges. Examples of the way in which this engagement has taken place are set out in the table below.

Section 172 Factor	Key examples
Employees	Please see our Employee Engagement Statement below and Corporate Responsibility statement (pages 34-35) for further details
Regulatory Bodies	We have good relationships with representatives in all relevant regulatory bodies and engage regularly with, for example, Ofcom; the Department for Culture, Media and Sport (DCMS); the Department of Science, Innovation and Technology (DSIT) and; the Department for Environment, Food and Rural Affairs (DEFRA). We also monitor relevant developments with Ofwat and Ofgem as regulators of customers of our Utilities business, and we participate in consultations and consult with government departments and regulators when

	setting strategy and making decisions that affect the industry generally. Following the full restoration of services after the mast fire at Bilsdale, we have continued to liaise with Ofcom and other stakeholders with regard to service recovery planning for the broadcast industry. Key updates relating to the regulatory environments we operate in can be found within the Business Update (pages 21 and 22).
Investors	Quarterly reports to investors are published on our website and available to all; an annual investor call is held, in which we review our annual results and invite questions from investors.
Customers	Our relationships with our customers are very important to us, and we maintain regular contact through account managers; our Customer Experience team; Executive Committee members; and where appropriate our Chair.
Suppliers	Our Procurement team oversees supplier relationship management, with a category management structure so that employees have relevant expertise for each supplier. We work closely to ensure positive relationships, seeking to agree fair terms and conditions and ensure timely payment, through adherence to and reporting on the Prompt Payment Code.
Shareholders	Shareholder Representatives on the Board and committees of the Board report back to shareholders on the business and take their interests into account when making decisions, while operating in accordance with their Companies Act duties. The Group's corporate governance specifies a number of categories of decisions which are reserved to shareholders, ensuring that the decisions affecting shareholders are subject to the necessary oversight.
Stakeholders	As part of our infrastructure projects, we engage with planning authorities and local communities to foster positive relationships. Arqiva's charitable engagement also seeks to support communities local to the areas in which it operates (see Supporting Charities (pages 35-36). The Company is also part of the Broadcast 2040+ coalition working with various charities and social groups urging the government to commit to protecting essential broadcast TV and radio services in the longer term. We also engage with key relevant industry bodies such as: the Digital Television Group (DTG), Everyone TV, TechUK, Digital Production Partnership (DPP) and Waterwise.

Employee Engagement Statement

1. *Information*
   Regular all company updates are provided to all employees via Arqiva's Hub (intranet) and email updates; employees and Management also connect via the Viva Engage employee experience platform; Management conducts regular 'Let's Talk' company-wide live broadcasts and hosts face-to-face 'Let's Connect' days throughout the year to update employees on performance, strategy and other key developments and provide opportunities for employees to ask questions in real time.

2. *Consultation*
   Management run engagement surveys to measure progress against business and cultural goals and how we work. This information provides a platform for two way feedback which is acted on at all layers of management in the business and is reviewed annually with the Board. Arqiva also has active union representations through the Broadcasting Entertainment Communications and Theatre Union (BECTU); strategic decisions which may affect employees (including business change; pay; and terms and conditions) are discussed with BECTU representatives in advance of action being taken. Similar engagement also takes place with the Arqiva Employee Board (AEB), which is elected by employees, and their feedback and views are taken into account when making decisions affecting the workforce, for example in setting timescales and the content of communications. Further detail about engagement with BECTU and the AEB is set out in Supporting Diversity & Inclusion - Employees (page 37-38).

3. *Involvement*
   Employees participate in annual bonus schemes (see Supporting Diversity & Inclusion – Employees (pages 37-38)) which are based upon performance of the business throughout the year, encouraging employees to contribute to the sustainable success of the business. The Group's cultural value of Curiosity, One Arqiva and Accountability encourages new ideas and fosters strong relationships across the organisation, supporting overall performance of the business.

4. *Common Awareness*
   Financial and economic factors affecting the business are described to employees throughout the year during Management broadcasts; via Viva Engage updates; regular email communications with business updates and through the Arqiva Hub.

Governance

Board of Directors and Executive Committee

Ownership

The Company is owned by a consortium of shareholders, shown in order of shareholding, these are: Digital 9 Infrastructure (via D9 Wireless OpCo 2 Limited) (c. 48%), Macquarie European Infrastructure Fund II (via MEIF II Luxembourg Communications S.a.r.l.) (c. 25%), IFM Global Infrastructure Fund (via Conyers Trust Company (Cayman) Limited) (c.14.8%), Health Super Investments Pty Limited (c. 5.5%), Motor Trade Association of Australia Superannuation Fund Pty Ltd (c. 5.2%), other Macquarie managed funds (MGIF 2 Communications S.a.r.l. and Macquarie Prism Proprietary Limited) (together c. 1.5%). There is no ultimate controlling party of the Company, as defined by IAS 24 'Related Parties'.

In accordance with IAS 24, there are two investor companies which are related parties with the Group, by virtue of significant influence due to the level of shareholding in the Group:

- D9 Wireless OpCo 2 Limited (c.48%), a company owned by Digital 9 Infrastructure plc ("D9"). D9 is an investment trust focussed on the infrastructure of the internet, holding as of 30 June 2024 a portfolio of subsea fibre, data centre and wireless communication businesses. The number 9 in D9 comes from the UN Sustainable Development Goal 9, expressing the fund's focus on investments that increase connectivity globally and improve the sustainability of digital infrastructure. D9 Wireless OpCo 2 Limited completed its purchase of the Canada Pension Plan Investment Board's entire c.48% stake in Arqiva in October 2022. D9 is listed on the London Stock Exchange (DGI9).

- Macquarie European Infrastructure Fund II ('MEIF II') (c.25%), an investment fund managed by Macquarie Asset Management, part of the Macquarie Group. Macquarie European Infrastructure Fund II is a wholesale investment fund focusing on investments in high-quality infrastructure businesses across Europe. Macquarie Group Limited is listed in Australia (ASX:MQG ADR:MQBKY).

Arqiva Board of Directors

The Group's Board of Directors consists of seven Directors representing our shareholder consortium (with two alternates) and an independent Chair and is supported by the Company Secretary and Executive Committee.

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Board Committee Membership

A – Audit and Risk Committee
G – Governance and Remuneration Committee
O – Operational Resilience Committee

Mike Darcey, Chair

Mike has been a member of the Board since 2018 and was appointed Chair in February 2023. Mike brings a wealth of experience from his background in the technology, media and telecommunications industry. Mike has held numerous positions in the industry ranging from CEO of News International to COO of British Sky Broadcasting Group. He has also provided strategic advisory services to a range of clients in the media industry.

Mike has served or is currently serving on boards including Dennis Publishing (UK) Ltd (Chair), M247 (Chair), Home Retail Group (Senior Independent Director) and Sky New Zealand (Director). He is also Chair of British Gymnastics.
A G O

Appointed by IFM Investors and Motor Trades Association of Australia (joint appointment)

Scott Longhurst, Director

Audit and Risk Committee Chair
Appointed to the board in February 2023, Scott has over 25 years of experience in Infrastructure and Utility businesses. He was formerly Group Finance Director of Anglian Water Group (AWG) and Managing Director of its non-regulated business until 2019. Prior to AWG, he was Chief Accounting Officer of TXU Corporation and CFO of its regulated electric and gas businesses. Scott also held a number of financial and commercial roles with Shell encompassing corporate, operating company and joint venture activities across Europe, the Far East and Middle East.

He is currently also on the boards of FCC Aqualia S.A., EVOS BV (Audit Chair), Infinis Energy Management Limited (Audit Chair), and a Senior Adviser to Igneo Infrastructure Partners and is a founding member of the Accounting for Sustainability CFO Leadership Network.

A

Appointed by Digital 9 Infrastructure

Diego Massidda, Director

Diego is Head of Digital Infrastructure at Triple Point, the Investment Manager of Digital 9 Infrastructure, and joined the Arqiva board in November 2023. Diego has more than 20 years' international experience in Media and Telecommunications in various divisional/operating company CEO roles, including 16 years with Vodafone Group.
Diego is a Civil Engineer, holds an MBA from INSEAD, and at the beginning of his career he worked as a consulting civil engineer in South Africa and as a management consultant with McKinsey & Company.
A G O

Andrew Macleod, Director

Governance and Remuneration Committee Chair
Andy was appointed to the Board in July 2023. Andy is a professional Non-Executive Director and industry consultant after retiring from Vodafone Group as Regional Technology Director for the Africa, Middle East and Asia-Pacific Region. Prior to that, he served for ten years as Vodafone's Group Chief Networks Officer and as the CTO of Verizon Wireless in the US.

Since the early 1990's he has held a variety of CXO positions in major telecommunications industry companies and has gained extensive experience as a Director on the Boards of both public and private companies including Eircom, Indus Towers, Vodafone Australia, ECI, Idex, Gfinity and IQGeo.
G

Matthew Postgate, Director

Matthew is a Digital and Technology orientated leader with extensive experience in new digital businesses and with the digital transformation of existing organisations. He is a Non-Executive Director of UK Strategic Command within the Ministry of Defence and with a media technology Scale-Up. He also provides selective advisory services supporting technology enabled businesses and digital transformation.

Previously Matthew was the BBC's Chief Technology and Product Officer, leading the BBC's Design & Engineering division. Prior to this role, Matthew held various roles at the BBC including CTO and leading the Internet Operations function, Business Development Group and its Research & Development department. He started his career at the BBC in product management roles and was part of the leadership team that launched BBC iPlayer and was responsible for building the corporation's world

leading mobile services. Before joining the BBC, Matthew worked as a consultant and start-up co-founder.
O

Appointed by Macquarie European Infrastructure Fund II

Paul Donovan, Director

Operational Resilience Committee Chair
Paul served as a Non-Executive Director at Arqiva from 2018 to 2020. He was re-appointed to the Board in July 2022 following two years in role as Arqiva's Chief Executive Officer.

Paul has over 20 years' experience in senior executive roles across the technology, media and telecommunications sectors. Between 2014 and 2016 Paul led the transformation of Europe's leading cinema operator, Odeon and UCI Cinemas Group, ahead of its successful sale to AMC Theatres.

Prior to this Paul was CEO of Irish Telecoms Group eir. His background also includes senior executive appointments with a number of significant global organisations including Vodafone where, as a member of the Executive Committee he led the Company's emerging markets businesses.
A O

Susana Leith-Smith, Director

Susana is a Senior Managing Director in Macquarie Asset Management's Real Assets business in EMEA.

She has a wealth of experience in capital markets. Prior to joining Macquarie Asset Management, she was at Barclays, most recently as the EMEA Head of Leveraged Finance and managing all transactions in the Telecoms, Media and Tech sectors.

A G O

Appointed by IFM Investors

Maximilian Fieguth, Director

Max is a Director at IFM Investors and has been on the Arqiva Board since 2017. He also works closely with several other IFM portfolio companies including Manchester Airports Group and Aqualia.

As IFM Max leads a team of Asset Management professionals responsible for implementing value creation opportunities across the IFM infrastructure portfolio, delivering global best practice initiatives and supporting the execution of infrastructure transactions. Prior to joining IFM Investors, Max worked as a management consultant with McKinsey & Company and on the Crossrail project with Bechtel and prior to that at Bechtel on a number of infrastructure projects.
A G O

David Stirton, Alternate Director

David is appointed as an alternate to Max Fieguth. He joined IFM Investors in November 2013. David researches and prepares infrastructure investment strategies and helps execute transactions. Before transferring to IFM Investors' Infrastructure team, David was Vice President in the firm's Global Relationship Group, where he supported capital raising and investor relations for the firm's Infrastructure Equity and Infrastructure Debt funds.

Prior to joining IFM Investors, David was Analyst at Citi in the Investment Banking Division, advising on a range of transactions including mergers, acquisitions, divestitures, capital raisings and restructurings.

Nicola Phillips, Company Secretary

Company Secretary
Nicola acts as the ABPL company secretary. She is also a member of the Executive Committee and so her biography is contained below.

Executive Committee

Shuja Khan, Chief Executive Officer

Shuja was appointed Chief Executive Officer in June 2022. Prior to this, as Arqiva's Chief Commercial Officer since January 2020, he was responsible for all revenue generating activities including strategy, regulatory affairs, product development and customer experience and at the heart of the development of Arqiva's 10-year strategic plan, vision and purpose.

He draws on more than 20 years of leadership experience in the technology, media and communications sector, including the role of Chief Commercial Officer across 24 territories at Cable & Wireless and various leadership roles at both Virgin Media and Liberty Global Europe with a focus on driving growth.

Sean West, Chief Financial Officer

Sean was appointed Chief Financial Officer in September 2019, having joined Arqiva in 2015 as Director of Treasury and Corporate Finance.

Sean has a background in all areas of corporate finance and financing, and as Director of Treasury and Corporate Finance was responsible for all aspects of the Group's capital structure.

Prior to joining Arqiva, Sean held senior corporate finance and treasury positions at the Immediate Capital Group (ICG) and LandSec and brings a wealth of experience across a range of industries and financial markets.

Mark Steele
Chief of Operations

- Appointed to the Arqiva Executive Committee as interim Chief of Operations in May 2024, responsible for the operations of all assets and services across the Arqiva business.
- Career of over 25 years spanning numerous senior leadership roles at businesses such as Virgin Media, Telewest Broadband and Yorkshire Electricity.

Sarah Jane Crabtree
Chief People Officer

- Joined **Arqiva** in October 2022
- **BT:** various senior HR roles including HR director of EE after its acquisition by BT
- Began her HR career in the Civil Service as an HR consultant for the Cabinet Office and 10 Downing Street

Nicola Phillips
Chief Legal Officer

- Joined **Arqiva** in July 2023
- **Parker Meggitt:** Deputy General Counsel (UK and EMEA) and Director of Legal Operations
- Other previous roles include Director of Legal for ITV Commercial and Group Marketing at ITV, responsible for regulatory relationships and commercial legal support

Dom Wedgwood
Chief Technology Officer

- Joined **Arqiva** in June 2023.
- Previous role as Senior Vice President for Broadcast Technology and OTT Playout Experience at **DAZN Group** responsible for product management and technology teams
- Prior to this was Broadcast and Operations Technology Director for **Perform Group**

Gaurav Jandwani
Executive Director of Media and Broadcast

- Joined **Arqiva** in January 2023
- **Telia:** Business Head, TV & Streaming at the leading Nordic and Baltic media house
- Previously held leadership roles at Walt Disney and Vodafone

Mike Smith
Executive Director of Smart Utilities Networks

- Joined **Arqiva** in February 2023
- Previously, led the Enterprise and Public Sector business at **Virgin Media O2**, and before that was a Managing Director at **Virgin Media**
- Experience in Insurance and Banking Services

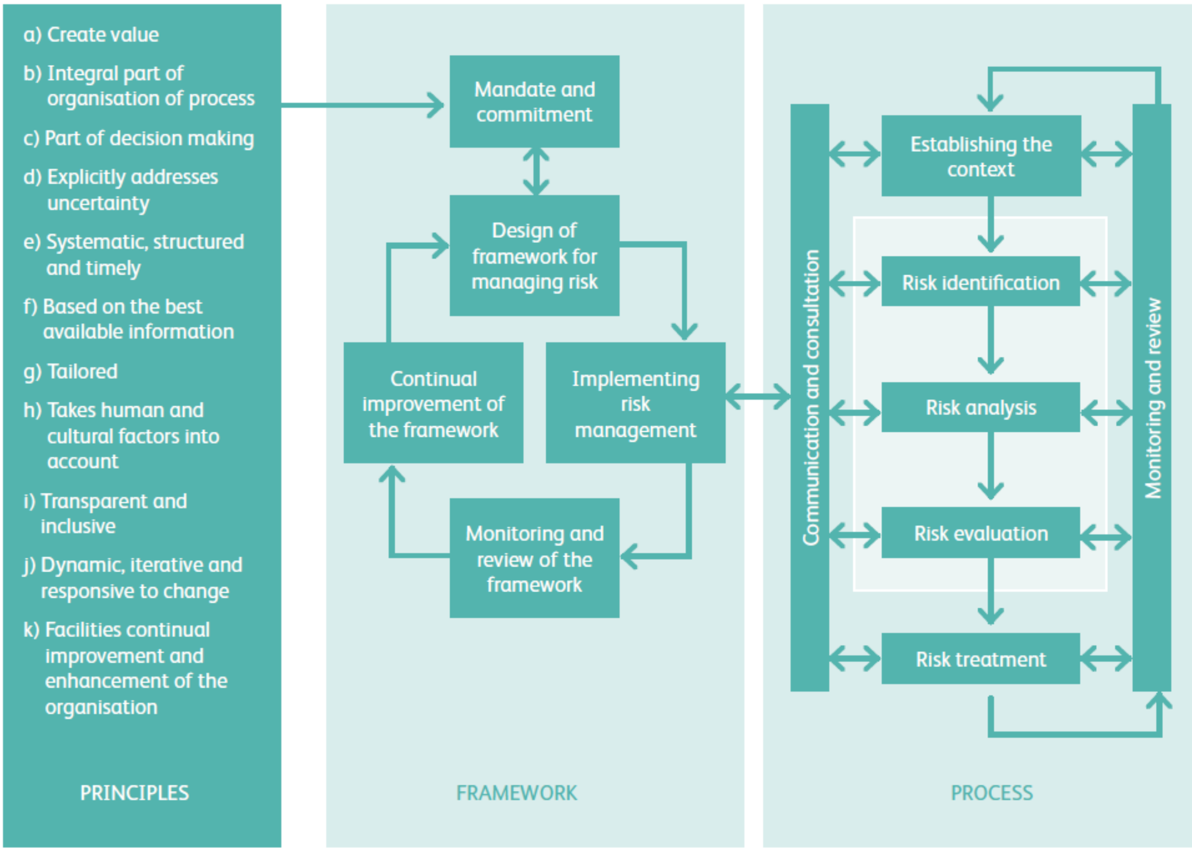
Principal Risks and Uncertainties

Arqiva's approach to risk management is as follows:

- Arqiva recognises that the effective management of risk is essential to achieve our business objectives
- Arqiva adopts an Enterprise Risk Management ('ERM') approach, which is recognised as 'best practice' for top performing companies
- Managing risk is a core responsibility of management at all levels and is a key component of governance and compliance
- Arqiva aims to embed risk management principles into the culture of the organisation

Enterprise wide management of risk is important for Arqiva to meet our corporate objectives and for us to protect future competitive advantage. The strategic importance of risk management is recognised by top performing companies and is an important part of good corporate governance. Arqiva subscribes to the Enterprise Risk Management approach to managing our risk profile.

Arqiva subscribes to Enterprise Risk Management and conforms to the intent of ISO31000. Arqiva has adopted the ISO 27001 standard for Information Security and conforms to the intent of the ISO/IEC 27005 for Security Risk Management which operates within the Arqiva ERM Framework. Our statements and principles are linked to our process through our risk management framework.



The Executive Committee has responsibility for maintaining and updating their line of business risk register which includes utilising the standardised approach to risk assessment and risk monitoring. The Group's centralised Internal Audit and Risk function provides training and support to ensure risks are captured effectively and on a timely basis. The Internal Audit and Risk function works with the Chief Executive Officer to review and consolidate the most significant business risks into a corporate risk register for scrutiny at quarterly Executive Committee and Audit and Risk Committee meetings. The Executive Committee makes recommendations for ensuring the risk management framework remains effective going forward.

Business Management:

First defence is the day to day controls and processes put in place by management to identify risks and develop mitigating actions.

Senior Executive Management:

Quarterly review of the corporate risk register to include review of risk management policies, setting of risk appetite, monitoring compliance and reporting of significant risks to the Board of Directors.

Audit and Risk function / Audit committee:

Independent business assurance provided over the effectiveness of the Group's system of internal controls and processes, and the effectiveness of the risk management framework.

Management has identified the following risks as the most significant business risks affecting the Group, presented together with identified mitigating actions.

Risk Type	Description of risk / uncertainty	Management of risk / uncertainty	Recent developments
Commercial	Market and customers do not take up Arqiva's new products & services.	Operating and capital expenditure are budgeted to include investment to support product development.	Arqiva remains in dialogue with customers and other stakeholders such as government and Ofcom or developments and opportunities in the markets.
	Limited market opportunity, they do not meet customer needs or have an unsustainable cost base ultimately impacting growth and longevity of the business.	We maintain strong relationships with our customers and engage with them in the development and product discovery phase of new products.	Arqiva are introducing product led ways of working and initiatives to improve product readiness which will reduce the likelihood of risk significantly once this has landed.
	There is a risk of alternative competing technologies leading to a faster move towards non-linear services and more competition from alternative providers leading to non-renewal of contracts for radio, TV and connectivity services.	The product development process is performed in increments (e.g. 3 months) with checkpoints after each increment to ensure market and technology assumptions still hold.	Dedicated product teams and agile ways of working will ensure we can react to market changes and shifts in customer dynamics with product value generating developments.
	Customer demand and ability to pay reduces due to high inflation impacts as well as listening trends, faster migration to non-linear and IP delivered services or structural changes to the broadcast market seeing players exit or consolidate to fewer DTT	Arqiva acts to engage with any relevant Government or regulatory process which might impact Arqiva's business areas in response to the development of alternative or competing technologies. Arqiva's commercial teams engage with customers around	The continued focus of the Broadcast 2040+ initiative seeks to safeguard the terrestrial TV and radio broadcast products that underpin the core business of Arqiva and secure the longevity of these contracts. The annual budget includes investment to support product development.

	channels resulting in lower cash flows for the Group Customers challenge regulated pricing, impacting long-term contracts and returns on existing services and increasing volatility.	pricing and ability to pay and around renewal of services. Prices vary in response to these discussions which reflect market conditions e.g. with media customers on the multiplexes Arqiva operates on DTT or DAB and through its use of transponder capacity. Arqiva seeks to support the industry in instances where changes could undermine the long-term demand or ability to pay. Arqiva is exploring the possibility of revenue sharing models for customers to mitigate the downturn in advertising revenues. Arqiva has long-term contracts in place with its regulated business customers – this provides an inherent level of protection to this risk. Arqiva works closely with the Office of the Adjudicator (OTA) to ensure that the OTA is happy with how the system is operating – this includes regular audits and provision of any information required and monthly meetings.	Arqiva has successfully launched new products in the year for Arqade and Arqplex technologies to diversify product offerings, with new customers already contracted. New product development is continuing to support customers evolve their business and respond to changing preferences. Arqiva remains in dialogue with relevant stakeholders including Government and regulators to include any changes to licences, spectrum or around the future of the PSB including the BBC Charter process.
Technological	Impact of development of alternative competing technological solutions against Arqiva solutions such as a faster move to non-linear and IP delivered services away from broadcast delivered or on the utilities side wider competition to our portfolio of services to the water sector. These could impact customer decisions to not renew contracts or reduce the scope of services for broadcast or utility connectivity.	Arqiva's Vision 2031 strategy seeks to broaden Arqiva's ambitions and ensure that it can remain sustainable. It sets out key pillars of activities which will drive a focus on building new business areas and responding to technology changes and opportunities in the market. It prepares the business to embrace partnerships and new technologies which go beyond the historic focus on Arqiva's infrastructure and enable the business to access new technologies. Arqiva acts to engage with any relevant Government or regulatory process which might impact Arqiva's business areas in response to the development of alternative or competing technologies. Arqiva acts to ensure that operational performance is	Arqiva remains in dialogue with relevant stakeholders including Government and regulators to include any changes to licences, spectrum or around the future of the PSBs including the BBC Charter process. We are currently engaging with the DCMS radio review to seek to ensure a long-term future and clear plan for the radio sector. We act to protect the longevity of the services and seek to avoid a government decision to take spectrum used for broadcast and award it to mobile or move away from DTT towards full delivery of TV services via IP. The strategic priorities of the Group for the next 10 years put a focus on the sustainable future of the business including the development of solutions for new and emerging sectors to make the most of our

		retained at a very high-level and that DTT, radio and DTH services remain on-air in order to support their ongoing use relative to IP or broadband alternative methods of delivery.	existing infrastructure platforms and expertise.
	Asset condition is worse than expected due to the aging nature of our passive infrastructure. Also, the technology that our networking relies upon is rapidly changing. This could lead to equipment failure or obsolescence, service outages leading to penalties with customers and requirement for greater than anticipated capital expenditure.	Our approach is to take a balanced but focused approach on asset quality and maintenance. • Combining an Asset Lifecycle Management approach with an established strategic risk framework to prioritise our maintenance strategy • System owner reviews of platform health assessed against RAG status for systems & component assets. • Risks identified from reviews are assessed through Risk Management process assigning risk score & mitigation. • Mitigation requiring a Capex investment are prioritised within the Capex budget envelope.	Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented. Maintenance capex is built into the long-term plan along with increased investment in security.
Political	Change in government plans, policy or priorities could lead to changes in licensing, spectrum access, longevity of services or impact growth opportunities.	Arqiva maintains regular dialogue with our stakeholders to manage any political or regulatory risks facing the business. Arqiva's assets and operations remain predominantly in the UK and therefore our business has minimal exposure to the changing relationships with international markets or political or regulatory changes in other countries. Arqiva acts to defend its licences and spectrum as necessary and engages with all relevant government or regulatory processes.	Arqiva has successfully agreed scope and change requests on our smart energy metering programme with our customer demonstrating the customer's continued focus on network roll out. Arqiva remains in dialogue with relevant stakeholders including government and regulators to include any changes to licences, spectrum, legislation or in policy which might impact its business areas. This included around the recent Media Act and inputting to Ofcom's review of TV distribution. Arqiva has secured an extension of its key DTT mux licences until the end of 2034 and renewed other radio licences. Arqiva supports the Broadcast 2040+ campaign and coalition which seeks to safeguard the terrestrial TV and radio broadcast services Arqiva delivers for the nation. Arqiva has been involved in WRC23 which protected the

			spectrum allocated to DTT. Arqiva engaged both domestically and at an international level through membership and participation in Broadcast Networks Europe to secure a positive outcome. Arqiva has been engaging with the PR24/AMP8 regulatory cycle in the water sector and seeking to ensure that smart water metering is supported and enabled to address issues of leakage, water scarcity and climate change.
Reputational	Adverse publicity damages Arqiva's reputation and customer and business partner confidence and its ability to do business as a result of: - A major event or incident impacting our services, - Untimely delivery on major projects, - Repeated unexpected service outages, - Security breach or cyber-attack on networks, or - Major network or equipment failure or obsolescence or inability to configure to comply with information security standards	Arqiva carefully engages with our customers to ensure that project milestones are carefully managed, and management regularly reviews the progress of all projects. Through continuous measurement of operational KPIs and addressing shortfalls in performance through process excellence the risk around service reliability is carefully managed. The Group has in place a crisis management plan for public relations and external communications to provide support should there be any major events. This is regularly monitored and reviewed. Cyber-attacks and trends in this area are continually monitored. The Group continues to invest in our infrastructure and perform site inspections and maintenance.	The Group maintains ISO27001 certification regarding information security and holds periodic reviews of the security environment and training for employees. Incident management, business continuity and disaster recovery plans are in place. The Business Continuity Group continues to meet regularly and will test and roll out the plans. There has been continued capital expenditure in the year to improve infrastructure. The Group has continued with our digital transformation programme with the programme largely complete with new systems launched.
Operational	Information, networks and systems infrastructure may be subjected to disruptive and destructive cyber-attacks through its systems and third-party supplier systems. This could lead to a loss or corruption of data, penalties, impacting the operational capacity of Arqiva, reputational risk and loss of revenue and cost impacts from fines and recovery costs.	The Group maintains an ISO27001 certification regarding information security, which includes Cloud Security Services. Employee training on information security is mandatory and quarterly reviews are undertaken by external consultants to examine the robustness of the security environment. System monitoring and scanning are maintained as well as threat and vulnerability management.	Arqiva has implemented detection and prevention solutions on networks. Arqiva has continued to pass our quarterly security reviews and has consequently retained ISO certification. A thorough review has been carried out of endpoint security user access to manage who has access to our systems.

	Critical transmission structures or IT infrastructure supporting key operational processes could fail leading to operational outages or catastrophic loss of service. Risk arising from natural issues such as adverse weather, flooding and erosion, society risks from security breach and vandalism or maintenance and structural routines.	Arqiva ensures data is regularly backed up and Incident management, Business Continuity Plans and Disaster recovery have been established for key sites and each business area including establishing a network of agencies to support, regular site inspections and corrective and preventative maintenance. A Business Recovery Working Group meets regularly to stress test these plans and continually review the Group's approach to disaster recovery and operational resilience. Arqiva maintains a robust oversight of the delivery of our major programmes. This includes identifying the key personnel and resources required for delivery and working closely with its suppliers and customers to ensure that these requirements are sufficiently available.	Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented. Disaster recovery plans have been enacted following the fire on the Bilsdale site. Using other sites, services were initially redirected where possible to utilise other transmitters in the area whilst a temporary mast was erected with 98% of households' service restored. Arqiva has worked extensively in the community to support impacted viewers with positive feedback. The Bilsdale fire has led to a strengthened inspection regime for sites and structural maintenance plans are in place. The Group's smart metering communication network in the North of England and Scotland now covers 99.5% of premises. Arqiva continues to support the DCC on the meter roll out programme.
People and Culture	The risk that the Group does not have an alignment of skills to support the future requirements of the business leading to being unable to deliver the strategic ambitions The risk that the Group does not have the right culture or the right people in the right place at the right time with the right skills to enable execution of our strategic plans	Arqiva recognises the importance of our people and seeks to make Arqiva a rewarding and enjoyable place to work. The Group operates a competitive annual bonus plan for employees and a long-term incentive plan for our leadership team. Additionally, the Group operates formal retention and succession planning in knowledge-critical areas of the business. The Group has a People and Culture Initiative roadmap. The changing customer and competitive landscape as well as our internal changes to our strategy, organisational design, technology and processes require a different set of mindsets, behaviours, capabilities and skills so Arqiva has established and launched the Culture transformation programme to drive our people work.	Arqiva continues to make progress on its cultural ambitions. The "Work. Life. Smarter" approach to flexible working proves to be a differentiator to external candidates. Arqiva continues to invest in its people with new graduates and apprentices starting in the year. Digital learning tools are available for all employees. Partnered with external consultants to review salary ranges. The culture transformation programme continues to be embedded, driving the 3 culture goals to support the achievement of our strategy. Each function now has a workforce plan and our skills management roll out will increase our insights of skill gaps pan-Arqiva. Maintenance of technical skills for our core infrastructure remains an area of focus alongside bringing in new capabilities.

Business Sustainability	Failure to achieve long-term cost targets impacting the future sustainability of the business.	There is ongoing monitoring and detailed change control and regular monitoring of third-party savings initiatives at both the Executive Committee and shareholder levels. Ongoing monitoring versus budgets and business plans plus regular monitoring of third-party savings initiatives at both the exco and shareholder levels (monthly reporting) and alignment of reward schemes to drive behaviour at the leadership team level. An Enablement team has been established to follow on from the transformation programme undergone and drive forward efficiencies in our processes and operations.	The strategic priorities of the Group for the next 10 years put a focus on the sustainable future of the business including the development of solutions for new and emerging sectors to make the most of our existing infrastructure platforms and expertise. The Group has also continued to pursue its sustainability programme to mitigate our impacts and support the environments we operate in and increase focus on climate risks facing the business. Water bids are highlighting an increased demand for revenue models with network build / roll out cost recovery spread over the life of the contracts, a shift away from the upfront capex charge model assumed in the Long term Plan (LTP).
Financial	Details of the financial risks and details of mitigating factors are set out in the Directors' report on pages 75-77.		

Environmental Sustainability

Environmental Sustainability Strategy

Arqiva has 3 key environmental sustainability goals that both support and are supported by our core business strategic objectives, mitigating our impact on the environment.

Goal 1: To become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our Scope 1 and Scope 2 emissions by 2031

Goal 2: To positively enhance the environments we operate in

Goal 3: To optimise the use of natural resources

Our approach to these goals focuses on:

- Measuring, monitoring and reporting Arqiva's carbon emissions to create transparency,
- Delivery of our Sustainability Programme which, identifies and reviews environmental risks, developing strategic and operational plans to mitigate them,
- Working collaboratively with our customers and suppliers on strategies, and mitigations to drive the carbon reduction agenda,
- Actively assessing the market and our own products for future decarbonization opportunities using new technology and innovation,
- Establishing information flows and responsibilities across the organisation to ensure that sustainable principles are embedded into our business processes and form part of the framework used for decision-making.

To achieve our sustainability targets, in 2023 the Board approved our Environmental Sustainability Policy and sustainability charter. The board monitors progress against the Sustainability Programme which formalises and coordinates delivery of Arqiva's goals. Arqiva's Sustainability team has recently been increased to 5 heads to support development and delivery of our sustainability goals. The team provide updates to the Executive Committee, Board and other key stakeholders as required.

Arqiva holds ISO 14,001 certification for its environmental management system and reviews its performance regularly to look for opportunities for improvement.

Arqiva participates in the Carbon Disclosure Project (CDP) gaining a C rating for our last submission.

Progress Against our Environmental Sustainability Goals

Goal 1: To become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our Scope 1 and 2 emissions by 2031.

Arqiva is a large owner and operator of infrastructure with several customers who outsource energy intensive services to us. Our energy strategy is of interest, economically and environmentally to both Arqiva and its customers and the strategy reflects our collective net-zero ambitions by:

- Reducing energy consumption in partnership with our customers
- Investing in energy efficient technologies
- Working with our key suppliers to reduce carbon in our supply chain;
- Monitoring and managing carbon emissions and
- Working towards gaining SBTi validation of our carbon reduction targets by June 2025

Net Zero and Energy efficiency actions taken in the year

This financial year we reduced our energy consumption across Scopes 1 and 2 by approximately 5.3 Gigawatt hours. This was achieved through a combination of power reductions and reconfiguration of equipment, installing more efficient technology, and switching off some legacy services.

We have completed a review of our carbon inventory and data collection methodology to incorporate emissions from propane, portable generators and fugitive emissions from additional systems including fire suppression systems. Restated figures for FY 2023 that take these additional categories into account have been included in this report.
We have a carbon reduction plan for our scope 1&2 emissions including development of targets and will be developing our scope 3 carbon reduction plan in the coming year as part of our SBTi target validation.

Scope 1 Emissions

Arqiva has abatement plans in place for the reduction of scope 1 carbon emissions which are centred on electrification of our fleet vehicles, logistics optimisation, transition to low carbon fuel for generators, and replacing gas and oil central heating.

Over the last year we have:

- Increased the number of electric vehicles from 11 to 21 and maintained 4 hybrid vehicles out of a fleet of 299 vehicles,
- Reduced the total miles travelled by around 570,000, which includes reductions achieved by changing the way site visits are scheduled,
- Switched from gas to electric heating at one of the four sites with gas fired central heating,
- Begun the phasing out the use of FM 200 in our fire suppression systems, and
- Purchased hydrotreated vegetable oil (HVO)fuel where feasible for use in our generators.

Scope 2 Emissions

Arqiva's scope 2 reductions are dependent on reducing our energy demand through re-engineering or replacement of technical equipment. We are working collaboratively with customers who outsource services to us to negotiate and formalise a rolling programme of work considering changes to the services we provide on their behalf as well as the practicalities of adapting or replacing parts of the enabling asset base.

Over the last year we have:

- Switched off some AM radio services,
- Made engineering changes to broadcast equipment to improve efficiency and lower power usage,
- Seen improved efficiency following replacement of equipment including the Bilsdale transmitter,
- Commenced purchase of electricity with renewable energy guarantee of origin certification from April 2024 from our main supplier, and
- Continued to generate electricity from solar panels at our sites saving the equivalent of 40 tCO_2e emissions.

Scope 3 Emissions

We have completed an assessment of the full range of scope 3 emissions for inclusion in this year's Streamlined Energy and Carbon Reporting (SECR) report. This review identified that our previous scope 2 emissions had included upstream leased asset emissions; these emissions have moved across to our scope 3 total and the FY23 Scope 2 emissions restated to reflect this change. The SECR report contains the total scope 3 emissions from all categories relevant to Arqiva. Emissions through our supply chain have been calculated using spend based data. We will be developing our scope 3 carbon reduction plan in the coming year as part of our SBTi target verification.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with SECR requirements, the table below provides a breakdown of carbon emissions in tonnes CO2e by scope in accordance with the Green House Gas Protocol, along with energy data for Arqiva Group for the financial year 2024, in comparison with the restated Scope 1&2 emissions from financial year 2023. The Scope 1 and 2 emissions for FY 2024 have undergone limited assurance in accordance with ISO14,064-3:2019. This can be found at the following site:
www.arqiva.com/emissionsreport2024

	Year ended June 24		Year ended June 23 published in FY23 Annual Report		Year Ended June 23 Restated	
	Energy GWh	Tonnes CO2e	Energy GWh	Tonnes CO2e	Energy GWH	Tonnes CO2e
Scope 1						
Gas [a]	1.62	297.5 LA	1.90	385	1.70	311
Gas Oil [b]	0.53	135.8 LA	0.57	149	0.53	137
Fugitive Emissions [c]		1924.9 LA		280		1884
Owner Transport (fleet) [d]	4.67	1167.3 LA	5.57	1408	5.28	1335
Diesel Generators [e]	0.43	111.5 LA	2.89	752	2.89	752
Total Scope 1	7.25	3637.0 LA	10.93	2974	10.40	4419
Scope 2						
Location Based (LB) [f]	191.67	39617.6 LA	201.47	41842	197.39	40799
Market Based (MB) [g]	191.67	28578.9 LA	201.47	40000	197.39	39178
Total Scopes 1&2 (LB)	198.92	43254.6 LA	212.40	44816	207.79	45218
Total Scopes 1&2 (MB)	198.92	32215.9 LA	212.40	42974	207.79	43597
Intensity Ratio Scopes 1&2 tCO2e/ £m (LB)		63.3				69.4
Intensity Ratio Scopes 1&2 tCO2e/£m (MB)		47.2				66.9
Scope 3						
Total from all relevant categories [h]		111310				118090
Total Scope 1,2&3 emissions (LB)		154564.6				163308
Total Scope 1,2&3 emissions (MB)		143525.9				161687
Intensity Ratio Scopes 1,2&3 tCO2e/£m (LB)		226.4				250.6
Intensity Ratio Scopes 1,2&3 tCO2e/£m (MB)		210.2				248.1

NB – not all figures were reported for Scope 3 for FY23., Where this is the case, the comparable metric has been left blank

Notes:
LA – Figures have undergone limited assurance to ISO14,046-3:2019
a– Natural gas consumption for heating of premises, propane used in operations.
b- Gas oil used for heating of premises
c- Refrigerants used in air conditioning systems and gases lost from fire suppression systems
d- Company owned vehicle emissions converted from litres fuel (not inclusive of electric vehicles)
e- Diesel and HVO consumed by generators for electricity generation
f- Location Based methodology- emissions calculated in line with the country specific grid- average emission factors
g- Market based methodology- emissions calculated in line with the REGO certified renewable energy supplied to Arqiva
h- Scope 3 emissions calculated for all relevant categories

Reporting methodology

The following standards and guidance are used to both monitor and report on our relevant carbon emission sources

- **Greenhouse Gas Protocol Corporate Accounting and Reporting Standard** developed by the World Resource Institute (WRI) and World Business Council for Sustainable Development (WBSCD) which can be accessed via https://ghgprotocol.org/standards
- **Green House Gas Reporting: Conversion factors 2024**: full set, used to report on 2024 greenhouse gas emissions. Greenhouse gas reporting: conversion factors 2024 - GOV.UK (www.gov.uk)
- Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019. Access available via https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance

Scope 1 emissions:
Emissions are determined by measuring metered consumption of Gas and Oil purchases and top up volumes of fugitive emissions in the reporting period and applying the appropriate GHG conversion factors from above. Estimated consumption values are used for May and June 24 based on consumption during this period in the previous 2 years.
Transport emissions are determined by fuel card reports for the fleet over the period, with conversion factors applied by vehicle type.

Scope 2 emissions:
Emissions are derived from metered consumption of energy and apportionment by contract type to determine market and location-based emissions. Estimated consumption values are used for May and June 24 based on consumption during this period in the previous 2 years.

Scope 3 Emissions:
Emissions were calculated in line with the GHG Protocol for the relevant categories listed below:

- Purchased goods and services- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Capital goods- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Fuel and energy related activities- emissions calculated using the 2024 Department for Energy Security and Net Zero (DESNZ) emission factors for upstream emissions per unit of consumption calculated from our scope 1&2 emissions,
- Upstream transport and distribution- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Waste generated in operations- emissions calculated using 2024 DESNZ emission factors and includes waste and wastewater treatment,
- Business travel- emissions calculated using expenses and suppliers using 2024 DESNZ emission factors.
- Employee commuting- emissions calculated using data from employee survey using 2024 DESNZ emission factors,
- Upstream leased assets- emissions calculated using DESNZ emission factors,
- Downstream transport and distribution- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Use of sold products- emissions calculated using number of sold products and relevant 2024 DESNZ emission factors.

Goal 2: To positively enhance the environments we operate in

Many of our sites are in rural locations around the country with protected habitats and wildlife. To positively enhance these environments we seek to protect, work around, or strive to have the least impact possible on natural habitats, rare flowers, and wild animals and to improve the habitats for flora and fauna to thrive in, supporting and enhancing biodiversity. We work closely with planning authorities and local communities to find the best acceptable solution for locations of masts and infrastructure essential to keeping both rural and urban communities connected. We have started identifying opportunities for grass restoration at our main site Crawley Court by trialling "no-mow" areas throughout the summer to encourage wildflower growth and enhance biodiversity.

As part of our operations, we want to prevent disturbance to nesting birds across our property by setting policies and procedures to identify nesting birds and ensure that any activities/works are managed accordingly.

We have gifted under a 125 year long-term lease, 8 acres of land at our Morn Hill site in Winchester to the Science Centre that is run by the Wonderseekers charity. This partnership will protect and enhance the biodiversity of the site in collaboration with neighbouring lars to recover nature and increase access and connectivity to the South Downs. The site is part of the Site of Special Scientific Interest and has special status for natural wildlife and butterfly populations. Wonderseekers showcases the importance of biodiversity through their extensive community engagement programme with over 120,000 visitors a year.

We provide volunteering opportunities for our colleagues to gain a greater understanding of the importance of biodiversity by getting involved in beach cleaning, nature surveys and litter picking.

Goal 3: To optimise the use of natural resources

This goal focuses on the reduction of waste generated as a consequence of our operations, by incorporating the principles of a "circular economy" that consider waste through the supply chain including end-of-life management, maintenance of assets, reclamation and re-use of usable components and equipment potentially avoiding carbon emissions otherwise associated with asset replacement. For items no longer required by the business we follow the waste hierarchy as we seek to resell, reuse, reclaim or recycle materials. This year we have recycled 99 tonnes of waste collected from our sites and we have been able to reuse 0.7 tonnes of our IT waste including 306 laptop computers. Of around 3000 technical parts that were sent to our repair centre following identification of faults or following maintenance 2850 were repaired and returned as stock items, equating to a re-use rate of 96%.The remaining items were deemed to be beyond economic repair and sent for recycling. As part of the refresh of our work mobile phones we purchased 200 refurbished units rather than buying new thereby supporting the principles of a circular economy and reducing the reliance on natural resources.

Following the fire at our Bilsdale site in 2021 Arqiva issued media streaming devices to local residents to ensure a level of connectivity was available while services were being restored. Circa 500 remaining devices were donated to the British Heart Foundation for re-use.

Our smart energy and water utilities propositions support a more responsible use of natural resources, assisting our utilities customers with their sustainability agendas, Arqiva are also developing next generation cloud-based, IP enabled services to aggregate media content from different sources for distribution to different platforms using content delivery networks that can work alongside traditional broadcast platforms, enabling customer carbon reduction through improved scalability, enriched service , improved energy consumption, and reductions in maintaining a traditional fixed asset base.

Climate Related Risks and Opportunities (Non-Financial Sustainability Information Statement)

To improve transparency of the Group's climate-related risks and opportunities Arqiva has produced this disclosure for its year ended 30 June 2024 in accordance with the requirements of Companies Act section 414. Within this disclosure Arqiva has considered both physical environmental risks and those associated with the transition to a greener economy alongside opportunities due to climate change that are relevant to its operations, assessing the potential impact on the business in the short, medium and long term.

Part A - Governance of Climate-Related Risks

The Chief of Operations, a member of the Executive Committee, has overall accountability for Environmental Sustainability including climate change action. As the most significant physical risks to Arqiva are the damage to infrastructure and interruption or reduction in the quality of our services, our Chief of Operations is ultimately responsible for managing the physical climate-related risks.

Reporting to the Chief of Operations is the Director of Risk and Resilience who manages the Sustainability team and is responsible for developing the sustainability strategy and management of Arqiva's Sustainability Programme.

Programme governance is overseen by the Sustainability Leadership Group comprising of Executive Committee members and stakeholders from across the business who monitor progress against our targets to deliver our sustainability goals. The Programme updates on climate related risks and manages Arqiva's sustainability reporting obligations including regular stakeholder updates. Individual projects agreed and launched under the programme will be incorporated into existing Arqiva programmes of work for delivery in relevant areas.

The Board and the Operational Resilience Committee (ORC) receive regular progress reports which include financial implications, changes to the programme and updates on climate related risks and opportunities (CRROs).Risks are reviewed at least annually.

Parts B And C - Identification and Assessment of Climate-Related Risks, And Integration to Group Risk Management

We recognise that climate-related risks and opportunities have the potential to impact our business and have taken the necessary steps to identify and assess the potential materiality of these risks and the opportunities, to maximise the positive impacts and minimise the negative impacts on our business. Read more about Arqiva's risk management approach on pages 50-51.

The process used to identify, assess, and propose management plans for climate-related risks is broadly as follows:

1. Review climate-related risks using a combination of NFSIS guidance, the National Risk Register, a review of existing related risks, subject matter experts, industry knowledge and stakeholder guidance.
2. Evaluation of the materiality of the risks to assign Risk Ratings and Risk Levels. This considered the short, medium, and long terms. Risk Scores have been submitted on Enterprise Risk Management tool for validation, further evaluation and ongoing management with risk owners. Material risks are reviewed regularly in the context of the ever-changing business and physical environment. The risk score is assigned on the basis of impact to the business, for the purpose of this report the risk is classified as red, amber or green (RAG).
3. Reporting of the material risks is managed in accordance with the Enterprise Risk Management and the Governance part of this section, and through regular climate disclosures and reporting.

The climate-related risks have been formally incorporated into the Enterprise Risk Management tool. As our understanding of climate-related risks matures, we will continue aligning climate-related risk management practices and adapt our management plans.

Opportunities have been assessed on the same basis as risks, with the Red, Amber, Green (RAG) status inverted (i.e. red=green, green = red) to reflect the positive rather than negative impact.

- **Risk Rating**: The overall Rating Score is derived from a combination of the impact and likelihood of a risk occurring using the 5x5 matrix below to rank the risk as red/ amber or green.

arqiva Version 3.0		IMPACT				
		Very Low	Low	Moderate	High	Very High
		1	2	3	4	5
LIKELIHOOD OVER 36 MONTHS: Very high (>70%) Very likely/almost certain	5	9	16	20	23	25
High (50% - 70%) Probable/more likely than not	4	7	13	17	22	24
Moderate (30% - 49%) Possible/likely	3	4	11	15	19	21
Low (10% - 29%) Unlikely/rare	2	2	6	12	14	18
Very low (<10%) Conceivable/highly unlikely	1	1	3	5	8	10

- Each risk considers a range of potential business impacts as defined in our Risk Management Rating Criteria Document, for example:
  - *Financial risk: Very low represents <£5m impact; High represents £25m - £50m; and Very High > £50m,*
  - *Service delivery: Very low impact represents technical breach of SLA with no loss of competitive advantage or ability to operate the service; High represents one significant outage or multiple short duration outages over a prolonged period, loss of competitive advantage (e.g. 10% increase in delivery target delays) or loss of ability to operate the service; Very High represents catastrophic platform failure causing multiple service outages or significant loss of management's ability to govern and operate the service,*
  - *Environmental impact: Very Low impact represents damage not exceeding £100k, or inability to recycle, or use of potentially hazardous substances; High would equate to severe environmental damage with up to £500k regulatory costs, or total costs between £25-50m; Very High represents catastrophic environmental damage, regulatory costs exceeding £500k, or total costs exceeding £50m,*
  - *Legal regulatory impact: Very Low impact represents local media incident interest with no loss of customer or key institution confidence; High represents a material business risk resulting in national coverage over multiple months or international, high loss of key institution confidence, high increase in customer complaints or customer notice to terminate the contract; Very High represents prolonged international media coverage and major reputational damage or severe political or industry body repercussions.*

Parts D, E and F - Principal Climate-Related Risks and Opportunities, Potential Impacts, And Initial Scenario Assessment

This section describes climate-related risks and opportunities Arqiva has identified over the short, medium, and long term, and their impact on the organisation's businesses, strategy, and financial planning.

We have identified six principal climate-related risks and three principal climate-related opportunities with potential to impact our business.

We considered the materiality of these risks over different time horizons to assess the potential impact of climate-related risks and opportunities on our business.

Physical Risks

These are the principal physical risks identified related to the impacts of climate change, both event driven and longer-term shifts in climate patterns, and which may have financial implications.

We are a large owner and operator of infrastructure which increases our exposure to the physical risks of climate change due to the increased risk of asset damage or loss. Our risk approach and assessment are centred on the resilience of sites and network resilience and the supply chains that support our operations. It is the initial view of the management team that the likelihood of occurrence of these risks could increase over time, but the nature of the risks and impact do not materially change. Under our risk governance, controls and management strategies are reviewed periodically to reflect this.

	Climate Factor	Risk	Risk Rating: Short term (< 5 years)	Risk Rating: Med Term (5-10 years)	Risk Rating: Long Term (> 10 years)
Risks: Physical	Severe Weather	Damage to assets and infrastructure due to a higher frequency/severity of extreme weather events, including fires, flooding, and storms	14	19	22
	Severe Weather	Interruption or reduction in the quality of services because of a higher frequency/severity of extreme weather events	14	19	22
	Severe Weather	Supply chain disruption due to climate impacts on key suppliers	19	23	23

We anticipate some risk impact from physical climate at the target 1.5°C level and short term (<5yrs), but also that these risks increase in severity under a scenario where global policies to reduce global emissions are delayed or less effective and climate-related events are more frequent and severe including warming exceeding a 2-3°C threshold. In all cases, as warming levels rise physical risks are likely to have an increased impact on our business over time, as illustrated in the table above.

We have controls in place across the business which build resilience against climate-related physical risks. Given the material risks assessed above, these are focused on damage to our infrastructure and disruption to services. These include:

- Asset lifecycle management from design, acquisition, maintenance, adaptation, and replacement - policies and guidance to incorporate assessment of environmental risk,
- Asset health is monitored regularly, and we have measures in place related to asset maintenance and service resilience such as processes and teams dedicated to disaster recovery and business continuity,
- We run audits on significant assets to assess fire risk with installation of fire breaks and perimeter controls to reduce risk of adjacent fires impacting Arqiva assets,
- We have deployed some remote monitoring temperature and humidity sensors improving information on our estate and reducing response times to potential system failure through system monitoring,
- Operations monitor Meteorological Office Weather Forecasts daily and issue pro-active alerts to Field Operations Managers to allow forward planning and protection of engineering resources,
- We also maintain and review insurance policies designed to mitigate the financial impact of physical risks, which cover claims on asset loss and damage and potential service impacts.

To protect Arqiva's supply chain against climate-related disruption, Arqiva has strategic supplier management plans in place with key suppliers that consider and seek to manage key supply and disruption risks. We endeavour to create diversity of supply in our supply chains to minimise critical bottlenecks, and contracts and service levels with suppliers to protect supply. As we address Scope 3 emissions with our key suppliers, this will incorporate climate-related risk management.

Transition Risks

These are the principal transition risks identified associated with growing pressure and demands for action, that could negatively impact revenues, and trigger an increase in taxation or energy costs. It is the initial view of the management team that the likelihood of occurrence of these risks has the potential to increase marginally over time, but that the nature of the risks and impact do not materially change. Under our risk governance, controls and management strategies will be periodically reviewed to reflect these possible changes and impact over time.

	Climate Factor	Risk	Risk Rating: Short term (< 5 years)	Risk Rating: Med Term (5-10 years)	Risk Rating: Long Term (>10 years)
Risks: Transition	Policy & Legal	Emerging carbon regulations and carbon taxation, leading to increased stakeholder scrutiny over our performance	15	17	17
	Technology	Third-party dependency impacting our ability to meet carbon targets including substitution of existing products and services with lower emissions options.	15	17	22
	Market	Rising price of energy (renewable and non-renewable), and raw materials.	22	15	12

Arqiva is a regulated technology-based business that is highly dependent on energy. Our risk assessment highlighted the cost of energy and raw materials (short/medium term) and the adaptation or replacement of long-life (20-30 year) fixed assets (medium/long term) as the greatest transition risks, as we transition to a reduced carbon economy. We are actively collaborating with our customers to understand how re-engineering or replacement of technical equipment, emerging technologies and ingenious ways of working can help us and our customers realise sustainable ambitions and decarbonise operations. Emerging climate regulations and carbon taxation, coupled with other transition risks could lead to increased stakeholder scrutiny with potential revenue and reputation implications longer-term, but are considered less pronounced in the short term. Our Risk and Resilience, Finance, and Legal teams monitor new or emerging climate-related regulation to understand and respond to changing policy and regulation.

Opportunity impact

We have identified three principal opportunities for our business relating to climate change associated with transition to a low-carbon economy including opportunities in managing our own transition. Exploiting these opportunities could increase business valuation, access sustainable financing and improve product efficiency, as well as enabling the reduction of carbon and other environmental objectives in our customer's markets. It is the initial view of the management team that these opportunities could increase over time with increased appetite for services Arqiva can provide.

	Climate Factor	Opportunity *(All level 2)*	Risk Rating: Short term *(< 5 years)*	Risk Rating: Med Term *(5-10 years)*	Risk Rating: Long Term *(> 10 years)*
Opportunities: Transition	Renewable sourcing	Participation in renewable energy programs to lower energy purchase carbon emissions, and championing sustainable procurement in our supply chain	20	20	23
	Products & Services	Introduction of next generation broadcast and transmission solutions enabling carbon reduction in our industry	13	17	22
	Markets	To expand Arqiva's SUN solutions business in our core utility markets and potentially expand into adjacent markets. To make our products more carbon efficient in themselves.	15	17	22

In April 2024 we commenced purchase of electricity with Renewable Energy Guarantee of Origin Certification - combined with Arqiva's hedging strategy, this could reduce cost and improve predictability in uncertain energy markets. Arqiva provides broadcasting and transmission services, and smart network solutions for energy and water management. Advances in technology should enable us to improve efficiency as we work with our engineers, suppliers and customers to upgrade or replace assets which will reduce energy consumption and support other environmental improvements. Arqiva are developing next generation cloud-based, IP enabled services to aggregate media content from different sources for distribution to different platforms using content delivery networks that can work alongside traditional broadcast platforms, enabling customer carbon reduction through improved scalability, enriched service aggregation, improved energy consumption, and reductions in maintaining a traditional fixed asset base. Arqiva's smart utility networks improve management of water, electricity, and gas distribution in the UK through smart metering and remote asset management. These optimise demand and distribution improving asset utilisation and efficiency in these carbon intensive utilities. There is opportunity for Arqiva to grow market share, and possibility to move into adjacent markets that can benefit from the same intelligent information and telemetry solutions. In our Scope 3 plans we are collaborating with our suppliers to make our products even more carbon efficient.

Parts G And H – Targets and KPIs Used by Arqiva to Manage Climate-Related Risks and To Realise Climate-Related Opportunities

In terms of organisation level targets, Arqiva has set its strategy to become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our scope 1 and 2 emissions by 2031. We launched our Sustainability Programme in May 2023 with a small core team and wider virtual structure across Arqiva to establish detailed plans and targets to deliver on our sustainability goals, to develop Arqiva's sustainability capabilities, and to assist in the identification and management of climate-related risks. These will directly improve transitional risk mitigation and create awareness and improved management of physical risks and transitional opportunities, working with the wider business.

Directors' Report

The Directors of Arqiva Broadcast Parent Limited, registered company number 08085823, (the "Company") and its subsidiaries (the "Group") submit the annual report and audited consolidated financial statements ("the financial statements") in respect of the year ended 30 June 2024.

The Company is a holding company with an investment in a group of operating companies, financing companies and other holding companies.

The Directors' report for the Company is set out on page 150.

Wates Corporate Governance Statement

For the year ended 30 June 2024, under The Companies (Miscellaneous Reporting) Regulations 2018, Arqiva has continued to apply the Wates Corporate Governance Principles for Large Private Companies (as published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website).

Companies can adopt the Wates principles as an appropriate framework when making a disclosure regarding corporate governance arrangements. We have adopted the disclosure in our 2024 Annual Report and Financial Statements and we set out below how the principles have been applied over the past year.

PRINCIPLE ONE - PURPOSE AND LEADERSHIP *– An effective board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.*

Purpose/focus and activities during the year.
The Board and Executive Committee continue to progress the strategy to build a sustainable future for the Group focused on its purpose of "***Enabling a Switched on World to flow***" delivering critical connectivity working in partnership with its customers across broadcast, media and utilities.

The following items were key areas of focus during the year:

Item	Summary
Headline purpose and strategy matters	The Group continues to build on the Vision 2031 work in "***Enabling a Switched on World to flow***" with execution of strategic focus areas enabled by an operational model aimed at strengthening culture; deepening engagement with and empowering people; promoting investment in products and technology; and developing and deepening relationships with key stakeholders. The purpose and cultural values underpin the Group's strategic priorities to achieve four key ambitions: to be the undisputed leader in UK TV, radio and broadcast; to transition global media to cloud-based solutions; to be the UK's leading smart utilities provider and to be an innovator of scalable solutions for new connectivity sectors (see Strategic Overview (pages 18-19)). The Board has overseen the progress against the purpose and strategic priorities as against a detailed and robust long-term plan as well as undertaking various strategic review sessions. This year, these have included sessions on market trends and future landscape sessions for both Media & Broadcast and Smart Utilities (including sessions with industry experts) as well as sustainability strategy and a day dedicated to strategic discussions taking into account both operating environments and future business plans.
Capital structure	The Board has continued to monitor the Group capital structure to ensure its suitability for the business needs.
Customers	There has been a continued focus on strengthening customer relationships at all levels including increased focus on customer experience and feedback and senior engagement with key customers and stakeholders. The Group has also been working with customers on

	new collaborative projects with water customers and developing our media products to provide better customer experiences. Customer experience and feedback has been part of the Board agenda this year and the Board has heard directly from customers and industry experts in market information sessions.
People & Culture	We want to create an environment where everyone has the opportunity to create value and succeed, whatever their role. We support 10 internal diversity and inclusion networks and are a corporate member of the industry leading Inclusive Employers. 25% of our workforce is female, as a technical engineering organisation, this is in line with the national average for females working in STEM[15]. Having colleagues with the right skills in the right role is crucial to our success and place learning & development at the heart of what we do, providing lots of formal and informal opportunities to develop new and current skills. Further details are at Supporting our People and Supporting Diversity & Inclusion (pages 36-39). Employee Wellbeing is also central to our proposition, with Arqiva winning Vitality's Britain's Healthiest Workplace in February 2024 and being shortlisted for a HR Excellence Award for Wellbeing in December 2023. This is a strength that we continue to build on with the recent launch of 'Podplan': a fully funded employee benefit to support colleagues with responsibilities for eldercare.
Transformation	During the year, the Board has overseen the continued simplification and improvement of systems and processes to enhance operational capability and bring efficiencies to the Group's operations, ways of working and customer service. We have recruited a new director of Product, a new director of Enablement and a new director of Data and Insight to strengthen our capabilities in our anticipated growth areas.
Operational performance	The operational performance of the business has been closely monitored by the Board as part of the regular Board meeting agendas as well as via the Operational Resilience Committee which focuses on key matters relating to operational resilience including safety, health & environment, sustainability, security and operational resilience. The Board oversaw the activities to rebuild the Bilsdale mast and restore coverage as a key operational focus. Full restoration of radio services was achieved in January 2024 following on from full restoration of television services in May 2023. Health and safety performance continues to be a key area of focus and the Operational Resilience Committee has overseen a review of and updates to the health and safety framework.
Sustainability	Sustainability is a key priority for the business with three key sustainability goals: 1) to become a Net Zero organisation by 2040 with an interim target of net zero across Scope 1 and Scope 2 emissions by 2031; 2) to positively enhance the environments we operate in; and 3) to optimise the use of natural resources. Details of our sustainability strategy can be found on pages 57-59 of the annual report. Streamlined Energy and Carbon Reporting including details of our greenhouse gas emissions can be found on pages 57-68 of the annual report. Climate related risks and opportunities have also been assessed, see pages 62-68 for further information. The Board continues to oversee further development of the Group's sustainability programme via the Operational Resilience Committee. Arqiva also notes the Sustainability Development Goals of Reduced Inequalities and Peace, Justice and Strong Institutions. The Group's work on empowering and promoting inclusion over the course of the year has included creating and promoting employee resource and networking groups, commitment to gender pay gap reporting and colleague led community-based volunteering and charity support. The Group also drives ethical business behaviour through its approach on preventing bribery and corruption, modern slavery and

[15] STEM – Science, Technology, Engineering and Mathematics Supply of skills for jobs in science and technology, Calendar year 2023 - Explore education statistics - GOV.UK (explore-education-statistics.service.gov.uk)

	human trafficking and ensuring effective and accountable reporting. These activities all form part of our Corporate Responsibility commitments (outlined at pages 33-40 of the annual report).

Values and culture

Arqiva's values (our culture goals) are promoted and reinforced throughout the business and are aligned to our overall business strategy. Regular reviews of employee and customer sentiment are undertaken and acted upon. There is also further engagement with employees via employee forums, an elected Employee Board and BECTU (outlined under Principle 6 (Stakeholders) below. The Group's People & Culture team monitors and regular reports to the Board on a range of employee metrics.

PRINCIPLE TWO - BOARD COMPOSITION - *Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.*

Chair
The Group's corporate governance structure creates a clear separation between the role of the Chair and that of the Chief Executive Officer.

The Chair (who is independent of the Group's shareholders) is a highly experienced business executive having held many senior executive roles in the technology, media and telecoms sectors and had been a director of the Group prior to his appointment as Chair in February 2023. The Board engaged an external Board performance review in the last year. The review noted that the Chair facilitates open, constructive and honest interchanges between the Board members which supports decision making across the Board agenda. The review identified Chair strengths including his experience and profile in global broadcasting to inform strategic priorities, the level of Chair engagement with the Executive, shareholders and the Board and Chair's presence on all Board sub-committees to support efficient governance. The review recommendations in terms of communications and Board agenda to help elevate the Chair's leadership further have been actioned.

Balance and diversity
The Board has deep and relevant experience which has provided invaluable external industry input to assist more effective decision-making in relation to a number of key matters brought before the Board. The Group operates in a number of diverse and complex markets which require the Board to have a detailed understanding of the relevant sectors in order to arrive at informed decisions.

We acknowledge that there is a relative lack of diversity on the Board in the context of the wider diversity and inclusion goals of the Group. In the wake of a Board performance review, steps are being taken to review Board skills and diversity in the context of assisting shareholders in Board succession planning. The Board remains committed to developing a more diverse workforce and, as part of the new appointments to the Senior Leadership group, improvements have been made to broaden diversity and this will continue in the future. Details of the actions taken in the year towards this are discussed in the Supporting Diversity & Inclusion section of the Corporate Responsibility Statement on pages 34-35 of the annual report.

Arqiva is actively working with Inclusive Employers in relation to diversity and inclusion. The Group recognises that there is further work to do in this area and continues to promote relevant initiatives. Page 38 of the Annual Report provides a breakdown of the gender of Directors and employees.

Size and structure
There have been limited changes to the Board over the course of the year as Andrew MacLeod took up his appointment and Diego Massidda was appointed to the Board by D9. The size and structure of the Board remains

under periodic review so that it is best organised to meet the needs and challenges of the Group. In terms of Board size, a balance has been struck between ensuring shareholders are adequately represented via their nominated Directors but also identifying directors with relevant industry experience (see pages 45-50 of the Annual Report for full details of the composition of the Board of Directors and Senior Executive Management).

Effectiveness
The Group engaged an independent third party to carry out a Board performance and effectiveness review this year. The overall findings were that the Board generally functions well. The Board is in the process of reviewing the actions coming out of the review with some recommended changes already in progress including revising meeting structures to provide greater visibility on the work done by the Chair and Committees as well as stakeholders' positions and initiating a review of the Committee Terms of Reference to clarify accountability and optimise how the Committees work together.

PRINCIPLE THREE - DIRECTOR RESPONSIBILITIES – *A board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decision-making and independent challenge.*

The Board has a programme of at least five principal meetings every year plus an additional day for strategic planning, with additional meetings arranged for key projects or as may otherwise be required.

Accountability
Decisions which are within the remit of the Board or Shareholders are set out in a Shareholders' Agreement (as Board Reserved Matters and Shareholder Reserved Matters). There is a Delegation of Authority policy which sets out the responsibilities that are delegated to the Executive and those decisions which must be made at Board or Shareholder level. This policy is reviewed regularly and any revisions are brought to the Board for approval. Typically, Board or Shareholder Reserved Matters are raised at regular Board meetings and written resolutions are obtained where otherwise required.

A Conflicts of Interest paper is maintained and regularly updated with details of Board or Shareholder conflicts. Any conflicts which may compromise independent decision making would be raised by the Company Secretary at the relevant Board meeting; a Director having a conflict is not entitled to discuss or vote on the relevant matter, or to count in the quorum.

Committees
The Board sub-Committees promote effective decision making and greater accountability and focus in relation to each of the areas covered by the respective sub-Committees. Pages 77-78 of the Annual Report provide an overview and description of each of the three Board sub-Committees comprising: Audit & Risk, Governance & Remuneration Committee, Operational Resilience Committee. In addition, Capital Structure working groups are convened as required. Each of the Committees has Terms of Reference, which set out its remit and the Board has accepted the Board performance review recommendation to review those Terms of Reference in order to optimise how the Committees work together and has put in place changes to the Board agenda to improve Committee visibility and reporting into the Board.

Integrity of information
The Board receives regular reports from the Executive and Senior Management on key matters for which the Board has responsibility, including strategic projects; comprehensive financial reporting; key customer and regulatory matters; updates on operational resilience (including physical and cyber security as well as health and safety and environmental issues); details of major bids and performance of key contracts and market issues faced by the Group as well as developments in technology and regulation.

The Group uploads papers to a board portal for ease of review and administration. Other than in exceptional cases papers are submitted in advance and taken as read at Board meetings, allowing any presentations to focus on highlighting key issues, discussion and dealing with questions. The Chairs of each of the Board Committees are aware of the importance of their position and during the year they have met with key employees of the Group to build relationships and gain direct access to those dealing with the day-to-day business of the Group.

PRINCIPLE FOUR - OPPORTUNITY AND RISK - *A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.*

Opportunity
The Group's Board maintains a focus on how the Group creates and preserves value over the long-term which is principally achieved through a well-developed strategic and long-term planning process. The Board keeps its strategy under review (including via an annual strategy day which provides a forum to present future business opportunities).Appropriate governance mechanisms are in place to ensure that new business opportunities above a certain value are considered and approved by the Board.

Risk
The Group has a well-developed risk management process in place throughout the business (which is described on page 51 of the Annual report). The Group's Audit and Risk function works with the Chief Executive Officer to review and consolidate the most significant business risks into a corporate risk register for scrutiny at quarterly Executive Committee and Audit & Risk Committee meetings.

Arqiva's key operational risks and mitigations are outlined on pages 52-57 of the Annual Report.

Responsibilities
The Group has adopted the Enterprise Risk Management approach to managing its risk which has been approved by the Group's Audit & Risk Committee. This incorporates an internal control framework clearly defining the roles and responsibilities of those involved. Responsibilities include the following:

- The Group's Executive Committee takes recommendations for ensuring the risk management framework remains effective going forward,
- Processes are in place for managing the principal risks and uncertainties,
- The internal control framework (described on page 51 of the Group's annual report) confirms that there is a monitoring and review process in place to evaluate risks at both business function and Board level.

PRINCIPLE FIVE - REMUNERATION - *A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

Remuneration
A consistent approach has been adopted in setting the level and structure of remuneration in relation to each member of the Executive Committee to secure appropriate and fair levels of remuneration. Benchmarking and advice from external remuneration consultants is obtained. Remuneration comprises of a number of elements including base salary, an annual bonus and a long-term incentive plan.

Page 39 of the Group's annual report provides more detail and explains how remuneration is structured to recognise and reward high performance for achieving targets in line with the Group's sustainable success and values. This aligns with remuneration arrangements for the remainder of the organisation where every employee's remuneration is made up of a combination of base salary and an annual bonus (which, again, is linked to achieving financial targets in line with the Group's objectives).

Policies
The Group has delegated remuneration matters to the Governance & Remuneration Committee (which is a committee of the Board). The Governance & Remuneration Committee operates in accordance with documented terms of reference. The Governance & Remuneration Committee is committed to take into account the pay and employment conditions of the Group's wider workforce when making recommendations in relation to Executive pay.

The Group's bonus and long-term incentive plans are documented in writing and reviewed at least annually by the Governance & Remuneration Committee and any payments made operate against documented performance targets.

In addition, the Governance & Remuneration Committee is responsible for reviewing the company wide pay increase on an annual basis. As part of this process, the Governance & Remuneration Committee will assess increases against certain criteria including taking into account comparative pay metrics in the industry, discussions held with BECTU, the existing and future financial capacity of the business, and also aligning with the long-term sustainable success of the company. In the year to 30 June 2024, annual pay negotiations were concluded with BECTU with agreement to go to a ballot of its members. This occurred in early July 2023 and agreement was reached on the business' proposals.

The Group has published its full gender pay gap report which is available on the company website at www.arqiva.com. The latest report shows the emphasis and commitment to diversity and inclusion with improvements in both the mean and median pay gaps for the reporting period. The full report provides details on why we have a pay gap, the reasons for the increase in the year and the actions we are taking to address the issue.

PRINCIPLE SIX - STAKEHOLDERS - *A board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce, and have regard to that discussion when making decisions. The board has a responsibility to foster good stakeholder relationships based on the company's purpose.*

Stakeholders
The Group's key Stakeholders include its employees; customers; suppliers; debt investors; Shareholders; pensions trustees; and regulatory and government bodies including Ofcom, Ofwat, DCMS, DSIT, DEFRA and DBT. Senior Management and the Strategy and Regulatory team work closely with industry bodies and lobby groups and representatives of the various regulatory bodies, and the Board is regularly briefed informally and formally on developments. The value of good relationships with local communities, in the context of planning requirements, for example, is understood and focus is given to fostering these relationships. The Group provides reports to investors and creditors as part of its listed debt obligations and conducts regular investor calls which give the opportunity for debt investors to raise questions with the Group. The Commercial and Operations teams have put additional focus on customer relationships including implementing a new programme around customer engagement and experience. Group's procurement operations function actively undertakes reviews of its supplier base to enhance its best practice in this field.

Workforce
The Employee Engagement Statement (see page 42 of the Annual Report) sets out engagement with employees. The Board engages with employees at a variety of levels from formal Board and Committee meetings to more informal participation in site visits and attendance at 'Let's Connect' days. The Group's People & Culture team monitors and regular reports to the Board on a range of employee metrics and this year the Arqiva Employee Board also presented to the Board.

External impacts
The Group's Corporate Responsibility statement (pages 34-40) sets out a description of the Group's focus areas used to ensure that it acts responsibly, ethically and safely, from a Corporate; Community; Employee; and Business perspective taking into account sustainability goals. This is also reflected in the Stakeholder Engagement Statement (pages 41-42).

Directors' Report

Financial Risk Management

The principal risks and uncertainties of the Group have been outlined previously in this report (see pages 51-57). As a result of these, as well as the on-going business activities and strategy of the Group, Arqiva is exposed to a variety of financial risks that include financing risk, purchase price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk.

The key financial risks affecting the Group are set out below, together with a summary of how these risks are managed.

Risk Type	Description of risk / uncertainty	Management of risk / uncertainty
Inflation risk	High inflation risk has an adverse impact on both operating and financing cash flow as well as the financial health of customers and suppliers	The Group uses derivative contracts to hedge its exposure to adverse impacts of high levels of inflation to its cash flows. Inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs. In June 2023 the Group executed an RPI collar which caps future accretion exposure to inflation at circa 6%. Increases in power costs are, in part, managed via pass-through arrangements with customers. The Group's power contracts were renewed until 2026 (England, Scotland & Wales) and 2025 (Northern Ireland), which, with Board approval on a power hedging strategy, has enabled the Group to mitigate the risk of market price volatility through small incremental future power purchased up to 18 months in advance. The total risks are minimised as a significant proportion of the Group's revenue contracts with customers within core TV and radio products are RPI-linked.
Financing risk	The Group will need to refinance at least part of our debt as it matures and may need additional financing to cover capital expenditure and certain other expenses to support its growth plans. The Group cannot be certain that such financing will be readily available on attractive or historically comparable terms. Breach of debt covenants and/or a downgrade in our rating could impact the availability of finance or the comparability of terms.	The Group mitigates this risk by the strength of the stable long-term investment grade capital structure in place. Our BBB+/BBB (S&P/Fitch) ratings reflect our strong ability to service and repay debt from our cash flows over a reasonable period of time, maintaining debt with a variety of medium- and long-term maturities, so that over time we do not have a significant concentration of debt due for refinancing in any given year, and aiming to refinance debt well in advance of the maturity date. With regards to covenants, the Group maintains financial covenant monitoring and modelling, both retrospectively and prospectively and maintains regular dialogue with credit ratings agencies.
Purchase price risk	Energy is a major component of the Group's cost base and is subject to price volatility and significant pressure from energy price inflation.	The Group's power contracts were renewed until 2026 (England, Scotland & Wales) and 2025 (Northern Ireland), which, with Board approval on a power hedging strategy, has enabled the Group to mitigate the risk of market price volatility through small incremental future power purchased up to 18 months in advance.

		A proportion of this risk is managed via pass-through arrangements to customers. Power purchasing options are reviewed, and expectations of higher future power costs are built into the business's long-term plans. Sustainability is a key focus for Arqiva, and it includes ways to reduce power consumption. Key revenue and cost milestones are set on larger projects to mitigate the financial risks of volatile market pricing. Third-party savings initiatives are regularly monitored at both the Executive Committee and Shareholder Board levels. Key revenue and cost milestones are set on larger projects to ensure the financial risks of volatile market pricing are mitigated. Third party-savings initiatives are reviewed at both the Executive Committee and Shareholder Board levels.
Credit risk	The Group is exposed to credit risk on customer receivables. The Group is exposed to counterparty risks in its financing operations.	Credit risk is managed through appropriate credit checking procedures both prior to taking on new customers and throughout contract life; and higher risk customers paying in advance of services being provided. Aged debt is actively monitored, escalated and acted upon by a dedicated team with support from account managers to reduce bad debt. Performance is closely monitored to ensure agreed service levels are maintained reducing the level of queried payments and mitigating the risk of uncollectible debts. The Group carefully manages the credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions which have satisfactory credit ratings assigned by international credit ratings agencies. The levels of credit risk are monitored through the Group's on-going risk management processes, which include a regular review of the credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.
Liquidity risk	Ensuring the Group has sufficient available funds for working capital requirements and planned growth and funding for the Defined Benefit pension scheme.	The Group maintains cash reserves and access to undrawn committed facilities to cover forecast requirements. As at 30 June 2024, the Group had £20.8m cash available and £205m and £150m undrawn working capital and liquidity facilities respectively available to cover senior debt and/or interest payment if required. The Board considers the availability and adequacy of working capital funding requirements in conjunction with forming its long-term financial plan for the business.

Interest rate risk	Exposure to interest rate risk due to borrowing variable rate bank debt.	The Group uses derivative contracts to hedge its exposure to rising interest rates. The Group maintains a hedging policy to manage interest rate risk and to ensure the certainty of future interest cash flows and compliance with debt covenants. The derivative contracts held are fixed rate hedging, split between interest rates and inflation-linked swaps. The Group has, however, elected not to apply hedge accounting meaning gains and losses are recognised through the income statement as fair values fluctuate (2024: £10.6m loss; 2023: £28.2m loss). Interest rate swaps convert variable rate interest costs to fixed rate interest costs while inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs, which fluctuate in line with the RPI index as do a significant proportion of the Group's revenue contracts.
Foreign exchange risk	The Group operates from UK sites and predominantly in the UK market. While some customer and supplier contracts are denominated in other currencies (mainly US Dollars and Euros), the majority of the Group's revenues and costs are sterling based, and accordingly, exposure to foreign exchange is limited.	Management regularly monitors the impact of foreign exchange risks and assess the need to put any mitigating financial instruments in place. In June 2023 the Group issued 118m US dollar denominated private placement notes. At the same time, the Group entered cross-currency swaps to fix the exchange exposure on this debt. Details of the cross-currency swaps are provided in note 24.

Internal control over financial reporting

The Board of Directors review the effectiveness of the Group's systems of internal control, including risk management systems and financial and operational controls (see page 51).

Audit and Risk Committee

The Audit and Risk Committee, chaired by Scott Longhurst, meets at least four times per year. The committee has responsibilities of oversight of risk management procedures, monitoring compliance and regulatory issues (including whistleblowing arrangements) and reviewing the effectiveness of the Group's internal controls and internal audit function.

The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties, and to obtain any external legal or other professional counsel it requires.

Meetings of the Committee are attended, at the invitation of the Chair of the Committee, by the external auditors, the Chief Executive Officer, the Chief Financial Officer and representatives from the business as required.

Internal Audit

The Audit and Risk Committee is responsible for reviewing the work undertaken by the Group's internal audit function, assessing the adequacy of the function's resources and the scope of its procedures. The internal audit function agrees its annual audit plan with the Audit and Risk Committee and regularly reports its findings and recommendations. The Group's internal audit plan incorporates an annual rolling review of business activities and incorporates both financial and non-financial controls and procedures.

External Audit

The Audit and Risk Committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the Group's external auditor. The Committee makes an assessment of the auditors' independence and objectivity taking into account the relationship with the auditors as a whole, including the provision of any non-audit services.

PricewaterhouseCoopers LLP were re-appointed as external auditor in 2016, for the year ending 30 June 2017, following a competitive tender process. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Committee.

The auditors have provided certain non-audit services, principally in relation to non-audit assurance. The Audit and Risk Committee considers the acceptability of all non-audit services with the auditors in advance of commencement of work to confirm acceptability and ensures that appropriate safeguards of audit independence are established and applied, such as partner rotation.

Risk

The Audit and Risk Committee is responsible for considering and approving the Group's risk management function, ensuring adequate resources and access to information for effective function, reviewing the appropriateness of the Group's risk management function, reviewing reports from this function and monitoring management response to risk.

Governance and Remuneration Committee

The Governance and Remuneration Committee, chaired by Andrew MacLeod, is established to take a proactive role in liaising with Shareholders to manage the process of appointing a Chair of the Board, CEO and CFO as well as Board level succession planning. This includes consideration of Board composition including skillsets and experience required from Board appointees and ensuring potential appointees as assessed for possible conflicts of interest and independence. The Committee also considers the succession planning for senior management, taking account of challenges and opportunities and skills and expertise required by the Group.

Further responsibilities include reviewing the Group's diversity and inclusion policies, overseeing, and setting compensation parameters, rewards and bonus schemes for senior management as well as determining and overseeing reward strategies including consulting and advising on the Group-wide bonus schemes.

The Committee meets at least three times a year.

Operational Resilience Committee

The Operational Resilience Committee, chaired by Paul Donovan, has oversight of the adequacy and effectiveness of the operational resilience strategies and procedures of the Group (including principles, policies and practices adopted in complying with all relevant legal standards and regulatory requirements affecting the activities of the Group) and reviewing management performance, considering major findings of internal and external investigations and making recommendations to the Board in respect of this. The Committee also has oversight of operational resilience with regard to safety, health and environmental matters, cyber security, physical security, business continuity, diversity and inclusion to the extent they may impact business operations and sustainability. Arqiva have implemented a Sustainability Committee consisting of members of the Executive Committee and senior leaders across the business to ensure that Arqiva meets its environmental sustainability ambitions and commitments. Outputs from the Sustainability Committee are fed into the Operational Resilience Committee for Board level consideration.

The Operational Resilience Committee meets at least three times a year.

Equal Opportunities policy

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues, and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not have a disability. Further information on how Arqiva supports its employees can be found on page 36.

Political Donations

No political donations were made during the year (2023: none).

Charitable donations

The Group has made £0.05m (2023: £0.1m) of charitable donations in the year.

In 2023 the Group made an additional donation of £0.05m to local charities in the vicinity of the Bilsdale mast in recognition of the disruption caused by the fire, which was not repeated in 2024.

We have gifted under a 125 year long-term lease, 8 acres of land at our Morn Hill site in Winchester to the Science Centre that is run by the Wonderseekers charity. The site is part of the Site of Special Scientific Interest and has special status for natural wildlife and butterfly populations. Wonderseekers showcases the importance of biodiversity through their extensive community engagement programme with over 120,000 visitors a year.

Research and development

The Group performs research and development into new products and technology, the costs of which are capitalised where they meet the criteria for capitalisation in accordance with the Group's accounting policy. The research costs expensed in the year were £2.4m (2023: £2.8m). In addition, the Group carries out research and development as part of its contract bid processes and these costs are expensed as part of the bid costs unless the development expenditure can be capitalised. The bid costs expensed during the year total £1.5m (2023: £2.2m).

Development costs incurred as part of capital expenditure projects, which support customers' contracts, are included with the total project spend within property, plant and equipment. The Group's capital expenditure in the year was £68.5m (2023: £72.3m) and includes capitalised labour of £23.3m (2023: £20.2m). Other development costs are capitalised within intangible assets. In the year, new development costs capitalised total £4.1m (2023: £1.2m) with amortisation of £0.9m (2023: £2.0m) charged against such capitalised development costs.

Overseas branches

There are no overseas branches related to Arqiva Broadcast Parent Limited.

Events after the reporting date

As at the reporting date, management was not aware of any events, within the business or external to the business but which may have an impact on the business, or any unrecognised liabilities that could have a material impact on the business, its financial position or performance.

Dividends and transfers to reserves

The Directors of the Group have not recommended a dividend in the year (2023: nil).

The consolidated loss for the year of £103.5m (2023: loss of £71.2m) was transferred to reserves.

Now Digital (East Midlands), a Group company which includes a non-controlling interest, declared a dividend in the year of £0.4m (2023: £0.4m), of this £0.1m is attributed to the non-controlling party.

Going Concern

The Strategic report includes information on the structure of the business, the business environment, financial review for the year and uncertainties facing the Group. Notes 20, 22 and 24 of the consolidated financial statements include information on the Group's cash, borrowings and derivatives respectively; and financial risk management information presented within this report.

The Group meets our day-to-day working capital and financing requirements through the net cash generated from our operations. The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios. The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund our current operations, including our contractual and commercial commitments both in terms of capital programmes and financing as they fall due.

This is further supported by the debt facilities that were established at the start of this financial year, see note 22 for further information. Following the end of the financial year and ahead of signing the annual report, the Audit and Risk Committee performed a separate review of the going concern basis for the accounts. The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Future Developments

The Group plans to continue in its commercial and operational business in accordance with its strategy. Further detail is contained within the Strategic report on page 18.

Ownership and Directors

A description of the ownership of the Group and the Board of Directors holding office during the year and up to the date of signing of the financial statements can be found on page 45.

For details on the background of the Board of Directors and the Executive Committee please refer to page 45-50.

Details of the statutory directors of the Company are shown on page 148.

Directors Indemnities

The Company has provided an indemnity for its Directors and the Company Secretary, which is a qualifying third-party indemnity for the purposes of the Companies Act 2006. The indemnity was in force during the full financial year and up to the date of approval of the financial statements.

Disclosure of information to the Independent Auditors

In the case of each director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and

they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

On behalf of the Board

Scott Longhurst
Director
25 September 2024

Financial Statements

Group Financial Statements

Company Financial Statements

Independent auditors' report to the members of Arqiva Broadcast Parent Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Arqiva Broadcast Parent Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2024 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 30 June 2024; the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated cash flow statement and Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- For the Group financial statements we performed an audit of the complete financial information of three entities and the consolidation. We also conducted audit procedures on specific line items for six entities to ensure sufficient coverage. The audit work performed achieved coverage of 94% of revenue and 99% of adjusted EBITDA (consisting of continuing profit before tax, finance income, finance costs, other gains and losses and exceptional income and expenses). All entities have been audited by the Group audit team and hence no component auditor has been involved in the audit of the Consolidated financial statements.

Key audit matters

- Carrying value of goodwill (Group)
- Recognition and recoverability of deferred tax assets (Group)
- Valuation of defined benefit pension scheme obligation (Group)
- Impairment of investments (Company)

Materiality

- Overall Group materiality: £10,300,000 (2023: £11,500,000) based on approximately 3.4% of Adjusted EBITDA.
- Overall Company materiality: £66,035,000 (2023: £78,854,000) based on approximately 2% of Total Assets.
- Performance materiality: £7,725,000 (2023: £8,625,000) (Group) and £49,530,00 (2023: £59,140,500) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (Group) IAS 36 'Impairment of assets' requires management to perform annual impairment assessments in respect of goodwill. The Group's goodwill is material, amounting to £1,458.0m (£1,340.2m allocated to 'Media Distribution' and £117.8m allocated to 'Smart Utilities Networks'), and the impairment assessments performed over goodwill include a number of assumptions which are subject to management judgement and estimates. Our significant audit risk relates to the Smart Utilities Network CGU due to the lower impairment assessment headroom, and the greater uncertainty around the future growth of the utilities sector. Refer to page 108 and page 121 (note 4 - critical accounting judgements and key sources of estimation uncertainty –Impairment of goodwill and note 14 – goodwill)	We obtained an understanding of the allocation of goodwill to cash generating units in management's impairment model and assessed its appropriateness. We tested the impairment model, assessing its mathematical accuracy, the accuracy of inputs to the model and the reasonableness of the assumptions applied by management in assessing the recoverable amount for each cash generating unit. These included the assumptions for revenue and cost growth, capital expenditure and the discount rate used. We tested the cash flows and agreed these to the Board approved long term plan, and also performed a look back test to assess accuracy of historical forecasting. We involved our PwC valuations experts to evaluate the discount rate and terminal growth rate used to calculate the present value of the cash flows and confirmed these were calculated using an acceptable methodology and concluded that the discount rate and terminal growth rate are materially in line with what we would expect. We reviewed management's sensitivity analysis and performed our own sensitivity analysis considering various reasonably possible scenarios impacting key assumptions, including forecast cash flows, terminal growth rate and discount rates. Our testing confirmed that management has recognised capital expenditure for sustainability and future transformation costs in its future cash flows. We have reviewed the reasonableness of management's disclosure in relation to our sensitivities in accordance with the requirement of IAS 36. Based on this testing, we considered whether the carrying value of the goodwill balances were adequately supported by the value-in-use impairment model prepared by management and found there to be sufficient headroom.
Recognition and recoverability of deferred tax assets (Group) The Group has recognised deferred tax assets of £222.8m (2023: £199.8m) with a further £263.3m (2023: £260.1m) of potential deferred tax assets not recognised on the basis that they are not considered to be recoverable. There is judgement involved in the measurement of deferred tax assets as well as in their recognition, which is only appropriate if the asset is accessible (based on applicable tax legislation and the Group's capital structure) and if there are sufficient probable forecast taxable profits. Refer to page 108 and page 128 (note 4 - critical accounting judgements and key sources of estimation uncertainty – deferred tax and note 19 –deferred tax).	We obtained management's calculation and assessment of the deferred tax asset, including support for judgements taken on measurement and recognition. We utilised tax specialists to review and challenge management's assessment, in particular in relation to the accessibility of tax losses. We obtained management's forecast of taxable profits and agreed their consistency to the Board approved long term plan and forecasts utilised in management's goodwill impairment assessment. The calculations of the forecast taxable profits were reviewed, and an analysis of the sensitivity of the utilisation horizon to variations in EBITDA was considered. We further assessed the potential deferred tax assets not recognised and concluded that only assets that are expected to be available to the Group have been recognised. Judgement relating to the unrecognised assets will remain under review and reassessed as the Group's circumstances and relevant tax legislation evolves. We have reviewed the disclosure over the critical accounting judgement in respect of deferred tax assets and we concur with the disclosures made. We reviewed correspondence with relevant tax authorities and with the Group's tax advisors, assessing management's judgements in relation to the measurement of tax benefits. We reviewed management's disclosures describing relevant uncertainties and movements in benefits recognised. As a result of our work performed no material errors were noted in respect of

	the amount of deferred tax asset recognised in the financial statements at 30 June 2024.
Valuation of defined benefit pension scheme obligation (Group) The Group operates one defined benefit plan which entered into a buy-in arrangement with an insurance Company to mitigate risks associated with its defined benefit plan obligation. The defined benefit plan has a surplus at the year end of £9.3m (2023: £51.2m). The valuation of the defined benefit plan obligation (£165.6m, 2023: £158.9m) includes a high level of estimation uncertainty, comprising several different key assumptions. There is a risk that an error within one or a combination of those assumptions could lead to a material misstatement in the financial statements. Refer to page 108 and 143 (note 4 - critical accounting judgements and key sources of estimation uncertainty – Actuarial assumptions used to determine the carrying amount of the Group's defined benefit plan liabilities and note 28 – retirement benefits)	With the support of our PwC actuarial experts we assessed the appropriateness of the methodology applied to calculate the key assumptions used to derive the defined benefit pension obligation (DBO). As well as assessing the appropriateness of the key assumptions, which included assessing their relativity to our acceptable ranges; our ranges are established using market data, scheme specific analysis and other relevant information. We concluded that all of the key assumptions are appropriate. We also reviewed the actuarial report and enquired of management's actuarial expert. We understood how management addresses the risk of the actuary's modelling accuracy and the controls in place for the modelling, and performed our own input data testing. We reviewed the disclosures in the financial statements related to the DBO to ensure they were adequate and in compliance with the relevant accounting standards. As a result of our work performed no material errors were noted in relation to the DBO recognised in the financial statements as at 30 June 2024.
Impairment of investments (Company) The Company has significant investments amounting to £2,009.8m as at 30 June 2024. This is considered a key audit matter due to the significance of the quantum of the balance, and therefore any misstatements in this balance would likely be material, and also due to the significant estimates involved in the impairment assessment. Refer to page 157 (note 3 - Investments)	For the Company's investment in subsidiaries, we have compared the higher of value in use and fair value less costs to sell with the carrying value of the investments held to ensure that the impairment charge recognised during the year is reasonable. When considering the recoverable amount we have agreed key estimates to supporting evidence including verifying the appropriateness of the assumptions for revenue and cost growth, capital expenditure, the terminal growth rate and the discount rate used, where applicable. We also reviewed management's sensitivity analysis and performed our own sensitivity analysis considering various reasonably possible scenarios impacting key assumptions, including forecast cash flows, terminal growth rate and discount rates. Our testing did not identify any material differences to the position reflected in the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Arqiva Broadcast Parent Limited's business is carried out through a single principal trading subsidiary, aligned into two customer-facing business units; Media Distribution and Smart Utilities Networks, supported by the Group's Operations, Technology and Transformation and Corporate functions. In addition, there are a number of entities which provide financing to the operations.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Company
Overall materiality	£10,300,000 (2023: £11,500,000).	£66,035,000 (2023: £78,854,000).
How we determined it	Based on approximately 3.4% of Adjusted EBITDA	Based on approximately 2% of Total Assets
Rationale for benchmark applied	Based on our professional judgement, adjusted EBITDA is an appropriate adjusted measure to assess the performance of the Group, which focuses on the underlying trading results.	Based on our professional judgement, total assets is an appropriate measure to assess the performance of the Company and is a generally accepted auditing benchmark. A rule of thumb of approximately 2% is appropriate given that the entity itself is not a PIE.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.02m and £9.8m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £7,725,000 (2023: £8,625,000) for the Group financial statements and £49,530,00 (2023: £59,140,500) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £515,000 (Group audit) (2023: £575,000) and £515,000 (Company audit) (2023: £575,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Communications Act 2003, the Companies Act 2006 and the UK Tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management's manipulation of key performance measures such as adjusted EBITDA (consisting of continuing profit before tax, finance income, finance costs, other gains and losses and exceptional income and expenses). We have determined adjusted EBITDA is the key metric for stakeholders, such as the Group's ultimate shareholders and lenders. It is considered that the most likely risk of management manipulation of this metric is through the posting of manual journals and management bias in significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Discussions with management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management and considering risk of management bias in their significant accounting judgements and estimates as disclosed in Note 4 of the financial statements;

- Identifying and testing unexpected journal entries, including any journal entries posted with unusual account combinations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures made by management in their significant accounting estimates and judgements as disclosed in Note 4 of the financial statements; and
- As required by ISA 240, incorporating an element of unpredictability into our audit testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 September 2024

Consolidated income statement

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Revenue[16]	5	645.2	613.3
Cost of sales		(230.5)	(195.4)
Gross profit		**414.7**	**417.9**
Depreciation	16	*(88.3)*	*(91.7)*
Amortisation	15	*(19.7)*	*(12.9)*
Exceptional operating expenses[17]	7	(7.9)	(6.7)
Other operating expenses		*(108.1)*	*(96.7)*
Total operating expenses		(224.0)	(208.0)
Other income		9.9	7.8
Exceptional other income	7	16.0	20.0
Operating profit	6	**216.6**	**237.7**
Finance income	9	4.8	4.1
Finance costs	10	(324.9)	(299.9)
Other losses	11	(10.6)	(28.2)
Loss before tax		**(114.1)**	**(86.3)**
Tax	12	10.6	15.1
Loss for the year		**(103.5)**	**(71.2)**
Attributable to:			
Owners of the Company		(103.7)	(71.5)
Non-controlling interests		0.2	0.3
		(103.5)	**(71.2)**

All items in the consolidated income statement relate to continuing operations. Further comments on consolidated income statement line items are presented in the notes to the financial statements.

16 Revenue is not recognised to the extent of service credits, see note 7 for detail.

17 Exceptional items are presented to assist with the understanding of the Group's performance. See note 7 for further information.

Consolidated statement of comprehensive income

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss for the year		**(103.5)**	**(71.2)**
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit pension schemes	28	(44.3)	(12.2)
Movement on deferred tax relating to pension schemes	19	11.1	3.0
		(33.2)	**(9.2)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		-	0.1
Total other comprehensive (loss) / income		**(33.2)**	**(9.1)**
Total comprehensive loss		**(136.7)**	**(80.3)**
Attributable to:			
Owners of the Company		(136.9)	(80.6)
Non-controlling interests		0.2	0.3
		(136.7)	**(80.3)**

All items of other comprehensive loss relate to continuing operations.

Consolidated statement of financial position

	Note	As at 30 June 2024 £m	As at 30 June 2023 £m
Non-current assets			
Goodwill	14	1,458.0	1,458.0
Other intangible assets	15	76.1	57.0
Property, plant and equipment	16	1,190.1	1,238.8
Deferred tax	19	222.8	199.8
Retirement benefits	28	9.3	51.2
Interest in associates and joint ventures	17	0.1	0.1
Derivative financial instruments	24	14.7	31.5
		2,971.1	**3,036.4**
Current assets			
Trade and other receivables	18	111.8	118.5
Contract assets	18	6.9	9.3
Cash and cash equivalents – unrestricted	20	13.8	36.3
Cash and cash equivalents – restricted	20,28	7.0	-
		139.5	**164.1**
Total assets		**3,110.6**	**3,200.5**
Current liabilities			
Trade and other payables	21	(1,912.4)	(1,719.3)
Contract liabilities	21	(90.0)	(116.0)
Borrowings	22	(88.1)	(354.4)
Provisions	25	(3.7)	(3.3)
		(2,094.2)	**(2,193.0)**
Net current liabilities		**(1,954.7)**	**(2,028.9)**
Non-current liabilities			
Contract liabilities	21	(291.5)	(304.0)
Borrowings	22	(1,426.6)	(1,227.9)
Derivative financial instruments	24	(178.2)	(237.7)
Provisions	25	(77.6)	(77.7)
		(1,973.9)	**(1,847.3)**
Total liabilities		**(4,068.1)**	**(4,040.3)**
Net liabilities		**(957.5)**	**(839.8)**

The consolidated statement of financial position is continued on the next page.

Consolidated statement of financial position (continued)

	Note	As at 30 June 2024 £m	As at 30 June 2023 £m
Equity			
Share capital		0.1	0.1
Accumulated losses		(1,061.9)	(925.0)
Merger reserve		(188.5)	(188.5)
Capital contribution reserve		291.5	272.4
Translation reserve		(0.6)	(0.6)
Total equity attributable to owners of the Parent		**(959.4)**	**(841.6)**
Non-controlling interest		1.9	1.8
Total equity		**(957.5)**	**(839.8)**

The notes on pages 98 to 149 form part of these financial statements. These financial statements on pages 92 to 149 were approved by the Board of Directors and authorised for issue on 25 September 2024 and were signed on its behalf by:

Scott Longhurst
Director

Consolidated statement of changes in equity

	Note	Share capital*	Accumulated losses	Merger reserve	Capital contribution reserve[1]	Translation reserve[2]	Total Equity attributable to owners of the Parent	Non-controlling interest	Total equity
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 July 2022 (Restated)		**0.1**	**(844.3)**	**(188.5)**	**233.1**	**(0.7)**	**(800.3)**	**1.6**	**(798.7)**
(Loss) / profit for the year		-	(71.5)	-	-	-	(71.5)	0.3	(71.2)
Other comprehensive (loss) / income		-	(9.2)	-	-	0.1	(9.1)	-	(9.1)
Total comprehensive loss		-	**(80.7)**	-	-	**0.1**	**(80.6)**	**0.3**	**(80.3)**
Capital contribution		-	-	-	39.3	-	39.3	-	39.3
Dividends paid	13	-	-	-	-	-	-	(0.1)	(0.1)
Balance at 30 June 2023		**0.1**	**(925.0)**	**(188.5)**	**272.4**	**(0.6)**	**(841.6)**	**1.8**	**(839.8)**
(Loss) / profit for the year		-	(103.7)	-	-	-	(103.7)	0.2	(103.5)
Other comprehensive loss		-	(33.2)	-	-	-	(33.2)	-	(33.2)
Total comprehensive (loss) / income		-	**(136.9)**	-	-	-	**(136.9)**	**0.2**	**(136.7)**
Capital contribution		-	-	-	19.1	-	19.1	-	19.1
Dividends paid	13	-	-	-	-	-	-	(0.1)	(0.1)
Balance at 30 June 2024		**0.1**	**(1,061.9)**	**(188.5)**	**291.5**	**(0.6)**	**(959.4)**	**1.9**	**(957.5)**

***Comprises 100,002 (2023:100,002) authorised, issued and fully paid ordinary shares of £1 each.**

1. The capital contribution reserve arose as a result of shareholder transactions. These transactions represent cash injections into the company
2. The translation reserve relates to the translation of foreign subsidiaries financial results into the functional currency of the consolidated financial statements (GBP).
Amounts represent the gains or loss on translation of the foreign subsidiary financial results.

Consolidated cash flow statement

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Net cash inflow from operating activities	26	**283.0**	**277.4**
Investing activities			
Interest received		2.4	2.0
Purchase of tangible and intangible assets		(71.3)	(64.7)
Proceeds on disposal of tangible assets		5.2	0.8
Receipt of insurance stage payments		16.0	20.0
Non-refundable deposit on conditional sale		0.2	-
Net cash outflow from investing activities		**(47.5)**	**(41.9)**
Financing activities			
Raising of external borrowings	22	250.0	545.3
Repayment of external borrowings	22	(322.3)	(694.4)
Movement in borrowings		(72.3)	(149.1)
Interest paid		(107.3)	(100.5)
Repayment of capital element of lease rentals	23	(20.6)	(21.2)
Interest element of lease rentals	23	(4.4)	(5.4)
Cash settlement of principal accretion on inflation-linked swaps	24	(53.4)	(146.9)
Debt issue costs and facility arrangement fees		(2.6)	(19.8)
Settlement on close out of inflation linked swaps		9.7	-
Dividends paid to non-controlling interest		(0.1)	(0.1)
Net cash outflow from financing activities		**(251.0)**	**(443.0)**
Decrease in cash and cash equivalents		**(15.5)**	**(207.5)**
Cash and cash equivalents at the beginning of the financial year		36.3	243.8
Cash and cash equivalents at end of the financial year	20	**20.8**	**36.3**

Notes to the Group financial statements

1 General information, authorisation of financial statements and Statement of Compliance

Arqiva Broadcast Parent Limited ('ABPL') ('the Company') is a private company limited by shares and incorporated in England, in the United Kingdom ('UK') under the Companies Act 2006 under registration number 08085823. The address of the registered office is Crawley Court, Winchester, Hampshire, England SO21 2QA.

These consolidated financial statements for the year ended 30 June 2024 comprise the Company and its subsidiaries (together the "Group"). The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 9 to 42.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company has elected to prepare its financial statements in accordance with FRS 101 Reduced Disclosure Framework and with the requirements of the Companies Act 2006. These are presented on pages 150 to 161.

2 Adoption of new and revised Standards

New and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendment to IFRS 16	Leases on sale and leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standard that had been issued but is not yet effective:

Amendment to IAS 21	Lack of Exchangeability
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

The new and revised standard is not expected to have a material impact on the Group.

3 Summary of material accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, except for the valuation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below. These policies have been applied consistently across the comparative financial periods included within these financial statements.

The Company's financial statements have been prepared under FRS 101 and in accordance with the Companies Act 2006 and are included in this report – see page 148.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, together 'the Group') made up to 30 June 2024.

Control is achieved when the Company:

- has demonstrable power over the relevant activities of the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Intra-group profits have been eliminated. Undertakings, other than subsidiary undertakings, in which the Group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings. Where the Group has an investment that has joint control, this is treated as a joint venture. Associates and joint ventures are accounted for using the equity method of accounting in accordance with IAS 28 'Investments in Associates and Joint Ventures'.

Going concern

The Group has reported losses and has a significant net liability position on the Statement of Financial Position, caused primarily by debt and the related financing costs. However, the Group has continued to generate operating cash flows.

The Group meets its day-to-day working capital and financing requirements through the net cash generated from its operations. The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios. The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments both in terms of capital programmes and financing as they fall due. This is further supported by the debt facilities that were established at the start of this financial year, see note 22 for further information. Following the end of the financial year and ahead of signing the annual report, the Audit and Risk Committee performed a separate review of the going concern basis for the accounts. The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Revenue recognition

Revenue represents the gross inflow of economic benefit for services provided utilising Arqiva's communications infrastructure and the sale of communications equipment. Revenue is stated net of value added tax. Revenue is measured at the fair value of the consideration received or receivable.

On inception of a contract, performance obligations are identified for each of the distinct goods or services that have been promised to be provided to the customer. The consideration specified in the contract is allocated to each performance obligation identified based on their relative standalone selling prices and is recognised as revenue as they are satisfied. Determining the standalone selling price often requires judgement and may be derived from regulated prices, list prices, a cost-plus derived price, or the price of similar products when sold on a standalone basis by Arqiva or a competitor. In some cases it may be appropriate to use the contract price when this represents a bespoke price that would be the same for a similar customer in a similar circumstance.

Payment terms with customers vary by contract but would commonly be 30 days to 60 days.

Cash received or invoices raised in advance are taken to deferred revenue and recognised as contract liabilities, and subsequently recognised as revenue when the services are provided. Where consideration received in advance is discounted, reflecting a significant financing component, it is reflected within revenue and interest payable and similar charges on a gross basis. Revenue recognised in advance of cash being received or an invoice being raised is recognised as accrued revenue within contract assets and subsequently reclassified to receivables when the right to consideration is unconditional. Invoices are issued in line with contract terms.

The Group recognises deferred revenue within contract liabilities which relates to cash received in relation to future services for the utilisation of broadcast sites for telecommunications equipment as a result of the sale of the Telecoms business. The contract liability associated with the utilisation of broadcast sites and equipment is expected to be released over the next 34 years.

The Group does not have any material obligations in respect of returns, refunds or warranties.

The following summarises the performance obligations we have identified and provides information on the timing of when they are satisfied and the related revenue recognition policy. The revenue expected to be recognised in future periods for contracts in place at 30 June 2024 that contain unsatisfied performance obligations is included in note 5.

Rendering of services

Performance obligations under contracts for the rendering of services, which includes network access rights and licence ownership, are identified for each distinct service or deliverable for which the customer has contracted and are considered to be satisfied over the time period that the services or deliverables are delivered. Revenue is recognised over time in line with the service provision over the contractual period and appropriately reflects the pattern by which the performance obligation is satisfied. Such revenues include television and radio transmission services, media services, and machine-to-machine connectivity.

For long-term services contracts revenue is recognised on a straight-line basis over the term of the contract. However, if the performance pattern is other than straight line, revenue is recognised as services are provided, usually on an output or network coverage basis. Such revenues include Smart metering network build and service operation.

Pre-contract costs relate to the Smart Utilities Network contracts and are incurred in the initial set up phase and deferred. These costs are then recognised in the income statement on a straight-line basis over the remaining contractual term, unless the pattern of service delivery indicates a different profile is appropriate. These costs are directly attributable to specific contracts, relate to future activity, will generate future economic benefits and are assessed for recoverability on a regular basis. Costs related to delivering services under long-term contractual arrangements are expensed as incurred.

The Group holds contracts which include a customer's right to receive credits in the event of service loss. Provisions for service credits are recognised through a reduction in revenue which reflects the expected value of any such service credits. The Group only recognises revenue to the extent that it is highly probable that there will not be a material reversal in the future.

Delivery of engineering projects

Arqiva provides support to its customers by undertaking various engineering projects. Contracts for the delivery of engineering projects are split into specific performance obligations. Performance obligations relating to services are satisfied over the time period that services are delivered, performance obligations relating to the provision of assets are satisfied at the point in time that control passes to the customer. Revenue from such projects, which are long-term (greater than 12 months) contractual arrangements, is recognised based on satisfaction of the identified performance obligations using the percentage of completion method. The stage of completion is based on the portion of costs incurred as a percentage of total costs. Profit is recognised, if the final outcome can be assessed with reasonable certainty, by including revenue and related costs in the income statement as contract activity progresses.

A loss on a fixed price contract is recognised immediately when it becomes probable that the contract cost will exceed the total contract revenue.

Sale of communications equipment

Performance obligations from the sale of communications equipment provided as part of customer contracts are satisfied and revenue is recognised at the point in time that control passes to the customer, which is typically upon delivery and acceptance by the customer. In some cases, payment is not received in full at the time of the sale, and a contract asset is recognised for the amount due from the customer that will be recovered over the contract period. Revenue to be recognised is calculated by reference to the relative standalone selling price of the equipment.

Business combinations, including goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) less the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually or where there is indication of impairment.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Capital contribution

Capital contribution is additional equity without the issue of shares. Capital contribution is recognised when the amount of contribution is received or becomes receivable. Capital contributions are derecognised when a distribution is made against such contribution.

Dividends

A liability to pay dividends is recognised when the legal obligation to settle arise. The liability is extinguished when settled.

Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset, on the following bases:

Asset Description	Estimated Useful Life
Licences	Length of the licence period (no more than 20 years)
Development costs	10 years
Access rights	Length of the agreement (no more than 20 years)
Software	5-10 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at historical purchase cost (which includes costs directly attributable to bringing the assets into working condition), being fair value for tangible assets acquired on acquisition, less accumulated depreciation and any provision for impairment.

Assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. The cost of self-constructed assets includes the cost of materials and direct labour. Labour costs are capitalised within the cost of an asset to the extent that they are directly attributable to the construction of the asset. The value capitalised captures all elements of employee benefits as defined by IAS 19.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Asset Description	Estimated Useful Life

Freehold buildings	20 – 80 years
Leasehold buildings	Length of lease (typically between 20-80 years)
Plant and equipment	
- Communications infrastructure network	8 – 80 years
- Network computer equipment	3 – 20 years
- Motor vehicles	3 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

Assets held under leases are depreciated over the shorter of their lease term and their expected useful lives (on the same basis as owned assets).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of non-financial assets

At each reporting period date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life, such as goodwill, is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the impairment relates to goodwill, in which case it cannot be reversed.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss, presented as an 'other gain or loss'.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

The Group's ***financial assets*** are classified into the following specified categories: financial assets 'at fair value through profit or loss' ('FVTPL'), 'measured at amortised cost' or 'measured at fair value through other comprehensive income' ('FVOCI'). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents:

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Impairment of irrecoverable amounts is based on an expected credit loss model. In addition to the expected credit loss model, the Group's policy is to also consider specific provisions for trade receivables outstanding for more than 30 days beyond the agreed terms, or where the business environment indicates a specific risk. Management makes an assessment of the level of provision required and adjustments to the calculated level of provision are made accordingly.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

The Group's ***financial liabilities*** are classified as either financial liabilities 'at FVTPL' or financial liabilities 'at amortised cost' according to the substance of the contractual arrangements entered into.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, calculated as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are accounted for on an accruals basis to the income statement using the effective interest method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables

Trade and other payables are not interest bearing and are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are classified as non-current liabilities.

The Group enters into a variety of ***derivative financial instruments*** to manage its exposure to interest rate through interest rate swaps.

Derivative financial instruments are recognised at fair value at the date the derivative contract is entered into and are revalued at fair value at each balance sheet date. The fair value of these instruments is determined from the expected future cash flows discounted at a risk-adjusted rate. The future cash flows are estimated based on forward (interest/inflation) rates observable from rates and yield curves at the end of the reporting period, and contract rates. The difference between the fair value at the risk-adjusted rate and the fair value at the risk-free rate is used to determine the debit valuation adjustment and/or credit valuation adjustment to these instruments. The Group does not apply hedge accounting principles.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Otherwise derivatives are presented as current assets or current liabilities. Where derivatives have an amortising profile, the fair value of the element (i.e. the notional principal) that matures within 12 months is presented as a current asset or current liability. These derivatives are presented on a net basis.

Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis. aIn addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 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, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

Finance income and finance costs

Finance income is recognised in the income statement when interest is earned from financial assets.

Finance costs are recognised in the income statement on the accrual basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions are recognised within provisions for liabilities and charges and included within property, plant and equipment, where the costs of dismantling assets are considered material. The amounts recognised within property, plant and equipment are depreciated over the useful economic life of the asset. The provisions are discounted to reflect the time value of money where material.

When the probability that the Group will be required to settle an obligation or a reliable estimate cannot be made of the amount of the obligation the Group discloses a contingent liability in the notes to the financial information.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefits

Defined contribution schemes

For defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable for the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Defined benefit schemes

Defined benefit schemes are funded, with the assets of the scheme consisting mainly of the buy-in policy as described in Note 28. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and terms to the scheme liabilities.

The Plan closed to future accrual of benefits on 31 January 2016.

Prior to closing the scheme to future accrual, the Group presented current and past service costs within cost of sales and administrative expenses (see note 28) in its consolidated income statement. Curtailments gains and losses are accounted for as a past-service cost.

Net interest expense or income is recognised within finance income (see note 9).

Actuarial gains and losses are recognised in Other Comprehensive Income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.
A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Leases

The Group as lessee

When the Group enters into a lease a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any future lease payments due at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is 'reasonably certain' to exercise any extension options.

The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Group entity. Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase), a renegotiation of the lease terms or if the Group's assessment of the lease term changes; any change in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

Low value leases

Low value leases are accounted for as operating leases. Lease payments are recognised as expense over the term of the lease.

Sale and leaseback as seller lessee

When the Group enters into a sale and leaseback arrangement, the underlying asset is derecognised as part of property, plant and equipment. A 'right-of-use asset' is recognised for the leased item and lease liability is recognised for future lease payments. Any arising gains or losses are recognised in the income statement.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Operating profit and exceptional items

Operating profit is stated after exceptional items, including restructuring costs, impairment and after the share of results of associates but before finance income and finance costs.

Exceptional items are those that are considered to be one-off, non-recurring in nature or material, either by magnitude or nature, that the Directors believe require separate disclosure to avoid the distortion of underlying performance, for example one-off impairments, redundancy programmes, restructuring and costs related to significant corporate finance activities. The Directors believe the resulting EBITDA represents underlying performance, excluding significant one-off and non-recurring events, that more fairly represents the on-going trading performance of the business. These items are therefore presented separately on the face of the income statement.

EBITDA is an alternative performance measure defined as operating profit before depreciation, amortisation, profits/(losses) on disposal of fixed assets, impairment of assets, other income, and exceptional items. A reconciliation between operating profit and EBITDA is provided in note 5.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except in the case of certain financing transactions where hedging arrangements are in place and transactions are recorded at the contracted rate.

Monetary assets and liabilities denoted in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date or the contracted rate if applicable. Any exchange differences arising are taken to the income statement. Transactions in the income statement of overseas operations are translated using an average exchange rate.

Exchange differences on translation of overseas subsidiaries are recognised through the statement of comprehensive income in the Group's translation reserve.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these judgements, estimates and assumptions. The judgements, estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised.

Critical judgements and key sources of estimation uncertainty in applying the Group's accounting policies

The following are the critical judgements and those involving estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements and could reasonably be expected to change materially in the next 12 months.

Deferred tax

Critical accounting judgements:

As disclosed in note 19, the Group has significant recognised and unrecognised deferred tax assets. Judgement is required in determining whether these assets can be accessed considering the restrictions of relevant tax legislation and expectations of future profits within particular group entities.

Only assets that are expected to be available to the Group have been recognised. Judgements relating to recognition / non-recognition remain under annual review and are reassessed as the Group's circumstances and relevant tax legislation evolves.

The Group has been engaged with the UK tax authorities (HMRC) in respect of an uncertainty related to the tax treatment of interest expenses for the year ended 30 June 2021. The uncertainty arose from the interaction of the UK's Corporate Interest Restriction legislation and the sale of the Telecoms business in that period. In August 2023, HMRC published expanded guidance in this area. Taking this into account, but noting alternative outcomes remain possible, the Directors revised their judgement regarding the application of this legislation. This revision resulted in a £14.7m tax credit included within 'Adjustments in respect of prior periods' in Note 12 in the year ended 30 June 2023. The Group has submitted an amended corporation tax return in respect of the treatment of the proposed sale; HMRC indicated that they have reviewed and accepted the information provided. As a result the Group has recognised an additional £31.8m of deferred tax resulting in a tax credit of £31.8m in the year ended 30 June 2024. Full disclosure was provided to HMRC in respect of the position taken in the resubmitted tax computation.

Impairment of goodwill

Key estimates:

The carrying amount of the Group's goodwill and the Company's investments is reviewed at each statement of financial position date to determine whether there is any indication of impairment, in compliance with the Group's accounting policies. An assessment of impairment is performed each year as detailed in note 14.

Actuarial assumptions used to determine the carrying amount of the Group's defined benefit plan obligation

Key estimations:

Estimates are used in determining the present value of the scheme liabilities, which depend on such factors as the life expectancy of the members, price inflation and the discount rates applied in determining the defined benefit plan liabilities.

Management has considered the estimated impact of adjusting the assumptions used to determine the present value of the scheme liabilities, which are summarised in note 28.

Important accounting judgements and estimates

Important accounting judgements and estimates are those judgements and estimates which management considers to be important to the understanding of the financial statements but that are not materially significant enough to be deemed critical.

Useful lives for property, plant and equipment and intangibles

Important accounting estimates:

Depreciation or amortisation is charged to the income statement based upon the useful lives selected. This assessment requires estimation of the period over which the Group will derive benefit from these assets.

Management monitors and assess the appropriateness of useful economic lives, such lives may also be impacted by external market changes. In the event that such a change were to result in a revision of useful economic lives this could result in a change to the annual depreciation charge going forwards. In the theoretical scenario whereby medium and long term useful economic lives of property, plant and equipment were to be reduced by one year the estimated impact on the depreciation charge for the year is approximately £16m (2023: approximately £16m), with a reduction in depreciation in later years.

The Group manages its property, plant and equipment on a portfolio basis through a central estates team. This team contains qualified surveyors who have a wealth of experience working for the Group and within the industry as a whole.

The carrying values of intangibles are disclosed in note 15, and those for property, plant and equipment are disclosed in note 16.

Provisions

Important accounting estimates:

Estimates have been made in respect of the probable future obligations of the Group. These estimates are reviewed annually to reflect current economic conditions and strategic plans.

The decommissioning provisions are reviewed annually and are calculated based upon expected costs and past costs incurred on similar sites as determined by site and project management, as well as assessments made by internal experts (see note 25). Management is also required to make estimates in relation to the discount rates applied in the calculations.

5 Revenue and functional information

The Group derives its revenue from the rendering of services, engineering projects, and the sale of communications equipment. See note 3 for the accounting policies adopted.

The following tables disaggregate revenue from contracts with customers by our major service lines.

Year ended 30 June 2024	**Media & Broadcast £m**	**Smart Utilities Networks £m**	**Total Revenue £m**
Rendering of services	481.3	113.1	594.4
Sale of goods	-	50.8	50.8
Revenue	**481.3**	**163.9**	**645.2**

Year ended 30 June 2023	**Media & Broadcast £m**	**Smart Utilities Networks £m**	**Total Revenue £m**
Rendering of services	462.4	122.1	584.5
Sale of goods	-	28.8	28.8
Revenue	**462.4**	**150.9**	**613.3**

Revenue expected to be recognised in future periods, included in our order book, for performance obligations that are not complete (or are partially complete) as at 30 June 2024 is £2,905.5m (2023: £3,143.0m).

The anticipated timing of recognition of this revenue is as follows:

Year ended 30 June 2024	**< 1 year £m**	**1-2 years £m**	**2 – 5 years £m**	**5-10 years £m**	**> 10 years £m**	**Total £m**
Rendering of services	470.1	451.7	684.2	898.6	400.9	2,905.5

Revenue	**470.1**	**451.7**	**684.2**	**898.6**	**400.9**	**2,905.5**

Year ended 30 June 2023	**< 1 year £m**	**1-2 years £m**	**2 – 5 years £m**	**5-10 years £m**	**> 10 years £m**	**Total £m**
Rendering of services	483.8	484.8	749.0	975.3	450.1	3,143.0
Revenue	**483.8**	**484.8**	**749.0**	**975.3**	**450.1**	**3,143.0**

Contract assets and liabilities

The Group has recognised the following assets and liabilities in relation to contracts with customers:

	30 June 2024 £m	**30 June 2023 £m**
Contract assets		
Current	6.9	9.3
Contract liabilities		
Current	90.0	116.0
Non-current	291.5	304.0
	381.5	**420.0**

Prior year contract liability of £98.0m was realised as revenue during the year (2023: £76.5m). Impairment losses of £0.1m (2023: £0.1m) were recognised on contract assets during the year. Other than business-as-usual movements there were no significant changes in contract asset and liability balances during the year.

The decrease in contract assets in the year is driven principally by regular business as usual movements within accrued income.

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to the prepayment of costs to fulfil a contract. This is presented within other receivables in the balance sheet and totalled £0.5m (2023: £0.5m). Amortisation recognised as a cost of providing services during the year was £0.2m (2023: £0.1m).

Year ended 30 June 2024	Commercial		Other			Consolidated
	Media & Broadcast	Smart Utilities Networks	Operations	Technology	Corporate	
	£m	£m	£m	£m	£m	£m
Revenue	**481.2**	**164.0**	**-**	**-**	**-**	**645.2**
Functional profit/(loss)* (EBITDA)	**341.3**	**65.5**	**(25.0)**	**(37.2)**	**(35.2)**	**309.4**
Depreciation and amortisation						(108.0)
Exceptional operating expenses						(7.9)
Other income						9.9
Exceptional other income						16.0
Exceptional service credits						(2.8)
Operating profit						**216.6**
Finance income						4.8
Finance costs						(324.9)
Other losses						(10.6)
Loss before tax						**(114.1)**

Functional profit/(loss) is defined as total operating profit before the items set out below.

Year ended 30 June 2023	Commercial		Other			Consolidated
	Media & Broadcast	Smart Utilities Networks	Operations	Technology	Corporate	
	£m	£m	£m	£m	£m	£m
Revenue	**462.4**	**150.9**	**-**	**-**	**-**	**613.3**
Functional profit/(loss)* (EBITDA)	**352.3**	**70.9**	**(23.3)**	**(32.4)**	**(30.3)**	**337.2**
Depreciation and amortisation						(104.6)
Loss on disposal of fixed assets						(0.7)
Exceptional operating expenses						(6.7)
Other income						7.8
Exceptional other income						20.0
Exceptional service credits						(15.3)
Operating profit						**237.7**
Finance income						4.1
Finance costs						(299.9)
Other losses						(28.2)
Loss before tax						**(86.3)**

Functional profit/(loss) is defined as total operating profit before the items set out below.

The accounting policies of the reportable functions are the same as the Group's accounting policies described in note 3. The functional result represents the EBITDA earned by each operating function without allocation of the central administration costs. This is the measure reported to the Group's Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of functional performance.

For the purpose of monitoring functional performance and allocating resources between functions, the CODM monitors the capital expenditure of property, plant and equipment and intangible assets (presented on a cash basis) planned and utilised by each function, an analysis of which is shown below.

EBITDA[18] is a key measure of the Group's financial performance. A reconciliation of the reported EBITDA to the operating profit is provided below:

	Note	Year ended 30 June 2024	Year ended 30 June 2023
Operating profit		216.6	237.7
Depreciation	16	88.3	91.7
Amortisation	15	19.7	12.9
Loss on disposal of fixed assets	6	-	0.7
Exceptional operating expenses	7	7.9	6.7
Other income		(9.9)	(7.8)
Exceptional other income	7	(16.0)	(20.0)
Exceptional service credits	7	2.8	15.3
EBITDA		**309.4**	**337.2**

	Media & Broadcast	Smart Utilities Networks	Other*	Consolidated
	£m	£m	£m	£m
Capital expenditure:				
For the year ended 30 June 2024	19.6	22.9	28.9	**71.4**
For the year ended 30 June 2023	33.5	11.4	19.8	**64.7**

*Includes maintenance capex which is managed centrally and not allocated to individual business functions.

Note: the above is presented on a cash basis and therefore cannot be agreed directly to the capital additions presented in notes 15 and 16. The total balance comprises property, plant and equipment of £70.8m (2023: £58.4m) and intangible assets of £0.6m (2023: £6.3m) as referred to in the cash flow statement.

Geographical information

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external customers in the UK. The geographic analysis of revenue is on the basis of the country of origin in which the customer is invoiced.

[18] EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that do not reflect the underlying business performance. The table above reconciles this adjusted profit measure back to operating profit as presented in the income statement.

The following revenue was generated from external customers:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
UK	639.7	607.0
Rest of European Economic Area (EEA)	4.8	5.5
Rest of World	0.7	0.8
Revenue	**645.2**	**613.3**

The Group holds non-current assets (excluding financial instruments, deferred tax assets and pension surplus) in the following geographical locations:

	30 June 2024 £m	30 June 2023 £m
UK	2,720.4	2,752.4
Rest of European Economic Area (EEA)	1.4	1.5
Rest of World	-	-
	2,721.8	**2,753.9**

Information about major customers

Included in the revenues arising from Media and Broadcast are revenues of £165.1m (2023: £150.3m) which arose from sales to a major customer.

No other single customers contributed 10% or more to the Group’s revenue in the aforementioned financial years.

6 Operating profit

Operating profit for the year has been arrived at after charging / (crediting):

	Year ended 30 June 2024 £m	**Year ended 30 June 2023 £m**
Net foreign exchange losses	0.3	0.3
Research and development costs	2.4	2.8
Depreciation of property, plant and equipment (See note 16):		
Owned assets	69.2	69.1
Leased assets	18.8	22.6
Gain on disposal of property, plant and equipment and intangible assets	-	0.7
Net gain on disposal and sale and leaseback transaction	(2.0)	-
Amortisation of intangible assets (see note 15)	19.7	12.9
Grant income	(9.3)	(8.2)
Employee costs (see note 8)	88.5	79.7
Exceptional operating expenses (See note 7)	7.9	6.7
Exceptional other income (See note 7)	(16.0)	(20.0)
Exceptional service credits (See note 7)	2.8	15.3

Services provided by the Group's Auditors

During the year the Group obtained the following services from the Group's Auditors at costs as detailed below:

	Group Year ended 30 June 2024 £m	**Group Year ended 30 June 2023 £m**
Fees payable to Company Auditors for the audit of parent company and consolidated financial statements	**0.1**	**0.1**
Fees payable for the audit of the Company's subsidiaries	**0.5**	**0.5**
Other audit fees	**0.1**	**0.4**
Non-audit services		
Other services	-	-
Total cost of services provided by the Group's Auditors	**0.7**	**1.0**

7 Exceptional Items

The Group recognises exceptional items which are one-off and non-recurring in nature or material items which the Directors believe require disclosure by virtue of their size or incidence for the financial statements to give a true and fair view of the underlying performance of the business. Further information is provided in Note 3.

Loss before tax is stated after(charging)/crediting:

	Year ended 30 June 2024 Total £m	Year ended 30 June 2023 Total £m
Revenue:		
Exceptional service credits	(2.8)	(15.3)
	(2.8)	**(15.3)**
Operating expenses:		
Reorganisation and severance	(2.7)	(2.1)
Corporate finance activities	-	(0.3)
Restoration costs	(3.5)	(4.3)
Pension buy-in (Note 28)	(1.7)	-
	(7.9)	**(6.7)**
Other exceptional items:		
Other income	16.0	20.0
	16.0	**20.0**
Total exceptional items	**5.3**	**(2.0)**

Reorganisation and severance expenses include costs relating to the disbanding of the Simplification Function, a program launched to streamline operational processes, reorganise the Technology function to adopt a more product-focused delivery, and adopt agile working methodologies. This was a follow on project after the Group’s transformation programme.

Corporate finance activities figures relate to costs and accruals associated with one off projects, and corporate transactions including refinancing activities.

With the exception of the corporate finance activities the amounts included within exceptional operating expenses above and revenue are deductible for the purpose of taxation. The other income amount within other exceptional items is subject to corporation tax.

Pension buy-in

In April 2024, an insurer backed pension buy-in was completed whereby the plan assets were exchanged for a bulk annuity agreement, allowing cover to the Plan's liabilities by third party insurers while retaining management responsibility within the scheme. The Pension buy-in is intended to manage the Plan's exposure to market volatility in relation to its assets and enhance its funding resilience on future pension payments. Details of such are discussed in Note 28.

Bilsdale – Project Restore

The restoration costs relate to costs incurred to reinstate services at the Bilsdale transmitter site following a fire which broke out on 10 August 2021 and include £3.5m (2023: £4.3m) of predominantly community support activities. Following the construction of a permanent 300 metre mast at Bilsdale, television and radio services went live in May 2023 and January 2024 respectively. As a result, all broadcast services are now restored to the main Bilsdale mast. Costs recognised are those which have been incurred to the year end, including £2.8m (2023: £15.3m) of customer service credits deducted from revenue during the year.

The exceptional loss on disposal of assets relates to the impairment and subsequent disposal of assets damaged by the Bilsdale transmitter site fire discussed above.

Exceptional other income relates to stage payments received from insurance claims related to the Bilsdale transmitter site fire. In August 2023 the final stage payment of £16.0m was received from the insurers, such that the settlement totalling £41.0m was received in full by 30 June 2024. No further insurance proceeds are expected. To date the Group has incurred total rectification costs of £54.9m (2023: £45.5m) including £37.1m (2023: £31.2m) in capital expenditure for the rebuild of the mast and a further £17.8m (2023: £14.3m) of exceptional operating expenses in respect of community support activities and restoration costs. All restoration activities had been completed during the year.

The overall financial impact of the fire at Bilsdale for the year is summarised as follows:

	P&L Impact	**Balance sheet impact**
As of and for the year ended 30 June 2024	**£m**	**£m**
Restoration costs – within exceptional operating expenses	3.5	-
Insurance stage payments – within exceptional other income	(16.0)	-
Revenue service credits – within exceptional revenue	2.8	-
Capital expenditure	-	5.9
Total	**(9.7)**	**5.9**

	P&L Impact	**Balance sheet impact**
As of and for the year ended 30 June 2023	**£m**	**£m**
Internal labour – within other operating expenses	1.2	-
Restoration costs – within exceptional operating expenses	4.3	-
Insurance stage payments – within exceptional other income	(20.0)	-
Revenue service credits – within exceptional revenue	15.3	-
Capital expenditure	-	16.8
Total	**0.8**	**16.8**

8 Employees

The average monthly number of persons (representing 'full-time equivalents') employed by the Group during the year was as follows:

	Year ended 30 June 2024 Number	Year ended 30 June 2023 Number
UK	1,300	1,265
Non-UK	19	19
Total employees	**1,319**	**1,284**

	Year ended 30 June 2024 Number	Year ended 30 June 2023 Number
Media & Broadcast	38	31
Smart Utilities Networks	29	21
Operations	551	565
Technology	493	376
Corporate	208	291
Total employees	**1,319**	**1,284**

Their aggregate remuneration comprised:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Wages and salaries	95.7	85.1
Social security costs	10.0	8.9
Other pension costs	6.5	5.9
Total staff costs	112.2	99.9
Capitalised staff costs	(23.7)	(20.2)
Income statement expense	**88.5**	**79.7**

9 Finance income

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Bank deposits	2.4	2.0
Other finance income	2.4	2.1
Total finance income	**4.8**	**4.1**

Other finance income includes £2.4m (2023: £2.4m) in relation to net finance income on the defined benefit pension scheme.

10 Finance costs

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Interest on bank overdrafts and loans	6.6	24.2
Other loan interest	107.1	77.0
Bank and other loan interest	**113.7**	**101.2**
Amortisation of debt issue costs	4.4	3.2
Interest on lease obligations (note 23)	4.4	5.4
Interest payable to other group entities	182.0	165.0
Other interest	19.2	19.7
Total interest payable	**323.7**	**294.5**
Unwinding of discount on provisions	5.7	5.4
Revaluation of decommissioning provision	(4.5)	-
Total finance costs	**324.9**	**299.9**

11 Other losses

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Foreign exchange loss on financing (a)		-	-
Fair value loss on derivative financial instruments	24	(10.6)	(28.2)
Other losses		**(10.6)**	**(28.2)**
Total other losses		**(10.6)**	**(28.2)**

a) This is the net position of foreign exchange gains and losses in the year. This is made up of a £0.1m gain (2023: £1.8m gain) on loans denominated in foreign currency (US Dollar), offset by a £0.1m loss (2023: £1.8m loss) on the cross currency swap instrument. (See Note 24).

12 Tax

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
UK corporation tax:		
- Current year	0.3	(4.1)
- Adjustment in respect of prior years	1.0	(2.4)
Total current tax	1.3	(6.5)
Deferred tax (see note 19):		
- Origination and reversal of temporary differences	17.4	16.6
- Adjustment in respect of prior years	(29.3)	(23.0)
- Impact of rate change	-	(2.2)
Total deferred tax	(11.9)	(8.6)
Total tax credit for the year	**(10.6)**	**(15.1)**

UK corporation tax is calculated at a blended rate of 25.0% (2023: 20.5%) of the taxable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax credit for the year can be reconciled to the loss before tax in the income statement as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss before tax	(114.1)	(86.3)
Tax at the UK corporation tax rate of 25.0% (2023: 20.5%)	(28.5)	(17.7)
Tax effect of expenses that are not deductible in determining taxable profit	0.8	0.1
Deemed interest on intercompany balances (a)	15.2	(9.2)
Change in unrecognised deferred tax assets (b)	30.2	39.3
Adjustments in respect of prior years (c)	(28.3)	(25.4)
Impact of change in tax rate	-	(2.2)
Total tax credit for the year	**(10.6)**	**(15.1)**

The current year UK corporation tax credit (2023: credit) principally represents the payments to (2023: receipt from) other Group companies for the provision of tax losses by way of group relief.

The average blended rate of UK corporation tax was 25.0% during the year (2023: 20.5%). In the Finance Act 2022 it was enacted that the main rate of UK corporation tax would be increased to 25.0% from 1 April 2023. UK deferred tax has been valued at 25% (30 June 2023: 25%).

a) Deemed interest expense in respect of inter-company debt, deductible for corporation tax purposes.

b) Change in unrecognised deferred tax assets principally relates to deferred interest expenses (see note 19).

c) The adjustment in respect of prior years relates to refinements of estimates of taxable profits arising from the completion of the tax compliance process, a charge of £3.5m, and in the period to 30 June 2024 a tax credit of £31.8m (2023: £14.7m) relates to a change in judgement as described in Note 4.

In December 2021, the Organisation for Economic Cooperation and Development (OECD) released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750 million ("Pillar Two" rules). The UK substantively enacted legislation implementing these rules on 20 June 2023 and the rules apply to the Group as of 1 July 2024. Initial assessments determine that the jurisdictions in which the Group operates will fall within one of the transitional safe harbour regimes.

This therefore indicates that Pillar Two income taxes will not have a significant impact upon the tax charge for the Group. Guidance and legislation continue to be issued and enacted in various territories where the Group operates and therefore the Pillar Two position continues to be the subject of assessment by the Group. The Group has applied the temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules.

Tax in Consolidated Statement of Comprehensive Income

There is a tax credit of £11.1m (2023: credit of £3.0m) in respect of the actuarial loss of £44.3m (2023: loss of £12.2m) in the Consolidated Statement of Comprehensive Income.

13 Dividends

		Year ended 30 June 2024		Year ended 30 June 2023
	£ per share	**£m**	**£ per share**	**£m**
Now Digital (East Midlands) Limited	40.0	0.1	40.0	0.1
Total dividends payable to minority interests		**0.1**		**0.1**

The above amounts represent dividends declared to non-controlling interest shareholders by companies within the AGL Group. No dividends were declared or paid to ABPL shareholders during the year (2023: £nil).

14 Goodwill

	£m
Cost:	
At 1 July 2022, 30 June 2023 and 30 June 2024	**1,458.4**
Accumulated impairment losses:	
At 1 July 2022, 30 June 2023 and 30 June 2024	**0.4**
Carrying amount:	
At 30 June 2024	**1,458.0**
At 30 June 2023	1,458.0

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. The CGUs that have associated goodwill are Media & Broadcast and Smart Utilities Networks.

These are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets, and to which goodwill is allocated.

The carrying value of goodwill as at the balance sheet date by the principal CGUs is shown as follows:

	30 June 2024 £m	30 June 2023 £m
Media & Broadcast	1,340.2	1,340.2
Smart Utilities Networks	117.8	117.8
Total	**1,458.0**	**1,458.0**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations ('VIU').

The key assumptions for the VIU calculations are those regarding the discount rates, growth rates and expected changes to cash flows during the year for which management has detailed plans.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Growth rates are based on internal and external growth forecasts. Changes to cash flows are based on past practices and expectations of future changes in the market.

Projected cash flows and the 'recoverable amount'

The value in use of each CGU is determined from the cash flow forecasts derived from the most recent financial forecasts approved by the Board for the next five years. They reflect management's expectations of revenue, EBITDA growth, capital expenditure and working capital based on past experience and future expectations of performance.

Discount rate

The pre-tax discount rate applied to the Group's cash flow forecasts are derived using the capital asset pricing model for comparable businesses. For 2024, the two CGU have differing discount rates applied to them.

The assumptions used are benchmarked to externally available data. The pre-tax discount rate used for the Media & Broadcast CGU is 8.8% (2023: 8.7%). For Smart Utilities networks CGU the discount rate is 8.7% (2023: 9.1%).

This discount rate does not represent the weighted average cost of capital (WACC) for Arqiva, but instead is an industry and comparative company based capital asset pricing model (CAPM) derived discount rate, utilising current spot rates at the time of calculation.

Terminal growth rates

The terminal growth rate is determined based on the long-term growth rates of the markets in which the CGU operates (2024: 1.9%; 2023: 1.9%). The growth rate has been benchmarked against externally available data. This rate does not exceed the average long-term growth rate for the relevant markets.

Sensitivities

There is headroom in both CGUs. For Smart Utilities Networks, the value in use exceeds the carrying value of the CGU by approximately £17.9m. The following changes to key assumptions (in isolation) would result in the value in use being equal to the carrying value:

- An increase in the discount rate to 9.0% (2023: 9.7%); or
- A reduction in the terminal growth rate by 0.4% (2023: 1.2%).

For Media & Broadcast no reasonably possible changes in the key assumptions would cause the carrying amount of the CGUs to exceed the recoverable amount.

15 Other intangible assets

	Licences	Development costs	Access rights	Software	Assets under the course of construction (AUC)	Total
	£m	£m	£m	£m	£m	£m
Cost						
At 1 July 2022	**13.7**	**21.4**	**15.4**	**63.4**	**3.0**	**116.9**
Additions	-	2.0	-	-	4.3	6.3
Transfers from AUC (note 16)	1.2	(0.7)	-	26.5	0.2	27.2
Disposals	(8.1)	-	(11.1)	(15.4)	-	(34.6)
At 30 June 2023	**6.8**	**22.7**	**4.3**	**74.5**	**7.5**	**115.8**
Additions	-	-	-	-	-	-
Transfers from AUC (note 16)	-	1.8	-	37.0	-	38.8
Reclassifications	-	-	-	7.5	(7.5)	-
At 30 June 2024	**6.8**	**24.5**	**4.3**	**119.0**	**-**	**154.6**
Accumulated amortisation						
At 1 July 2022	**9.2**	**10.7**	**15.4**	**45.2**	**-**	**80.5**
Amortisation	4.4	2.0	-	6.5	-	12.9
Disposals	(8.1)	-	(11.1)	(15.4)	-	(34.6)
At 30 June 2023	**5.5**	**12.7**	**4.3**	**36.3**	**-**	**58.8**
Amortisation	0.4	0.9	-	18.4	-	19.7
At 30 June 2024	**5.9**	**13.6**	**4.3**	**54.7**	**-**	**78.5**
Carrying amount						
At 30 June 2023	1.3	10.0	-	38.2	7.5	57.0
At 30 June 2024	**0.9**	**10.9**	**-**	**64.3**	**-**	**76.1**

Development costs in respect of products and services that are being developed by the Group are being capitalised in accordance with IAS 38. These are amortised over their expected useful life once the product or service has been commercially launched.

Development costs incurred to modify acquired assets in order to make them fit for purpose amounts to £11.9m (2023: £4.4m).

Under the terms of the Group's external debt facilities, the Group has provided security over substantially all of its assets by way of a Whole Business Securitisation structure.

Other intangible assets are recognised at cost and are amortised over their estimated useful lives.

At 30 June 2024, the Group had entered into contractual commitments for the acquisition of intangibles amounting to £1.6m (2023: £3.6m) – see note 27 for further details.

16 Property, plant and equipment

	Freehold land and buildings	Leasehold buildings	Plant and equipment	Assets under the course of construction (AUC)	Total
	£m	£m	£m	£m	£m
Cost					
At 1 July 2022	**271.6**	**169.0**	**1,926.6**	**109.0**	**2,476.2**
Additions	-	3.6	7.2	61.5	72.3
Adjustments through PPE for provisions	-	(1.0)	(10.8)	-	(11.8)
Completion of AUC	2.4	1.2	40.0	(43.6)	-
Transfers to other intangibles (note 15)	-	-	-	(27.2)	(27.2)
Disposals	(3.1)	(4.9)	(43.7)	-	(51.7)
At 30 June 2023	**270.9**	**167.9**	**1,919.3**	**99.7**	**2,457.8**
Additions	-	7.8	5.5	69.6	82.9
Adjustments through PPE for provisions	-	0.1	(2.2)	-	(2.1)
Completion of AUC	1.2	0.5	38.3	(40.0)	-
Transfers to other intangibles (note 15)	-	-	-	(38.8)	(38.8)
Disposals	(0.2)	(3.3)	(16.3)	-	(19.8)
At 30 June 2024	**271.9**	**173.0**	**1,944.6**	**90.5**	**2,480.0**
Accumulated depreciation					
At 1 July 2022	**10.9**	**88.6**	**1,075.6**	**-**	**1,175.1**
Depreciation	5.8	12.1	73.8	-	91.7
Disposals	(2.3)	(3.3)	(42.2)	-	(47.8)
At 30 June 2023	**14.4**	**97.4**	**1,107.2**	**-**	**1,219.0**
Depreciation	5.7	12.5	70.1	-	88.3
Disposals	-	(1.8)	(15.6)	-	(17.4)
At 30 June 2024	**20.1**	**108.1**	**1,161.7**	**-**	**1,289.9**
Carrying amount					
At 30 June 2023	256.5	70.5	812.1	99.7	1,238.8
At 30 June 2024	**251.8**	**64.9**	**782.9**	**90.5**	**1,190.1**

Freehold land included above but not depreciated amounts to £155.0m (2023: £155.3m).

The Group's current and non-current assets have been pledged as security under the terms of the Group's external debt facilities (see note 22). In addition, the Group's lease obligations (see note 23) are secured by the lessors' title of the leased assets, which have a carrying amount of £2.8m (2023: £3.1m) included within leasehold buildings.

At 30 June 2024, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £9.1m (2023: £14.0m) – see note 27 for further details.

17 Interest in associates and joint ventures

In addition to the subsidiary undertakings (see note 3 to the Company financial statements on page 155) the Group holds the following interests in associates and joint ventures:

Company	Country of incorporation	Principal activities	Registered office	Year end	Percentage of ordinary shares held
Joint ventures					
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA	31-Dec	40.0%
Associate undertakings:					
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	Greenworks Dog And Duck Yard, Princeton Street, London, England, WC1R 4BH	31-Dec	25.0%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for radio	15 Alfred Place, London, England, WC1E 7EB	30-Jun	10.0%

Share of results of associates and joint ventures was £nil (2023: £nil) for the year with the interest in associates and joint ventures being £0.1m (2023: £0.1m).

There are no other associates or joint ventures that are considered material, either individually or in aggregate, to the Group's position or performance.

The joint venture and associate's financial information that are not co-terminus with the Group's year end are adopted by the Group at their respective financial statement dates as the Group does not hold control over these subsidiary undertakings. The Group does not have a representation on the board of these subsidiaries and the Group has no influence over their operating decisions.

Although the Group owns over 20% of Sound Digital Limited and Muxco Limited, the Group does not have the rights to direct the activities of the investees.

The Directors consider the carrying value of the Group's investments on an annual basis, or more frequently should indicators arise, and believe that the carrying values of the investments are supported by the underlying trade and net assets.

Transactions with associates and joint ventures in the year are disclosed in note 29.

18 Trade and other receivables

	30 June 2024 £m	30 June 2023 £m
Trade and other receivables		
Trade receivables	59.3	65.2
Amounts receivable from other group entities	25.2	5.2
Other receivables	5.3	14.7
Prepayments	22.0	31.5
Taxation and Social Security	-	1.9
	111.8	**118.5**
Contract assets – accrued income	**6.9**	**9.3**

The decrease in contract assets in the year is driven principally by regular business as usual movements within accrued income.

The ageing of the Group's net trade receivables which are past due but where no indication of non-recoverability has been identified is as follows:

	30 June 2024 £m	30 June 2023 £m
Up to 30 days overdue	3.8	4.8
Between 31 and 90 days overdue	1.7	2.0
Between 91 and 150 days overdue	0.9	0.4
More than 150 days overdue	3.0	2.5
	9.4	**9.7**

Trade receivables and contract assets are stated after deducting allowances for expected credit losses, as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Allowance at 1 July	6.4	4.7
Amounts utilised	(0.5)	(1.5)
Provided during the year	0.4	3.2
Allowance at 30 June	**6.3**	**6.4**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets.

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the five year period prior to the period end. The historical loss rates are then considered for current and forward-looking information on macroeconomic factors affecting the Group's customers. No adjustments were made to the expected loss rates applied for the current year.

The Group's expected loss rate for receivables is 0.4% (2023: 0.4%). At 30 June 2024 the lifetime expected loss provision for trade receivables and contract assets is as follows:

30 June 2024	**Current**	**Up to 30 days overdue**	**Between 31 and 90 days overdue**	**Between 91 and 150 days overdue**	**More than 150 days overdue**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Gross carrying amount						
- Trade receivables	50.6	3.9	1.9	1.4	7.7	65.5
- Contract assets	7.0	-	-	-	-	7.0
	57.6	3.9	1.9	1.4	7.7	72.5
Loss provision - Expected	0.2	-	-	-	-	0.2
Loss provision - Specific	2.1	0.5	1.3	0.4	1.8	6.1
	2.3	0.5	1.3	0.4	1.8	6.3

30 June 2023	**Current**	**Up to 30 days overdue**	**Between 31 and 90 days overdue**	**Between 91 and 150 days overdue**	**More than 150 days overdue**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Gross carrying amount						
- Trade receivables	44.3	5.4	3.3	0.8	4.5	58.3
- Contract assets	9.3	-	-	-	-	9.3
	53.6	5.4	3.3	0.8	4.5	67.6
Loss provision - Expected	0.2	-	-	-	-	0.2
Loss provision - Specific	2.1	0.5	1.3	0.3	2.0	6.2
	2.3	0.5	1.3	0.3	2.0	6.4

£0.1m (2023: £0.1m) of the £6.3m (2023: £6.4m) lifetime expected loss provision relates to the contract assets.

In addition to the expected credit loss model, the Group's policy is to also consider a specific provision for trade receivables outstanding for more than 30 days beyond the agreed terms, or where the business environment indicates a specific risk. Management will make an assessment of the level of provision based on the Group policy. Adjustments to the calculated level of provision will be made accordingly.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality. For further information on how the Group manages credit risk see note 24.

19 Deferred tax

The balance of deferred tax recognised at 30 June 2024 is £222.8m (2023: £199.8m). The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	**Tax losses**	**Fixed asset temporary differences**	**Derivative financial instruments**	**Other temporary differences**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
At 1 July 2022	**43.0**	**41.8**	**69.1**	**49.5**	**203.4**
Credited / (charged) to the income statement	4.3	22.2	(12.3)	(5.0)	9.2
At 30 June 2023	**47.3**	**64.0**	**56.8**	**44.5**	**212.6**
(Charged) / credited to the income statement	(1.9)	27.1	(9.5)	(3.2)	12.5
At 30 June 2024	**45.4**	**91.1**	**47.3**	**41.3**	**225.1**

Deferred tax liabilities	**Retirement benefits**	**Total**
	£m	**£m**
At 1 July 2022	**15.2**	**15.2**
Charged to the income statement	0.6	0.6
Credited to the statement of comprehensive income	(3.0)	(3.0)
At 30 June 2023	**12.8**	**12.8**
Charged to the income statement	0.6	0.6
Credited to the statement of comprehensive income	(11.1)	(11.1)
At 30 June 2024	**2.3**	**2.3**

The corporation tax rate was increased to 25% from 19% effective from 1 April 2023; the deferred tax asset is therefore recognised at the 25% tax rate.

Other temporary differences are comprised primarily of timing differences relating to deferred income and provisions that are tax deductible as utilised.

Temporary differences arising in connection with unremitted earnings of overseas subsidiaries and interests in associates are insignificant.

The overall net deferred tax position is a net asset of £222.8m, of this balance £30.1m is anticipated to reverse within 12 months of the balance sheet date with the remaining balance anticipated to reverse after this period.

There is an unrecognised deferred tax asset of £263.3m (2023: £260.1m). This is in respect of tax losses of £40.4m (2023: £39.6m) and deferred interest expenses £222.9m (2023: £220.5m). These deferred tax assets may be carried forward indefinitely. These assets have not been recognised since it is not probable that these assets will be able to be utilised against future taxable profits of the Group.

The Group continues to recognise its deferred tax assets as supported by the same long-term group profit forecasts that are used for goodwill impairment testing (see note 14). No attributes have a time expiry and these forecasts show the deferred tax assets reversing to a net liability position by 30 June 2034**.** Due to the long-term stable nature of the business, with significant long term contracts, the recognised deferred tax asset is not considered to be materially exposed to the performance of the Group based on reasonably possible trading forecasts.

20 Cash and cash equivalents

	30 June 2024 £m	30 June 2023 £m
Cash at bank	3.9	16.3
Short term deposits	9.8	20.0
Total unrestricted cash	13.7	36.3
Cash in escrow account – restricted (note 28)	7.0	-
Total cash and cash equivalents	**20.7**	**36.3**

Cash in escrow account – restricted represents the amount intended to settle any remaining retirement obligations becoming due under a previous agreement to pay deficit contributions for the defined benefit retirement plan as discussed in Note 28.

21 Trade and other payables

	30 June 2024 £m	30 June 2023 £m
Current		
Trade and other payables		
Trade payables	48.9	30.5
Amounts payable to other group entities	1,803.5	1,622.7
Other payables	3.5	2.9
Accruals	56.5	63.2
	1,912.4	**1,719.3**
Corporation tax	**-**	**-**
Contract liabilities	**90.0**	**116.0**
Non-current		
Contract liabilities	**291.5**	**304.0**

Trade payables have increased in the year due to the finalization of a settlement agreement with several impacted customers related to the Bilsdale fire (refer to Note 7 for further details). The total settlements agreed is £20.4m. Arqiva have received invoices for the settlements prior to year-end, with these paid in July 2024.

22 Borrowings

	Denominated currency	30 June 2024	30 June 2023
		£m	£m
Within current liabilities:			
Lease liabilities	Sterling	16.9	18.3
Bank facilities	Sterling	-	15.0
Bank Loans	Sterling		
- Senior debt	Sterling	-	262.0
- Issue costs	Sterling	-	(0.4)
Senior bonds, notes and private placements	Sterling	48.1	45.3
Accrued interest on junior and senior financing	Sterling	23.1	14.2
Borrowings due within one year		**88.1**	**354.4**
Within non-current liabilities:			
Other loans		**1,337.6**	**1,132.0**
- Senior bonds, notes and private placements	Sterling	813.5	611.7
- Senior bonds, notes and private placements	US Dollar	93.3	93.5
- Junior loan	Sterling	450.0	450.0
- Issue costs	Sterling	(19.2)	(23.2)
Amounts payable to other group entities	Sterling	**45.2**	**45.2**
Lease liabilities	Sterling	**43.8**	**50.7**
Borrowings due after more than one year		**1,426.6**	**1,227.9**
Analysis of total borrowings by currency:			
Sterling		1,421.5	1,488.8
USD		93.3	93.5
Total borrowings		**1,514.8**	**1,582.3**

Included within the £1,514.8m (2023: £1,582.3m) are debt issue costs of £19.2m (2023: £23.2m). Total borrowings excluding these amounts are £1,534.0m (2023: £1,605.9m) which comprises debt principal and interest, the maturity of which is included in the table below.

	30 June 2024	30 June 2023
	£m	£m
Borrowings falling due within:		
One year	88.1	354.8
One to five years	1,067.3	764.4
More than five years	378.6	486.7
Total	**1,534.0**	**1,605.9**

The weighted average interest rate of borrowings is 8.0% (2023: 7.0%).

Bank loans form part of the Group's **senior debt**. **Other loans** comprise the Group's **senior bonds and notes** and **junior loan**. A summary of the movement in borrowings during the financial year is given below:

Borrowings:	Reference	At 1 July 2023	Lease movements	Amounts drawn	Amounts repaid	Foreign currency adjustment	At 30 June 2024
		£m	£m	£m	£m	£m	£m
Senior debt – institutional term loan	(a)	90.0	-	-	(90.0)	-	-
Senior debt – European Investment Bank	(b)	172.0	-	-	(172.0)	-	-
Bank facilities	(c)	15.0	-	-	(15.0)	-	-
Senior bonds, notes and US private placement	(d)	750.5	-	250.0	(45.3)	(0.2)	955.0
Junior loan	(e)	450.0	-	-	-	-	450.0
Total bank loans and private placements		**1,477.5**	**-**	**250.0**	**(322.3)**	**(0.2)**	**1,405.0**
Lease liabilities	(f)	69.0	(8.3)	-	-	-	60.7
Amounts payable to other group entities		45.2	-	-	-	-	45.2
Total borrowings excluding accrued interest		**1,591.7**	**(8.3)**	**250.0**	**(322.3)**	**(0.2)**	**1,510.9**

The Group's borrowings outlined in the table above incorporate:

(a) an institutional term loan (2024: £0m outstanding; 2023: £90.0m) fully repaid in July 2023.

(b) a loan from the European Investment Bank (2024: £0m outstanding; 2023: £172.0m) fully repaid in July 2023.

(c) Working capital facility was repaid in the current year (2024: £0m outstanding; 2023: £15.0m outstanding), which has an expected maturity date of July 2026. This facility is floating rate in nature with a margin of SONIA + 1.20%. Arqiva Financing No1 Limited ('AF1') is the borrower under this arrangement.

The Group has £285.0m (2023: £270m) of undrawn senior debt facilities available and £70.0m (2023: £70.0m) of undrawn junior debt facility available. These facilities are at floating interest rates. For further information on the Group's liquidity risk management, see note 24.

(d) a combination of publicly listed bonds and US private placement notes.

As at 30 June 2024, the Group has £640.6m (2023: £417.3m) sterling denominated bonds outstanding with fixed interest rates ranging between 4.88% and 7.21% (2023: 4.88% and 5.34%). These bonds are repayable between December 2024 and December 2032 and are listed on the London Stock Exchange. Arqiva Financing Plc is the issuer of all the Group's senior listed bonds.

The remaining senior notes relate to a number of US private placement issues in sterling and US dollars with floating interest rates. The Group has £221.1m (2023: £239.7m) of sterling denominated floating rate US private placements that are amortising in nature with repayments due between December 2024 and December 2029. These instruments have a margin over SONIA of between 238 and 248 bps.

In addition, in June 2023 the Group completed the issue of £93.3m of US dollar denominated floating rate US private placements. At the hedged rate these are valued at £95.1m (2023: £95.1m). These notes have fixed interest rates of 6.24% and have an amortising repayment profile commencing in December 2027 with a final maturity date of June 2031. Arqiva PP Financing Plc ('APPF') is the issuer of all the Group's private placement notes.

The fair value of the quoted senior bonds based upon observable market prices (fair value hierarchy level 1) was £646.3m (2023: £379.2m) whilst their carrying value was £640.6m (2023: £417.3m).

The directors consider the fair value of all other unquoted borrowings to be a close approximate to their carrying amount.

(e) Junior loan of £450.0m represent amounts raised by Arqiva Financing No2 Ltd. The £450m junior debt comprise of £138.9m (2023: £138.9m) loan at an average fixed rate of 9.1% (2023: 9.1%) and £311.1m (2023: £311.1m) at floating rate with a margin of 5% over SONIA. Arqiva Financing No2 Limited (a subsidiary of the Group) is the borrower of this arrangement.

The Group continues to comply with all covenant requirements, including financial covenants as detailed on page 31.

The directors consider fair value of the junior borrowings to be a close approximate of their carrying amount.

(f) Obligations under leases are as defined within note 23.

23 Leases

Leases as lessee (IFRS 16)

The Group holds lease arrangements primarily relating to land and buildings, circuit contracts and vehicles.

Right-of-use assets

Right-of-use assets related to leased properties and land are presented as plant and equipment. Plant and equipment leases relate to the use of fibre, other fixed telecommunications lines, and IT equipment.

	Leasehold buildings £m	Plant and equipment £m	Total £m
As at 1 July 2022	**53.6**	**24.2**	**77.8**
Depreciation charge for the year	(8.8)	(13.8)	(22.6)
Additions to right-of-use assets	0.2	0.4	0.6
Effect of modification to lease terms	1.6	5.4	7.0
Derecognition of right-of-use assets	(0.3)	(1.4)	(1.7)
At 30 June 2023	**46.3**	**14.8**	**61.1**
Depreciation charge for the year	(9.8)	(9.0)	(18.8)
Additions to right-of-use assets	1.1	2.2	3.3
Effect of modification to lease terms	5.0	2.3	7.3
Derecognition of right-of-use assets	(0.3)	-	(0.3)
Balance at 30 June 2024	**42.3**	**10.3**	**52.6**

Amounts recognised in the Income Statement

Leases under IFRS 16	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Expense relating to variable lease payments not included in the measurement of lease liabilities	2.9	2.7
Interest on lease liabilities	4.4	5.4

Amounts recognised in the Cash flow Statement

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Repayment of capital element of lease rentals	20.6	21.2
Interest element of lease rentals	4.4	5.4

The Group's lease liabilities are disclosed in note 22 Borrowings. The maturity profile of the Group's lease liabilities are disclosed in note 24 Financial instruments and risk management.

24 Financial instruments and risk management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (as set out in note 27; see note 20 for cash and cash equivalents and note 22 for borrowings) and equity of the Group (comprising issued capital and share premium, reserves, retained earnings and non-controlling interests).

Levels of debt are maintained on an ongoing basis to ensure that no breaches occur to our covenant levels and repayments can be and are made as necessary with refinancing carried out as required.

Significant accounting policies

Details of significant accounting policies and methods adopted (including criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in full in note 3.

The Group's derivatives (i.e. interest rate and inflation linked swaps) are measured on a fair value through profit and loss basis. Whilst the Group's derivatives act as an effective hedge in economic terms, hedge accounting principles are not applied. This means that the Group's derivatives are recognised at their risk-adjusted fair value (i.e. risk-adjusted Mark-to-Market value) at the date they are entered into and are revalued at each balance sheet date, with gains and losses being reported separately in the income statement within 'other losses'. Net amounts paid in the year (excluding termination amounts) on interest rate swaps (together with similar amounts under the index linked swaps) are reported as a component of net bank and other loan interest within finance costs.

Financial risk management

The Group's treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group using financial instruments wherever it is appropriate to do so.

The treasury function reports into the Group Finance Director and the Group's Board of Directors and the Audit and Risk Committee, an independent function with a scope that includes monitoring the risks and policies implemented to mitigate risk exposures. The main risks addressed by financial instruments are interest rate risk and foreign currency exchange risk. The Group's policies in respect of these risks remain unchanged throughout the year.

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- Interest rate swaps, including inflation-linked swaps, to mitigate the risk of movement in interest rates, and
- Cross currency swaps to mitigate the risk of currency exposures on foreign denominated borrowings, and
- Forward foreign exchange contracts to manage exchange risks arising from transactional foreign exchange exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management

The Group principally operates from UK sites and predominantly in the UK market, but has some overseas subsidiaries and transactions denominated in foreign currencies. While some customer and supplier contracts are denominated in other currencies (mainly US dollars ('USD') and Euro), the majority of the Group's revenue and costs are Sterling based and accordingly exposure to foreign exchange risk is limited.

Foreign currency exchange risk can be subdivided into two components, transactional risk and translation risk:

Transactional risk

The Group's policy is to hedge material transactional currency exposures via the use of forward foreign exchange contracts. The measurement and control of this risk is monitored on a Group–wide basis.

Translation risk

The Group translates overseas results and net assets in accordance with the accounting policy in note 3. Given the Group predominantly operates in the UK, there is a relatively small exposure with overseas entities accounting for only 0.0% (2023: 0.1%) of operating profit and 0.2% (2023: 0.2%) of total assets for the Group.

The Sterling equivalents of the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities (excluding hedged currency and US dollar-denominated borrowings) at the year-end were as follows:

	30 June 2024	**30 June 2023**
	£m	**£m**
Monetary assets:		
- US Dollar	1.2	2.1
- Euro	9.8	12.2
- Other (including SGD*)	0.1	0.1
Total	**11.1**	**14.4**
Monetary liabilities:		
- US Dollar	(8.0)	(2.3)
- Euro	(2.9)	(4.5)
Total	**(10.9)**	**(6.8)**

* refers to the Singapore dollar, being the most frequently transacted currency within 'other monetary assets and liabilities'.

Currency risk management

The Group holds a cross currency swaps (nominal value 2024: USD 118.0m; 2023: USD 118.0m) to fix the exchange rate to $1.241/£1 in relation to US dollar denominated senior notes (nominal value 2024: USD 118.0m; 2023: USD 118.0m). This provides an effective economic hedge of the foreign currency impact on the Sterling cost of future interest and capital repayment obligations.

After taking into account our hedging activities, management does not consider there to be a material residual exposure to exchange rates. Accordingly no sensitivity analysis has been presented.

Interest rate risk management

The Group has variable rate bank and US private placement debt and uses interest rate swaps ('IRS') and inflation-linked swaps ('ILS') to hedge its exposure to rising interest rates. The Group maintains a hedging policy to manage interest rate risk and to ensure the certainty of future interest cash flows. The Group has fixed rate hedging, split between IRS and ILS. IRS convert variable rate interest costs to fixed rate interest costs while ILS convert fixed or variable rate interest costs to RPI-linked costs, which fluctuate in line with the RPI index as do a portion of the Group's revenue contracts. These swaps are entered into on terms (including maturity) that mirror the debt instrument they hedge, and therefore act as an effective economic hedge.

As the Group uses hedging to maintain fixed interest rates on the majority of its material borrowings (excluding revolving facilities), there is minimal exposure on the interest expense to interest rate movements. A rise or fall in interest rates would therefore not materially impact the interest expense payable by the Group.

Liquidity risk management

To ensure it has sufficient available funds for working capital requirements and planned growth, the Group maintains cash reserves and access to undrawn committed facilities to cover forecast requirements. The Group is due to repay or refinance £1,100m of debt in the next 5 years to 30 June 2029. Regular reviews are performed to assess headroom between interest and capital repayments against forecast cash flows, thus monitoring the liquidity risk and the Group's ability to repay the debt.

Credit risk management

The Group carefully manages the counterparty credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions, which have credit ratings not lower than A- assigned by international credit rating agencies. The levels of credit risk are monitored through the Group's ongoing risk management processes, which include a regular review of counterparty credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.

The Group is exposed to credit risk on customer receivables, which is managed through credit-checking procedures prior to taking on new customers and higher risk customers paying in advance of services being provided. Performance is closely monitored to ensure agreed service levels are maintained, reducing the level of queried payments and mitigating the risk of uncollectible debts. Expected impairment for trade receivables are calculated based on historical default rates. Details of this provision are shown in note 18.

The following tables set out the maturity profile of the Group's non-derivative financial liabilities and derivative financial liabilities.

The amounts presented in respect of the non-derivative financial liabilities represent the gross contractual cash flows on an un-discounted basis. Accordingly, these amounts may not reconcile directly with the amounts disclosed in the statement of financial position.

The amounts presented in respect of the Group's derivative financial instruments represent their fair value and are accordingly consistent with the amounts included in the statement of financial position.

30 June 2024	Amounts falling due Within one year	Between one and two years	Between two and five years	After five years	Total	Effect of discounting	Interest to be incurred in future periods	Total financial liability per statement of financial position
	£m	£m	£m	£m	£m	£m	£m	£m
Valued at amortised cost								
Trade payables	48.9	-	-	-	48.9	-	-	**48.9**
Other payables	3.5	-	-	-	3.5	-	-	**3.5**
Accruals	56.5	-	-	-	56.5	-	-	**56.5**
Borrowings*	48.1	75.0	965.2	316.8	1,405.1	-	-	1,405.1
	157.0	**75.0**	**965.2**	**316.8**	**1,514.0**	**-**	**-**	**1,514.0**
Lease liabilities	16.9	12.1	15.1	16.6	60.7	-	-	**60.7**
Interest on borrowings	94.4	82.4	170.5	21.8	369.1	-	(346.0)	23.1
Valued at Fair Value through Profit or Loss								
Interest rate swaps	(6.5)	(2.9)	(6.5)	(0.1)	(16.0)	1.3	-	(14.7)
Inflation linked interest rate swaps	74.4	64.9	55.8	-	195.1	(23.1)	-	172.0
Cross-currency swaps	0.7	0.8	3.3	2.0	6.8	(0.6)	-	6.2
	179.9	157.3	238.2	40.3	615.7	(22.4)	(346.0)	247.3
Total financial liability	**336.9**	**232.3**	**1,203.4**	**357.1**	**2,129.7**	**(22.4)**	**(346.0)**	**1,761.3**

*Borrowings are presented as per note 22 but excluding accrued interest and lease liabilities, which are presented separately in these tables.

30 June 2023	Amounts falling due Within one year	Between one and two years	Between two and five years	After five years	Total	Effect of discounting	Interest to be incurred in future periods	Total financial liability per statement of financial position
	£m	£m	£m	£m	£m	£m	£m	£m
Valued at amortised cost								
Trade payables	30.5	-	-	-	30.5	-	-	**30.5**
Other payables	2.9	-	-	-	2.9	-	-	**2.9**
Accruals	63.2	-	-	-	63.2	-	-	**63.2**
Borrowings*	321.9	48.1	684.2	444.8	1,499.0	-	-	**1,499.0**
	418.5	**48.1**	**684.2**	**444.8**	**1,595.6**	**-**	**-**	**1,595.6**
Lease liabilities	18.3	13.4	18.6	18.7	69.0	-	-	**69.0**
Interest on borrowings	95.2	77.7	186.2	43.2	402.3	-	(388.1)	**14.2**
Valued at Fair Value through Profit or Loss								
Interest rate swaps	(10.4)	(11.5)	(12.9)	(1.5)	(36.3)	4.8	-	**(31.5)**
Inflation linked interest rate swaps	82.1	71.9	139.2	-	293.2	(57.6)	-	**235.6**
Cross-currency swaps	0.7	0.7	1.2	(0.8)	1.8	0.3	-	**2.1**
Total financial liability	**604.4**	**200.3**	**1,016.5**	**504.4**	**2,325.6**	**(52.5)**	**(388.1)**	**1,885.0**

*Borrowings are presented as per note 22 but excluding accrued interest and lease liabilities, which are presented separately in these tables.

The table below outlines the additional financing facilities available to the Group:

	30 June 2024	30 June 2023
	£m	£m
Secured bank facilities:		
- Amount utilised	-	15.0
- Amount unutilised	355.0	340.0
Total	**355.0**	**355.0**

Financial instruments

With the exception of derivative financial instruments (which are recognised and measured at fair value through profit and loss) the Group's financial assets and financial liabilities are recognised and measured following the financial assets measured at amortised cost recognition category.

The weighted average interest rate of fixed rate financial liabilities at 30 June 2024 for the next 12 months was 6.7% (2023: 5.6%) and the weighted average period of funding was 4.6 years (2023: 5.9 years). Within the Group's financial liabilities were borrowings of £1,534.0m (2023: £1,605.9m) (see note 22), which includes £532.2m (2023: £966.7m) with floating rate interest and the remainder with fixed rate interest (prior to the hedging arrangements described previously).

The Group's financial assets measured at amortised cost comprise cash and cash equivalents of £20.8m (2023: £36.3m) and other financial assets of £70.7m (2023: £85.0m) as presented in notes 20 and 18 respectively.

Derivative financial instruments

The Group seeks to manage the exposures of its debt payment obligations through a combination of index linked, interest rate swaps and cross currency swaps.

At the year end, the Group held senior interest rate swaps with notional amounts of £183.9m (2023: £179.5m) which hedge the interest obligations of the Group's floating rate debt. The average fixed rate on these instruments is 0.3% net receivable (2023: 0.3% net payable). The swap contracts have termination dates that match the maturities of the underlying floating rate debt instruments (see note 22).

The Group has also entered into index linked swaps (notional amounts of £681.8m in 2024; 2023: £681.8m) where the Group receives floating and pays fixed linked to inflation interest obligations to an average rate of 2.9% indexed with RPI. The notional amounts of these swaps increase with RPI and these accretion amounts are cash settled annually, most recently in June 2024 (£53.4m; 2023: £146.9m) based on the March index.

All of these instruments have a maturity date of April 2027. These instruments were established to hedge the Group's fixed rate debt (namely fixed rate sterling bonds and the fixed rate US Private Placement issues) and in order to ensure that the cash flow characteristics align with these instruments, the Group has entered into £642.1m (2023: £470.4m) of fixed to floating rate interest rate swaps to match the cash flows on both the fixed rate debt instruments and the index linked swaps set out above.

The Group also holds USD 118.0m (2023: USD 118.0m) of cross-currency swaps to fix the Sterling costs of future interest and capital repayment obligations relating to the US dollar denominated private placement issue at an exchange rate of $1.241/£1.

In June 2024 Arqiva agreed to close out a set of interest rate swaps with £9.7m settlement paid to the Group on 6 July 2024. These were terminated as the underlying floating rate debt was refinanced prior to its maturity in FY24 with the fixed rate debt and these derivative instruments became surplus to Group's hedging requirements.

The fair value of senior interest rate, inflation linked swaps and cross currency swaps at 30 June 2024 is a liability of £156.3m (2023: £206.2m). This fair value is calculated using a risk-adjusted discount rate.

At the year end, the Group also held junior interest rate swaps with a notional of £450m (2023: £450m) which hedges interest obligations of the Group's junior loan that was originally drawn at floating rate. The average fixed rate of this instrument is at 5.3% (2023: 5.2%). After the initial drawdown of £450m floating rate loan in September 2022 a portion of the loan was restructured to fixed rate and therefore the Group has entered £138.9m of corresponding fixed to floating overlay interest rate swaps to align the cash flow characteristics of the underlying fixed rate debt and original floating to fixed interest rate swaps.

The fair value of the junior interest rate swaps portfolio at 30 June 2024 is a liability of £7.1m (2023: £3.1m). This fair value is calculated using a risk-adjusted discount rate.

A combined fair value of senior and junior interest rate, inflation linked and cross-currency swaps at 30 June 2024 is a liability of £163.5m (2023: £206.2m). This fair value is calculated using a risk-adjusted discount rate. The following table details the fair value of financial instruments recognised on the statement of financial position:

	30 June 2024 £m	30 June 2023 £m
Within non-current assets		
Interest rate swaps	14.7	31.5
	14.7	31.5
Within non-current liabilities		
Inflation-linked interest rate swaps	(172.0)	(235.6)
Cross-currency swaps	(6.2)	(2.1)
	(178.2)	(237.7)
Total	**(163.5)**	**(206.2)**
Change in fair value recognised in the income statement:		
- Attributable to changes in market conditions	1.9	(31.6)
- Attributable to changes in perceived credit risk	(8.6)	3.6
Change in fair value of the cross currency swap (a)	(4.1)	(1.8)
Total loss recognised in the income statement	**(10.8)**	**(29.8)**
Cash settlement of principal accretion on inflation-linked swaps	53.4	146.9
Accrued settlement on close out of interest rate swaps	-	(9.7)
Total change in fair value	**42.6**	**107.4**

a) £0.1m (2023: £nil) of the change in fair value is attributable to foreign exchange movements on the USD denominated swap

Where possible, the Group seeks to match the maturity of any derivative contracts with that of debt instruments that it has issued. In some of the Group's derivative instruments, break clauses have been included to both match underlying facility maturities and to optimise the availability and cost of hedging lines with the Group's derivative counterparties.

The fair value of all other financial assets and liabilities is considered to be a close approximation to their carrying amount.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest rate swaps, inflation linked swaps and cross currency swaps are all classed as level 2 on the fair value hierarchy. In each case the items are valued based upon discounted cash flow. Future cash flows are estimated based on forward (interest/ inflation/ exchange) rates observable from rates and yield curves at the end of the reporting period, and contract rates, discounted at a risk-adjusted rate.

25 Provisions

	Decommissioning	Restructuring	Remediation	Other	Total
	£m	£m	£m	£m	£m
At 1 July 2023	**71.6**	**0.4**	**3.8**	**5.2**	**81.0**
Income statement expense	0.4	-	0.4	0.7	1.5
Revaluation of decommission provision through property, plant and equipment	(2.1)	-	-	-	(2.1)
Revaluation of decommission provision through income statement	(4.5)	-	-	-	(4.5)
Unwind of discount	5.4	-	0.3	-	5.7
Utilised	(0.3)	-	-	-	(0.3)
At 30 June 2024	**70.5**	**0.4**	**4.5**	**5.9**	**81.3**

Management have assessed the expected timing of the resulting outflows of economic benefits:

	Decommissioning	Restructuring	Remediation	Other	Total
	£m	£m	£m	£m	£m
Current	2.9	0.4	0.4	-	3.7
Non-current	67.6	-	4.1	5.9	77.6

Provisions are made for decommissioning costs where the Group has an obligation to restore sites and the cost of restoration is not recoverable from third parties. The decommissioning provisions are reviewed annually and calculated using expected costs as determined by site and project management. The provision is in relation to assets for which the remaining useful economic life ranges up to 20 years, with the majority of the provision relating to TV and Radio products for which there is no material decommissioning expected before 2040, assuming the assets will be in good operating order throughout their estimated useful lives. A discount rate of 7.99% has been applied in calculating the decommissioning provision (2023: 7.2%) based on the Group's weighted average cost of capital. Due to this discount rate increase we have had a decrease in PPE of £2.1m as disclosed in note 16. (2023: 11.8m decrease)

The restructuring provision relates to the costs of exceptional activities to reorganise the Group.

The remediation provision represents the cost of works identified as being required across a number of the Group's sites and is expected to be utilised over the next one to ten years.

Other provisions represent a variety of smaller items which are expected to be utilised over the next one to ten years.

26 Notes to the cash flow statement

Reconciliation from operating profit to net cash from operating activities:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Operating profit	216.6	237.7
Adjustments for:		
Depreciation of property, plant and equipment	88.3	91.7
Amortisation of intangible assets	19.7	12.9
Non-refundable deposit on conditional sale	(0.2)	-
Gain on leaseback of sold asset	(1.9)	-
(Profit) / Loss on disposal of property, plant and equipment	(0.5)	0.7
Gain on lease modifications	(1.0)	(1.6)
Other income	(8.0)	(7.8)
Revenue service credits	2.8	15.3
Receipt of insurance stage payments	(16.0)	(20.0)
Operating cash flows before movements in working capital	299.8	328.9
Decrease in receivables	26.0	9.4
Decrease in payables	(44.0)	(61.6)
(Decrease) / Increase in provisions	1.2	0.7
Cash generated from operating activities	**283.0**	**277.4**
Taxes paid	-	-
Net cash from operating activities	**283.0**	**277.4**

Analysis of changes in financial liabilities:

	At 1 July 2023 £m	Changes in financing cash flows (Cash) £m	Changes in foreign exchange (Non-cash) £m	Changes in fair value (Non-cash) £m	Other changes including accrued interest (Non-cash) £m	At 30 June 2024 £m
Current borrowings (Note 22)	340.6	(343.0)	-	-	67.4	65.0
Non-current borrowings (Note 22)	1,251.1	250.0	(0.1)	-	(55.2)	1,445.8
Accrued interest on borrowings (Note 22)	14.2	(107.2)	-	-	116.1	23.1
Derivative financial instruments (Note 24)	206.2	(53.4)	0.1	10.6	-	163.5
Total	**1,812.1**	**(253.6)**	**-**	**10.6**	**128.3**	**1,697.4**

The movements above do not include issue costs associated with entering the borrowing arrangements (see note 22).

27 Financial commitments and contingent liabilities

Financing commitments

Under the terms of the Group's external debt facilities, the Group has provided security over substantially all of its assets by way of a Whole Business Securitisation structure.

Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as a liability are payable as follows:

	30 June 2024 £m	30 June 2023 £m
Within one year	4.6	7.3
Within two to five years	6.0	10.3
Total capital commitments	**10.6**	**17.6**

There are no capital commitments payable in more than five years.

Contingent liabilities

Defined Benefit Pension Scheme

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated Section 37 certificate necessary. The High Court's decision has wide ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016.

The Arqiva Defined Benefit Pension Plan was contracted out until 31 January 2016 and it has been identified that two minor corrective amendments were made during the relevant period that could be impacted by this.

The Court of Appeal upheld the 2023 High Court ruling in July 2024 and there are plans to progress investigations into any potential impact for the Plan.

As detailed investigations are yet to be progressed, the Company considers that the amount of any potential impact on the Defined Benefit Obligation cannot be confirmed and/or measured with sufficient reliability at the 30 June 2024 year end. We are therefore disclosing this issue as a potential contingent liability at the 30 June 2024 year end and will review again at the 30 June 2025 year end when we expect further clarity to be available.

28 Retirement benefits

Defined contribution scheme

The Group has operated a Defined Contribution Scheme during the year. Contributions payable in respect of this Scheme for the year were £6.4m (2023: £5.4m). The assets of the Scheme are held outside of the Group.

An amount of £1.0m (2023: £0.9m) is included in accruals being the outstanding contributions to the Defined Contribution Scheme.

Defined benefit plan

In the year to 30 June 2024, the Group operated one Defined Benefit Plan, sponsored by Arqiva Limited. The Defined Benefit Plan is administered by a separate entity that is legally separated from the Group, and therefore the Plan assets are held separately from those of Arqiva Limited. The Trustees of the Plan are required by law to act in the interests of the Plan and of all relevant stakeholders in the Plan. The Trustees are responsible for the investment policy with regards to the assets of the Plan. April 2024, an insurer backed Pension buy-in was completed whereby the Plan assets were exchanged for a bulk annuity agreement, allowing cover to the Plan's liabilities by third party insurers while retaining management responsibility within the scheme. The Pension buy-in is intended to manage the Plan's exposure to market volatility in relation to its assets and enhance its funding resilience on future pension payments.

Plan assets held in the fund are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the plan including investment decisions and contribution schedules lies jointly with the company and the board of trustees of the fund.

The Plan typically exposes the Group to risks such as: investment risk, interest rate risk and longevity risk. However, following the insurance buy-in in 2024, these risks have been largely mitigated as changes in the IAS19 liability are offset by changes in the IAS19 value of the buy-in.

Investment risk	The Plan invested in an insurance buy-in in 2024 which largely removed investment risk. The investment risk for the Plan is limited to the Plan's other assets which are invested in cash and money market funds.
Interest risk	A decrease in the bond interest rate will increase the valuation of the Plan's IAS19 liability but this will be fully offset by an increase in the value of the Plan's buy-in asset.
Longevity risk	The present value of the defined benefit Plan liability is calculated by reference to a best estimate of the mortality of Plan participants both during and after their retirement. An increase in the life expectancy of the Plan participants will increase the Plan's assessed liability. However, following the purchase of the Plan's insurance buy-in in 2024, this increase in liability will be directly offset by an increase the value of the Plan's assets.

The Plan closed to the future accrual of benefits on 31 January 2016. The weighted average duration of the expected benefit payments from the Plan is around 15 years.

The 2023 valuation has been used for the present value measurement of the defined benefit liability. This was carried out by an independent firm of consulting actuaries. The next valuation is due 30 September. The present value of the IAS19 defined benefit liability, and the related current service cost and past service cost, have been measured using the projected unit credit method based on roll-forward updates to the latest triennial valuation figures.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	30 June 2024	30 June 2023
Key assumptions		
Discount rate	5.20%	5.20%
Price inflation (RPI)	3.20%	3.30%
Life expectancy of a male / female age 60 (current pensioner)	25.6/28.5yrs	25.8/28.7yrs
Life expectancy of a male / female age 60 (future pensioner)	27.4/30.2yrs	27.6/30.4yrs
Other linked assumptions		
Price inflation (CPI)	2.60%	2.60%
Pension increases (RPI with a minimum of 3% and maximum of 5%)	3.70%	3.70%
Pension increases (RPI with a maximum of 10%)	3.20%	3.30%

Amounts recognised in the consolidated income statement in respect of the defined benefit plan were as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Net interest on the defined benefit asset	2.4	2.4
Loss on curtailments	-	-
	2.4	2.4

The net interest item above has been included within finance income (see note 9). The re-measurement of the net defined benefit liability is included in the statement of comprehensive income.

Amounts recognised in the statement of comprehensive income in respect of the defined benefit plan were as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss on plan assets excluding Interest Income	(38.6)	(38.6)
Experience (losses) / gains arising on the Plan's liabilities	(8.7)	(9.5)
Actuarial gains arising from changes in financial assumptions	1.3	34.9
Actuarial gains arising from changes in demographic assumptions	1.7	1.0
	(44.3)	**(12.2)**

In view of the Pension buy-in, a remeasurement of the Plan's net assets was completed. The resulting actuarial losses were reflected in the valuation exercise of Plan assets and liabilities. Costs incurred during the year to facilitate the transaction amounting to £1.7m for legal and professional fees were presented in the income statement under Exceptional operating expenses and are further discussed in Note 7. These costs were borne by the Group and not the Trustees of the Plan.

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit plan was as follows:

	30 June 2024 £m	30 June 2023 £m
Fair value of Plan assets	174.9	210.1
Present value of defined benefit Plan liabilities	(165.6)	(158.9)
Surplus at 30 June	**9.3**	**51.2**

The Group has considered the impact of IFRIC14 and in line with the Plan's Rules, the Group is able to recognise the Plan's surplus in its entirety.

The reconciliation of the statement of financial position over the year is as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Surplus at 1 July	51.2	61.0
Amount recognised in profit or loss	2.4	2.4
Amount recognised in Other Comprehensive Income	(44.3)	(12.2)
Company contributions	-	-
Surplus at 30 June	**9.3**	**51.2**

The present value of the plan liabilities has moved over the year as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
At 1 July	(158.9)	(184.6)
Contributions by employees	-	-
Interest cost	(8.2)	(7.1)
Benefits paid	7.1	6.3
Expenses paid	0.1	0.1
Experience (losses) / gains arising on the Plan's liabilities	(8.7)	(9.5)
Actuarial gains arising from changes in financial assumptions	1.3	34.9
Actuarial gains arising from changes in demographic assumptions	1.7	1.0
Loss on curtailments	-	-
At 30 June	**(165.6)**	**(158.9)**

The fair value of the plan assets has moved over the year as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
At 1 July	210.1	245.6
Interest income	10.6	9.5
Loss on Plan assets excluding interest income	(38.6)	(38.6)
Contributions by employer	-	-
Contributions by employees	-	-
Benefits paid	(7.1)	(6.3)
Expenses paid	(0.1)	(0.1)
At 30 June	**174.9**	**210.1**

The major categories and fair values of Plan assets at the end of the reporting year for each category are as follows:

	30 June 2024 £m	30 June 2023 £m
Equity instruments	-	25.9
Diversified growth funds	-	11.2
Corporate bonds	-	70.4
Multi asset credit	-	16.8
Government bonds	-	85.6
Cash and equivalents	8.3	0.2
Insurance policies	166.6	-
Total	**174.9**	**210.1**

As of 30 June 2024, the Plan's assets comprise mainly of insurance policies valued at the quoted underlying assets of the plan as a result of the Pension buy-in which was completed in April 2024. As at 30 June 2023, none of the Plan’s corporate bonds were unquoted. All equity and debt assets have quoted prices in active markets. While not themselves quoted, the funds are considered to be quoted because they are invested in underlying items that are quoted.

No amounts within the fair value of the Plan assets are in respect of the Group’s own financial instruments or any property occupied by, or assets used by, the Group.

The 2023 valuation has been used for the purposes of measuring the plan assets and the present value of the defined benefit liability. This was carried out by an independent firm of consulting actuaries. The present value of the IAS19 defined benefit liability, and the related current service cost and past service cost, have been measured using the projected unit credit method based on roll-forward updates to the latest triennial valuation figures. Following completion of the valuation as at 30 June 2020, Arqiva Limited agreed to pay deficit contributions of £5.4m in July 2020, £5.0m in March 2022, and £7.0m in June 2023. An updated agreement during FY23 meant that £nil contributions were paid in FY23, the £7.0m originally set to be paid in June 2023, was settled in September 2023.

An amount of £7m was placed in an escrow account in September 2023 intended to settle any remaining obligations becoming due under the previous agreement to pay deficit contributions.

Sensitivity Analysis

The assumptions considered to be the most significant are the discount rate adopted, inflation represented by RPI, and the longevity assumptions.

The sensitivity of the 2024 year end results to changes in the three key assumptions is shown below:

Funding Position	Discount rate decrease of 0.1%	RPI increase of 0.1%	Longevity assumption increase of 1 year
Increase in Plan liabilities	£2.3m	£1.4m	£5.5m

The sensitivity of the 2023 year end results to changes in the three key assumptions is shown below:

Funding Position	Discount rate decrease of 0.1%	RPI increase of 0.1%	Longevity assumption increase of 1 year
Increase in Plan liabilities	£2.3m	£1.7m	£4.4m

This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

29 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with the Group's pension scheme are disclosed in note 28. Transactions between the Group and its associates, joint ventures and entities under common influence are disclosed below.

The disclosure of transactions with related parties reflects the periods in which the related party relationships exist. The disclosure of amounts outstanding to/from related parties at the reporting date reflects related party relationships at that date.

Trading transactions

During the year ended 30 June 2024 and 30 June 2023 the Group entered into the following transactions with related parties who are not members of the Group:

	Sale of goods and services		Purchase of goods and services	
	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Associates	0.2	-	-	-
Joint ventures	5.3	4.8	2.6	2.8
Entities under common influence	37.3	20.1	-	-
Other group entities	65.3	75.4	-	-
	108.1	**100.3**	**2.6**	**2.8**

All transactions are on third-party terms and all outstanding balances, are interest free, unsecured and are not subject to any financial guarantee by either party.

As at 30 June 2024, the amount receivable from associates was £nil (2023: £nil) and the amount payable to associates was £nil (2023: £nil). As at 30 June 2024 the amount payable to joint ventures was £0.2m (2023: £0.3m).

As at 30 June 2024, the amount receivable from entities under common influence was £4.6m (2023: £5.3m). As at 30 June 2024, the amounts receivable from and payable to other group entities are disclosed in notes 18 and 21 respectively.

Remuneration of Directors and key management personnel

The remuneration of the Directors and key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 30 June 2024 £m	**Year ended 30 June 2023 £m**
Short-term employee benefits	6.2	6.9
Termination benefits	0.2	0.4
Post-employment benefits	0.2	0.1
	6.6	**7.4**

There are no members of the Directors and key management personnel (2023: none) who are members of the Group's defined benefit pension scheme (see note 28).

The members of the Directors and key management personnel had no material transactions with the Group during the year, other than in connection with their service agreements.

Further information in respect of the remuneration of the Company's statutory Directors, including the highest paid Director, has been provided on page 154.

30 Events after the reporting period

As at the reporting date, management was not aware of any events, within the business or external to the business but which may have an impact on the business, or any unrecognised liabilities, that could have a material impact on the business, its financial position or performance.

31 Controlling parties

The Company's immediate parent is Arqiva Intermediate Limited ('AIL). Copies of the AIL financial statements can be obtained from the Company Secretary at Crawley Court, Winchester, Hampshire, SO21 2QA.

The ultimate UK parent undertaking is Arqiva Group Limited ('AGL') which is the parent undertaking of the largest group to consolidate these financial statements.

Copies of the AGL consolidated financial statements can be obtained from the Arqiva website www.arqiva.com or from Company Secretary of each Company at Crawley Court, Winchester, Hampshire, SO21 2QA.

AGL is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities. There is no ultimate controlling party of the Company.

Directors' report for Arqiva Broadcast Parent Limited ('the Company')

The Directors of Arqiva Broadcast Parent Limited, registered company number 08085823, ('the Company') submit the following annual report and audited financial statements in respect of the year ended 30 June 2024.

The Directors are responsible for the preparation of the financial statements as explained in the Statement of Directors' Responsibilities, set out on page 81.

Business review and principal activities

The Company acts as a holding company with investments in a group of operating companies, financing companies and other holding companies ('the Group').

The Company made a loss for the financial year of £61.0m (2023: £1,230.9m) and net assets of £2,009.8m (2023: £2,070.8m).

Principal risks and uncertainties and key performance indicators ('KPIs')

From the perspective of the Company, the principal risks and uncertainties arising from its activities are integrated with the principal risks and uncertainties of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on page 51 to 57.

Given the straightforward nature of the Company's activities, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The KPIs of the Group are discussed on pages 24 to 33.

Overseas Branches

There are no overseas branches relating to Arqiva Broadcast Parent Limited.

Dividends and transfers to reserves

The Directors do not propose to pay a dividend (2023: nil).

The loss for the financial year of £61.0m (2023: £1,230.9m) was charged to reserves.

Financial risk management

Due to the straightforward nature of the Company's operations, it is exposed to limited financial risks. The Group's financial risk management programme is detailed on page 75 to 77.

Future developments and going concern

It is the intention of the Company to continue to act as the Group's ultimate holding company.

The Company adopts the going concern basis in preparing its financial statements on the basis of the future profit, cash flows and available resources of the Group which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence for the foreseeable future.

Directors

The following held office as directors of the Company during the year and up to the date of this report:

Michael Darcey
Susana Leith-Smith
Paul Donovan
Matthew Postgate

Maximilian Fieguth
Scott Longhurst
David Stirton
Andrew Macleod (appointed 1 July 2023)
Diego Massidda (appointed 16 November 2023)
Arnaud Jaguin (resigned 16 November 2023, reappointed 6 December 2023)

Sean West resigned from his position as Company Secretary on 28 July 2023. Nicola Phillips was appointed as Company Secretary on 28 July 2023.

Directors' indemnities

The Company has provided an indemnity for its Directors and the Company Secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in place throughout the year ended 30 June 2024 and up to the date the financial statements are signed.

Disclosure of information to the independent auditors

The Directors of the Company in office at the date of approval of this report confirm that:

- so far as the Directors are aware there is no relevant audit information of which the Auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Signed for and on behalf of the Board by

Scott Longhurst
Director
25 September 2024

Company statement of financial position

	Note	30 June 2024 £m	30 June 2023 £m
Non-current assets			
Investments	3	2,009.8	2,070.8
Other receivables	4	1,963.5	1,871.9
		3,973.3	**3,942.7**
Current assets			
Other receivables	4	-	-
Total current assets		**-**	**-**
Current liabilities			
Other payables	5	(1,918.3)	(1,826.7)
Net current liabilities		**(1,918.3)**	**(1,826.7)**
Non-current liabilities			
Borrowings		(45.2)	(45.2)
Net assets		**2,009.8**	**2,070.8**
Equity			
Called up share capital		0.1	0.1
Accumulated losses		(1,291.9)	(1,230.9)
Capital contribution reserve		3,301.6	3,301.6
Total equity		**2,009.8**	**2,070.8**

The accounting policies and notes on page 152 form part of these financial statements.

The result for the financial year for the Company was a loss of £61.0m (2023: loss of £1,230.9m).

During the prior year the Company incurred an impairment charge of £61.0m relating to the investment in a direct subsidiary of the Company, Arqiva Financing No 2 Plc, as disclosed in note 4 to the financial statements.

These financial statements on pages 150 to 160 were approved by the Board of Directors on 25 September 2024 and were signed on its behalf by:

Scott Longhurst
Director

Company statement of changes in equity

	Share capital*	Accumulated losses	Capital contribution reserve	Total equity
	£m	£m	£m	£m
Balance at 1 July 2022	**0.1**	**-**	**3,301.6**	**3,301.7**
Loss for the financial year	-	(1,230.9)	-	(1,230.9)
Balance at 30 June 2023	**0.1**	**(1,230.9)**	**3,301.6**	**2,070.8**
Loss for the financial year	-	(61.0)	-	(61.0)
Balance at 30 June 2024	**0.1**	**(1,291.9)**	**3,301.6**	**2,009.8**

*Comprises 100,002 (2023:100,002) authorised, issued and fully paid ordinary shares of £1 each.

Notes to the Company financial statements

1 Arqiva Broadcast Parent Limited accounting policies and other information

Basis of preparation

As used in these financial statements and associated notes, the term ‘Company’ refers to Arqiva Broadcast Parent Limited.

Arqiva Broadcast Parent Limited is a private company limited by shares incorporated in the United Kingdom. The registered address of the Company is Crawley Court, Winchester, Hampshire, SO21 2QA.

The Annual Report and Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006. The Group’s financial statements (Arqiva Group Limited and its subsidiaries) are available online at www.arqiva.com.

The financial statements have been prepared in accordance with The Companies Act 2006 as applicable using FRS 101. As permitted by Section 408(3) of the Companies Act 2006, the Company’s income statement has not been presented.

Accounting policies have been applied consistently throughout.

New and revised Standards and Interpretations have been adopted in the current year, a list of which can be found in note 2 of the Group financial statements. There is no material impact on the Company. The following disclosure exemptions, as permitted by paragraph 8 of FRS 101, have been taken in these Company financial statements and notes:

UK-adopted IFRS	Relevant disclosure exemptions
IAS 1 Presentation of financial statements	The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136
IAS 7 Statement of Cash Flows	All disclosure requirements.
IAS 24 Related Party Disclosures	The requirements of paragraph 17; the requirement to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary party to the transaction is wholly owned by such a member.
IFRS 7 – Financial instruments	All disclosure requirements.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios.

The Company adopts the going concern basis in preparing its financial statements, based on the support from its ultimate parent undertaking, the future cash flow forecasts of the Group and Company and available facilities, which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence and continue to meet debt and interest payments as they fall due.

Accounting policies

Investments

Investments in subsidiaries and associates are shown at cost less provision for impairment.

Cash and cash equivalents

Cash includes cash at bank and in hand and bank deposits repayable on demand.

Other payables

Other payables are not interest bearing and are recorded at fair value. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are classified as non-current liabilities.

Dividends

Dividend distributions are recognised as a liability in the year in which the dividends are approved by the Company's shareholders.

Share capital

Ordinary shares are classified as equity.

Other information

Employees

The Company had no employees during the year (2023: none). None of the Directors (2023: none) were remunerated by the Company. Their individual remuneration reflects the services they provide to the Company, its subsidiaries and a number of other entities outside of the Group. It is therefore not possible to make an accurate apportionment of each Director's remuneration in respect of their service to the Company except where sums are paid to third parties in respect of their services. There were no such sums paid in the year (2023: none).

Audit fees

The audit fee in respect of the Company and fees payable to PricewaterhouseCoopers LLP for non-audit services were not specific to the Company and are disclosed in the notes to the Group financial statements (see note 6).

Critical accounting estimates and judgements

Impairment of Investments

The calculation of impairment of investments held is considered to be a critical accounting estimate, as the value of the Company's investment in Arqiva Financing No2 Limited is sensitive to future cash flow projections, specifically in relation to the debt financing operations of Arqiva Broadcast Parent Limited. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment. An impairment of £61.0m (2023: £1,230.9m) has been recognised in the year. See note 3 for further information.

2 Directors' remuneration

The aggregate of the amount paid to the Directors in respect of their services as a Director of the Group are set out below:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Aggregate remuneration	0.7	1.5
Amount due under long term incentive plans – accrued	0.3	0.1
Amount due under long term incentive plans - reversed	-	(0.4)
Amounts due under long term incentive plans - total	0.3	(0.3)
Total remuneration	**1.0**	**1.2**
Number of Directors included in the scheme	-	-

Certain of the Directors were representatives of the Company's shareholders and their individual remuneration reflects the services they provide to the Company, its subsidiaries and a number of other entities outside of the Group. It is not possible to make an accurate apportionment of each Director's remuneration in respect of their service to the Company and the Group except where sums are paid to third parties in respect of their services, of which there were £nil (2023: £nil) in relation to the Company. Accordingly, no remuneration in respect of these Directors is recognised in the Company.

There are no directors to whom retirement benefits accrued in respect of qualifying services (2023: none).

Highest paid director

Included in the above is remuneration in respect of the highest paid Director of:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Aggregate remuneration	0.2	1.1
Amounts due under long term incentive plans	0	(0.3)
Total remuneration	**0.2**	**0.8**

3 Investments

The Company's subsidiary investments (held indirectly unless stated) are shown below:

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
ABHL Digital Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Digital Radio Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Multiplex Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Muxco Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva (Scotland) Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva Broadcast Finance Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Broadcast Intermediate Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Broadcast Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Defined Benefit Pension Plan Trustees Limited	United Kingdom	Pension company	30-Jun	100%
Arqiva Digital Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Finance Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Financing No1 Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Financing No2 Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Group Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Group Intermediate Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Group Parent Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Inc.	USA	Satellite transmission services	30-Jun	100%
Arqiva Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva Limited	Ireland	Transmission services	30-Jun	100%
Arqiva Media Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile Broadcast Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile TV Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 10 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 11 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Pension Trust Limited	United Kingdom	Dormant company	31-Mar	100%
Arqiva PP Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Pte Limited	Singapore	Satellite transmission services	30-Jun	100%
Arqiva Public Safety Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva SAS	France	Satellite transmission services	30-Jun	100%
Arqiva Satellite Limited	United Kingdom	Dormant company	30-Jun	100%

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
Arqiva Senior Finance Limited	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva SRL	Italy	Satellite transmission services	30-Jun	100%
Arqiva Telecoms Investment Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Transmission Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva UK Broadcast Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Wireless Limited	United Kingdom	Dormant company	30-Jun	100%
Capablue Limited	United Kingdom	Dormant company	30-Jun	100%
Cast Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV (Scotland) Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV Limited	United Kingdom	Dormant company	30-Jun	100%
Digital One Limited	United Kingdom	Transmission services	30-Jun	100%
Inmedia Communications (Holdings) Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Group Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Limited	United Kingdom	Dormant company	30-Jun	100%
J F M G Limited	United Kingdom	Dormant company	30-Jun	100%
Macropolitan Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (East Midlands) Limited	United Kingdom	Transmission services	30-Jun	80.0%
Now Digital (Oxford) Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (Southern) Limited	United Kingdom	Transmission services	30-Jun	100%
Now Digital Limited	United Kingdom	Transmission services	30-Jun	100%
NWP Spectrum Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Scanners (Europe) Limited	United Kingdom	Dormant company	30-Jun	100%
Scanners Television Outside Broadcasts Limited	United Kingdom	Dormant company	30-Jun	100%
Selective Media Limited	United Kingdom	Dormant company	30-Jun	100%
South West Digital Radio Limited	United Kingdom	Transmission services	30-Jun	66.67%
Spectrum Interactive (UK) Limited	United Kingdom	Dormant company	30-Jun	100%
Spectrum Interactive GmbH	Germany	Dormant company	30-Jun	100%
Spectrum Interactive Limited	United Kingdom	Holding company	30-Jun	100%

With the following exceptions, the registered office of each of the subsidiary companies listed was Crawley Court, Winchester, Hampshire, SO21 2QA:

Company	Registered office
Arqiva Inc.	c/o The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE19801, United States of America.
Arqiva Pte Limited	8 Marina Boulevard #05-02, Marina Bay Financial Centre, 018981, Singapore.
Arqiva SAS	Tour Vendome 204, Rond Point du Pont De Sevres, 92100, Boulogne, France.
Arqiva SRL	c/o Studio Bandini & Associati, Via Calabria 32, Rome, Italy.
Arqiva (Ireland) Limited	Unit 9 Willborough, Clonshaugh Industrial Estate, Dublin 17, Co. Dublin, Ireland.

Arqiva (Scotland) Limited	c/o Morton Fraser, Quartermile 2, 2 Lister Square, Edinburgh, EH3 9GL, Scotland.

In addition to the subsidiary undertakings the Company indirectly holds the following interests in associates and joint ventures:

Company	Country of incorporation	Principal activities	Registered office	Year end	Percentage of ordinary shares held
Joint ventures					
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA	31-Dec	40.0%
Associate undertakings:					
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	Greenworks Dog and Duck Yard, Princeton Street, London, England, WC1R 4BH	31-Dec	25.0%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for radio	15 Alfred Place, London, England, WC1E 7EB	30-Jun	10.0%

The Company held the following investments in subsidiaries:

	Total
	£m
Cost	
At 1 July 2023 and 30 June 2024	3,301.7
Accumulated Impairment losses	
At 1 July 2023	(1,230.9)
Impairment	(61.0)
At 30 June 2024	**(1,291.9)**
Carrying value	
At 30 June 2024	**2,009.8**
At 30 June 2023	**2,070.8**

The Directors consider the carrying value of the Company's investments in its subsidiaries on an annual basis, or more frequently should indicators arise, and believe that the carrying values of the investments are supported by the underlying trade and net assets.

During the year the Company incurred an impairment charge of £61.0m (2023: £1,230.9m) relating to a direct subsidiary of the Company, Arqiva Financing No2 Limited. This calculation is considered to be a critical accounting estimate, as the value of the Company's investment in Arqiva Financing No2 Limited is sensitive to future cash flow projections, specifically in relation to the debt financing operations of Arqiva Group Parent Limited. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment.

4 Other receivables

	30 June 2024	30 June 2023
	£m	£m
Within non-current assets		
Amounts receivable from other Group entities	1,963.5	1,871.9
Total	**1,963.5**	**1,871.9**

Amounts receivable from other Group entities are unsecured, repayable on demand and interest has been charged at 9.5%.

5 Other payables

	30 June 2024	30 June 2023
	£m	£m
Within current liabilities		
Amounts payable to other Group entities	1,918.3	1,826.7
Total	**1,918.3**	**1,826.7**

Amounts payable to other Group entities are unsecured, repayable on demand and interest has been charged at 9.5%.

6 Related parties

The Company has applied the provisions within FRS 101 to be exempt from the disclosure of transactions entered into, and balances outstanding, with a Group entity which is wholly owned by another Group entity.

7 Controlling parties

The Company's immediate parent is Arqiva Financing No3 Plc ('AF3'). Copies of the AF3 financial statements can be obtained from the Company Secretary at Crawley Court, Winchester, Hampshire, SO21 2QA.

The ultimate UK parent undertaking is Arqiva Group Limited ('AGL') which is the parent undertaking of the largest group to consolidate these financial statements.

Copies of the AGL consolidated financial statements can be obtained from the Company Secretary of each Company at Crawley Court, Winchester, Hampshire, SO21 2QA.

AGL is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities. There is no ultimate controlling party of the Company.

Arqiva Group Parent Limited

Registered number 08085794

Annual Report and Financial Statements

For the year ended 30 June 2024

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Company Financial Statements

Corporate Information

As at the date of this report (25 September 2024):

Group Board of Directors
Mike Darcey (Chair)
Diego Massidda (appointed 16 November 2023)
Andrew MacLeod (appointed 01 July 2023)
Matthew Postgate
Susana Leith-Smith
Paul Donovan
Scott Longhurst
Maximilian Fieguth
Arnaud Jaguin (Resigned 16 November 2023 and reappointed as an alternate to Diego Massidda 06 December 2023)
David Stirton (alternate to Maximilian Fieguth)

Company Secretary
Nicola Phillips (Appointed 28 July 2023)
Sean West (Resigned 28 July 2023)

Group website:
www.arqiva.com

Registered Office
Crawley Court
Winchester
Hampshire
SO21 2QA

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Company Registration Number
05254001

Cautionary Statement

This Annual Report and Financial Statements contains various forward-looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented herein. When used in this report, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Group, have been used to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Save as otherwise required by any rules or regulations, the Group does not undertake any obligations publicly to release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The risks and uncertainties referred to above include:

- actions or decisions by governmental and regulatory bodies, or changes in the regulatory framework in which the Group operates, which may impact the ability of the Group to carry on its businesses,
- changes or advances in technology, and availability of resources such as spectrum, necessary to use new or existing technology, or customer and consumer preferences regarding technology,
- the performance of the markets in the UK, the EU, and the wider region in which the Group operates,
- the ability of the Group to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the ability of the Group to develop, expand and maintain its media & broadcast (M&B) and utilities network infrastructure;
- the ability of the Group to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- the Group's dependency on only a limited number of key customers for a large percentage of its revenue; and
- expectations as to revenues not under contract.

Guidance note to the Annual Report and Financial Statements:

In this document, references to 'Arqiva' and 'the Group' refer to Arqiva Group Parent Limited ('AGPL') and its subsidiaries and markets as the context may require. References to the 'Company' refer to the results and performance of Arqiva Group Parent Limited as a standalone entity.

A reference to a year expressed as 2024 is to the financial year ended 30 June 2024. This convention applies similarly to any reference to a previous or subsequent financial year. Additionally, references to 'current year', 'this year' and 'the year' are in respect of the financial year ended 30 June 2024. References to the 'prior year' and 'last year' are to the financial year ended 30 June 2023.

Arqiva at a glance - 2024

ENABLING A SWITCHED-ON WORLD TO FLOW

Who we are

In today's switched-on world, companies – entire industries – are grappling with how to share data and content across a myriad of connected devices. That's where Arqiva comes in. Fundamentally, we're enablers. Behind the scenes, we apply our knowledge and expertise to stitch together technologies that connect broadcasters, media organisations and utility companies to their customers, and the content, data, information, and entertainment they want.

What we do

In today's ever-evolving world, the demand for information, content and entertainment is greater than ever. Satisfying the demand for 24/7 connection is the challenge that our media, broadcast and utilities customers are facing, delivering more content on more devices than ever before.

At Arqiva, we are enablers, applying our knowledge and expertise to technologies to unlock new opportunities for our customers. We work in partnership, building and operating the infrastructure through which data and content can flow effectively, securely, and sustainably.

Arqiva is the UK's pre-eminent provider of national television and radio broadcast infrastructure and provides end-to-end connectivity solutions to the media and utility industries. Arqiva is the sole provider of terrestrial television network access (Freeview) and the owner of two of the three national commercial multiplexes. Arqiva is a shareholder in, and operator for both commercial national DAB (Digital Audio Broadcasting) radio multiplexes and is the service provider for the BBC national DAB radio multiplex. The Group is also a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels available for UK Direct to Home (DTH) satellite broadcast.

The Group has been an early and leading participant in the development of the smart utility infrastructure in the UK through its smart water and energy metering services. We provide satellite connectivity services for electricity networks and we are one of only two communication service providers for smart energy meter connectivity in the UK. The Group operates through two main commercial functions, Media and Broadcast (M&B) and Smart Utility Networks (SUN) supported by non-revenue generating Operations, Technology and Corporate functions.

Our history

Since 1922, Arqiva has been at the forefront of media transmission. We delivered the world's first TV broadcast for the BBC at London's Alexandra Palace in 1936. In the 1970's, we developed satellite TV, Teletext and in the 2000's launched the UK's national DAB radio and digital television networks.

More recently, we have moved into new sectors providing digital connectivity for the utilities sector. We won our first contract to deliver gas and electricity metering in the north of England and Scotland in 2013 and followed that in 2015 with a partnership with Thames Water to set up and run the world's largest smart water metering network. Our smart water metering network has now connected more than 5 million meters in total.

We continue to innovate: recently launching new products such as Arqade - a cloud-based channel and live event interchange and Hybrid Connectivity, a managed connectivity solution to support the network monitoring and control needs of utility companies. Further information can be found at www.arqiva.com/about/.

Arqiva in Numbers

c. 1,450 broadcast transmission sites in the UK	**c. 1,150** TV transmission sites
98.5% of the UK population reached through Freeview TV services	**Market leader for commercial DTT[1] spectrum**, owning two of the three national commercial multiplexes
c.80 satellite dishes accessing **30+ satellites** delivering TV channels internationally to **5 continents**	**99.5% network coverage** across the North of England and Scotland on our smart energy networks
Over **5m** smart meters installed **50 million data points** delivered on our smart metering networks every day	Over **3000 services** provided to over **100 countries**

Highlights of the year

Group Revenue **£645.2m.** **5.2%** increase year on year	M&B Revenue **£481.3m (up 4.1%)** SUN Revenue **£163.9m (up 8.6%)**
Operating Profit **£216.6m** (8.9% decrease)	Operating cashflow (after capital and financing activity) **£232.9m** (0.5% decrease)
Commenced purchase of **renewable energy** from our main supplier in April 2024	Maintain senior debt credit rating of **BBB+/BBB** (S&P/Fitch)
Bilsdale broadcast site now fully operational following fire in 2021	Arqiva – winner of **Britain's Healthiest Workplace 2023**

[1] Refers to Digital Terrestrial Television best known for supporting Freeview.

Chair's Introduction

Overview

Arqiva has delivered a solid set of financial results in 2024, despite the continued global challenges and economic uncertainties faced, particularly increased power costs, challenging markets for our customers and competition from new market entrants in the water metering industry.

Following last year's successful simplification plan which saw Arqiva consolidate its functional operating model, we have continued to simplify our business. This year's focus has been on embedding the changes and utilising new ways of working. This will enable the business to continue to meet the demands of its customers in a more efficient and responsive manner.

There has been a particular focus on transforming the technology function through changes to the organisational structure and new appointments to the senior leadership team. This has resulted in significant changes to the way cross-functional teams operate; with an increased emphasis on product development and a new go-to-market approach supported by new business development and operational capability. The technical needs of a business such as Arqiva continue to evolve at pace, and these investments will ensure we are better able to adapt and compete in our chosen markets.

Changes in the Board of Directors

This year, we welcomed Diego Massidda to the Board of Directors to replace Arnaud Jaguin as a D9 Infrastructure representative. We welcome Arnaud's continued involvement in Board matters as Diego's nominated alternate. After joining the Board at the end of the last year, Andy MacLeod has also now taken over from Max Fieguth as the Chair of the Governance and Remuneration Committee. We have also welcomed to the Executive Committee and Board, Nicola Phillips who has joined as Chief Legal Officer and Company Secretary. With the arrival of the new Company Secretary and the other changes to the Board over the past two years, we took the opportunity to commission an external Board Performance Review. This review was completed earlier in the year, and we expect the implementation of various recommendations to set the conditions for an even more robust and effective Corporate Governance structure moving forward.

Sustainability

Building a sustainable future for Arqiva is a core part of our Vision 2031 strategy. At a Board level, we are keen to understand fully our climate and sustainability risks and our opportunities and strategy, building this into the day-to-day operations of the business. The Operational Resilience sub-committee has oversight of the sustainability programmes, with a sustainability working group reporting their findings.

Following last year's approval of the Environmental Sustainability Policy[2], and our sustainability charter, we have taken strides to strengthen the Environmental, Social and Governance (ESG) team and have significantly enhanced our ESG reporting. Such reporting aligns to the external ESG standards for the Non-Financial and Sustainability Information Statement (NFSIS) and the Streamlined Energy and Carbon Reporting (SECR). As a result, we now have a much clearer line of sight from the actions that we take as a business to the impact it has on our emissions. In turn, this work is enabling us to direct Arqiva's sustainability plans with tangible actions and outcomes, with the clear goal of achieving Net Zero by 2031.

Future Outlook

Our current market outlook has been set against the backdrop of ongoing inflationary pressures. Higher fuel prices have increased our power costs and our media customers have faced their own market challenges. The year has also been punctuated by several key political and regulatory determinations.

[2] https://arqiva.com/documentation/safety-health-and-environment/SHE-PY-004%20Environmental%20Sustainability%20Policy.pdf

The Media Act received Royal Assent in May 2024, representing the first major update to media legislation in decades. While various changes brought by the Media Act are yet to come into force, measures include steps to strengthen public service broadcasters by enabling them to fulfil content requirements across both broadcast and online platforms and introducing new prominence requirements for their online players. Among other provisions, removing some regulatory burdens on radio services is also included. The BBC licence fee framework remains unchanged, with the new Labour Government not expected to make any changes before the end of the current licence term in 2027.

In May 2024, following a request under the previous Government, Ofcom published a report on the future of TV distribution which looked at how the market could evolve over the next decade and beyond. Ofcom outlined broad approaches for consideration by the Government, highlighting the importance of laying out its vision for the long-term future to provide certainty to audiences and investors. Arqiva is in close dialogue with relevant stakeholders including the regulator as this area of policy debate progresses.

In the regulatory environment for water, Ofwat's final determinations in the next Asset Management Period (AMP8) is due later in 2024. The regulator's final determinations will set the investment plan for the industry for the next 5 years. The regulator has highlighted the need for improved (smart) water management, better leakage detection and sewerage control. This has created the opportunity for Arqiva and other companies to bid for strategically important contracts. In recent months, we have found that the scale of investment has encouraged new entrants to the market to compete for this work. As the industry leader in smart water metering with both new and existing technology offerings, Arqiva is well positioned and equipped to support the water companies in their strategic ambitions.

The changes in the media and broadcast industry are setting the conditions for long term sustainable contracts on terrestrial TV and encouraging the business to diversify its media offering through internet and cloud delivery. And in the water industry we are seeing the opportunity for Arqiva to showcase its world class capabilities in smart metering and data delivery through unrivalled networks.

On behalf of the Board, I want to close by thanking all of our colleagues for their continued dedication and hard work in the provision of our services, particularly during a year where we have driven a number of large-scale system deployments and transformation programmes.

Mike Darcey

Chair

September 2024

Strategic Report

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Chief Executive's Statement

The past year has seen a lot of change in the market landscape across the two sectors in which Arqiva operates: media and utilities. We have capitalised on opportunities across those markets and continued our focus on building strong foundations. The investments we have made in new capabilities and systems are showing benefits, both in delivering a more efficient operation but also setting us up for growth. Against a backdrop of significant political and economic shifts, we have demonstrated resilience, adaptability, and a commitment to innovation.

Market Environment and Strategic Positioning

The last year has been a difficult period for many of our radio and TV customers that rely on the advertising market for their income. The UK advertising market was substantially down year-over-year owing to difficult macroeconomic conditions but is showing signs of recovery into the second half of calendar 2024. We continue to invest in our long-standing relationships and worked closely with customers to navigate this period. The vast majority of our customers remain resilient and our investment to broaden our product portfolio should further underpin this.

We also received validation on the future of the DTT spectrum for the next period. At the World Radiocommunication Conference ("WRC") in November 2023, it was confirmed that the 600 Mhz band's primary allocation is for DTT. The next point at which this would be reviewed by the WRC is in 2031.

Looking beyond the next decade, in May 2024 Ofcom published a report on the future of TV distribution, which outlined how the market could evolve over the next 10-15 years. The report outlined broad approaches for consideration by the Government, including investment in a more efficient DTT service, reducing DTT to a core service, or moving towards a DTT switch-off in the longer-term. In addition, it highlighted the importance of Government laying out its vision for the long-term future to provide certainty to audiences and investors. Arqiva is in close dialogue with relevant stakeholders including the regulator and relevant government departments as this area of policy debate progresses.

In the utilities sector, Ofwat's draft determinations for the 2025-2030 period signal the largest investment programme since privatisation. This includes an ambitious rollout of over 10 million smart water meters, presenting Arqiva with a significant growth opportunity to leverage our smart metering expertise and support the water sector's strategic agenda in water and waste monitoring.

The business has actively participated in the consultations with water companies for the price review 2024 methodology to ensure the accelerated investment in smart meters and draft water resource management plans is underpinned. This will not only support growth plans for our utilities business but critically the sustainability plans of our customers. We remain focused on winning new contracts in this area, recognising the increased competition from new entrants, by investing in product and propositions that differentiate our offer.

Operational Highlights and Financial Performance

Despite the challenging market conditions, Arqiva delivered a solid performance with Group revenue increasing by 5.2% to £645.2million.

However, our profitability was impacted by rising power costs and increased headcount expenses, reflecting macroeconomic wage pressures and our strategic investments in new media markets.

Both of our commercial divisions have seen top line growth underpinned by long term contracts and the recovery in smart device sales following pandemic related silicon component shortages. Our Media and Broadcast function performed well, although revenue growth was tempered by a reduction in DTT channel sales, lower pricing on contract renewals, and the loss of some customers.

In our Smart Utilities Network division sales of devices and in-contract charges has driven growth, though some of this was offset by higher procurement costs for the increased meter volumes. We are optimistic about the future of our relationship with the DCC, particularly with the recent agreement with for the scaling and optimisation of their network, which is expected to contribute significantly to our FY25 revenue.

Furthermore, I am delighted to announce that the Bilsdale broadcast site is now fully operational following the fire in 2021, marking not just an important moment for the business but the 600,000 households in the Northeast covered by the mast. We have been providing TV services since May 2023 and radio since January 2024.

Challenges and Strategic Initiatives

The volatility in energy markets posed significant challenges this year, leading to a 77% increase in our power costs following the expiration of our previous hedging contracts. Following a period of higher energy cost and market volatility, which is now reducing, we have since reestablished an effective hedging strategy with longer term contracts to mitigate these risks. We also transitioned to purchase electricity with renewable energy guarantee of origin certification from April 2024. These actions will help to stabilise costs and support our sustainability goals.

This year we have made substantial progress in reorienting our technology function, focusing on cloud computing to enhance our media content delivery. This transformation requires ongoing investments in talent development and process management, which are critical to our long-term success. We are already seeing the benefits of these changes as we have reduced our customer onboarding times seven-fold, making us more agile and capable of competing in the faster paced media markets.

I am also pleased to record that we completed the complex, 4-year transition from our older Arqnet2 domestic optical telecommunications network to a refreshed architecture in a new network named Arqnet3. Arqnet3 provides critical national infrastructure across our broadcast, utility and corporate services. Completing this project while maintaining service for our customers was an important achievement by the team and demonstrated our commitment to providing long term resilient equipment for our terrestrial and satellite customers.

Corporate Governance and Sustainability

This year, we also took decisive steps to reduce our business risk profile. We completed a pension buy-in for our defined benefit scheme, transferring liabilities to a new insurer; established an insurance captive to better manage our insurance claims in light of the Bilsdale fire; and initiated a programme to optimize our real estate portfolio.

Sustainability is an area of increasing importance for us, our customers and wider society. In line with industry practice, we adopt an Environmental-Social-Governance (ESG) framework, which is covered in more detail below. For the environment component, one of the main things we're focusing on is reducing our direct emissions (known as Scope 1) and indirect emissions (Scope 2). We have an ambitious target to be net zero by 2040 with an interim target for our scope 1&2 emissions to be net zero by 2031. This will come from a combination of reducing our emissions by a third and two thirds coming from buying renewable electricity. Since April 2024, we purchase 100% green energy through Carbon Trust verified schemes.

Our wider sustainability strategy covers a broad range of initiatives; from company-wide schemes such as replacing equipment with more energy efficient alternatives, transitioning our vehicles to electric and decommissioning end-of-life networks, to smaller more local proposals including reducing the use of paper and plastic in the office to planting trees and rewilding initiatives on our grounds.

Our commitment to sustainability was recently recognized with a silver rating in the EcoVadis ESG survey, placing us in the top 15% of participating businesses.

Acknowledgements

I want to extend my deepest gratitude to our colleagues, whose dedication and resilience have been instrumental in navigating this complex environment. Our people are our greatest assets, and we continue to focus on their wellbeing to ensure they can perform at their best. This year we launched a holistic approach with initiatives covering physical, mental, social, professional and financial wellbeing. It is always nice to see this sustained commitment and effort being recognised by being named Britain's Healthiest Workplace in 2023.

Looking Ahead

As we move forward, Arqiva is well-positioned to capitalise on emerging opportunities in both the media and utilities sectors. We remain committed to driving innovation, supporting our customers, and delivering sustainable growth. I am confident that we remain on course with our Vision 2031 journey and that we will achieve even greater success in the year ahead.

Shuja Khan

Chief Executive Officer

September 2024

Arqiva Business Overview

Arqiva's performance takes place against a backdrop of change in the political and regulatory environment shaping our sectors. The Media Bill was passed into law in May 2024, representing the first major update to media legislation in 20 years, updating the legislative framework for many Arqiva broadcast customers. The BBC licence fee framework however remains unchanged, with the new Labour Government not expected to make any changes before the end of the current licence term in 2027. May 2024 also saw OFCOM release its report in the future of broadcast TV, this is covered in more detail on page 21.

In utilities, the water sector economic regulator, Ofwat, has released its draft determinations for company business plans for the next regulated price period, 2025-2030. These would deliver the largest investment programme since privatisation, pending Ofwat's final determinations. This includes the delivery of over 10 million smart water meters. The sector is targeting performance improvements across multiple areas including leakage, per capita consumption, pollution incidents, drinking water quality, and supply interruptions, creating significant opportunities for technology and connectivity solutions that drive improvements.

Our business is strategically positioned to meet the demands of our customers across both sectors as they adapt to change in policy and regulatory requirements. These two significant events are setting the scene for Arqiva's future business development. We will continue to work hard to support our long-term strategic media customers, whilst developing new opportunities in new media markets. In addition, the current water industry investment rounds provide potential for Arqiva to leverage its smart metering capabilities and help to deliver Ofwat's improvement agenda.

Turning our attention to the year that has just passed, the Group has delivered a solid performance this year despite strong market headwinds and a tough competitive environment. The Group's overall revenue has increased by 5.2% to £645.2m mainly driven by RPI linked contracts and increased sales in smart devices, following pandemic related component shortfalls in prior years that we are no longer experiencing. Our profit has been impacted by increased power costs and higher headcount costs. We have seen macro-economic wage inflation pressures and the growth into new media areas has come at a cost as we have looked to transform our talent base in specific technical areas.

Our Media and Broadcast business function has seen growth in its revenue due to the longstanding RPI-linked contracts. However, this increase has been partly offset due to a number of factors: a reduction in DTT channel sales, lower pricing on contract renewals and the loss of some customers entering administration.

We are pleased to announce that the Bilsdale broadcast site is now fully operational having fully restored TV services by June 2023 and radio services by January 2024 following. We have received the final insurance payment resulting from additional build cost and service disruption.

As a business, we have seen a significant rise in our power costs this year due to continued market volatility. This increase is partially negated by the pass through of power charges to media customers. Last year, we benefited from an established hedging strategy for power purchases that allowed us to secure below market pricing to March 2023. However, as these contracts have come to an end, we have been exposed to higher power costs. We reestablished an effective hedging strategy in the latter stages of the year, with layered longer term contracts providing a stable cost base going forward. Additionally, since April 2024, the Group now purchases 100% green energy through Carbon Trust verified schemes.

In our SUN function, we are pleased to have signed an agreement with CSPN for scale and optimisation work on the network. Some initial milestones have been completed in this financial year and the bulk of the revenue will be recognised in FY25. In addition, we have seen an increase in sales of our energy and water devices, although these generate low margins due to increased third-party procurement costs.

In 2024 Arqiva continued its journey to transform the technology function and focus on media content delivered through cloud computing. This has driven a step change in what we do and how we do it. Alongside re-skilling and developing our in-house capability around process management, agile ways of working and specific cloud computing skills to develop the new products we are launching, we are also hiring in new talent and some short term support to accelerate our time to competency.

During the year, the Board has undertaken a number of activities to reduce the overall risk profile of the business and improve its risk management processes. We have worked with the pension trustees and completed a pension buy-in for the defined benefit pension scheme, thereby transferring the liabilities and assets of the scheme to the new pension insurer. We have established an insurance captive which came into effect from the renewal date of 01 July 2024, as such there were no *incurred but not reported* losses *(IBNR)* as at 30 June 2024. The insurance captive helps to provide better coverage at lower rates by accessing the reinsurance market. We have also identified a number of land and building assets that are no longer needed for operational reasons and aims to maximise the gain on their disposal over the coming years.

As a business, the number of colleagues participating in our employee surveys is up 5% and we continue to see high levels of engagement across all functions of Arqiva. We have an energised workforce and have seen incredible participation during this year's Arqiva Challenge. This is an annual company-wide event that sees volunteer employees take on demanding physical challenges. We are delighted and proud to have been voted Britain's Healthiest place to work 2023.

Business model

Enabling a switched-on world to flow

Arqiva is at the heart of Media and Broadcast and Smart Utilities Networks in the UK, providing critical data, network, and communications services.

Arqiva works in partnership with its customers, delivering vital connectivity. We are building and operating the complex ecosystems and infrastructures through which data and content can move effectively, securely and sustainably at scale – whether that's through media broadcasting and transmission services, or smart networks for energy and water.

Arqiva earns revenue from its customers through the provision of network access and transmission service as well as fees for engineering services and new projects. Arqiva's services tend to be mission-critical for its customers, providing the network coverage necessary for the fulfilment of their requirements for their licensed services to be provided in each licensed area. Arqiva delivers broadcasters' services to their agreed coverage and availability requirements.

Arqiva's assets, operations and markets are predominantly within the UK and our business is predominantly focused on the UK Market. We currently have a small overseas footprint, and so have had minimal exposure to international markets and foreign exchange. However, this is evolving as we have established new business development roles in targeted markets, aimed at growing our cloud based global media management services.

Arqiva has invested significantly into capital infrastructure and has £1,190.1m of property, plant, and equipment as at 30 June 2024. Our transmission upgrade and sustainability programmes aim to replace equipment with modern, more efficient and less power intensive alternatives, helping to reduce our overall power consumption and emissions, supporting our drive to Net Zero. We have also increased our investment in IT and software as we look to the future and the development of the Arqade cloud media management products.

Arqiva is financed through a mixture of equity and long-term debt, with an average maturity debt profile of over 4 years. The Group's senior debt also benefits from an investment grade BBB+ rating from Standard and Poor's and BBB from Fitch.

Arqiva operates through two main commercial functions, Media and Broadcast and Smart Utility Networks supported by non-revenue generating Operations, Technology and Corporate functions.

COMMERCIAL

Media and Broadcast

This function consists of Terrestrial Broadcast TV and Radio, Digital Platforms Multiplex, UK Direct-to-Home satellite (DTH) and Global Media segments.

Arqiva is the UK's only supplier of national terrestrial television and radio broadcasting services and our Digital Terrestrial Television (DTT) network allows more than 16 million households a means to access TV.

Our radio infrastructure supports a range of services across the UK with over 300 stations on DAB and over 460 stations across FM, AM, and MW.

Sector Snapshot

Media and Broadcast services remain incredibly important for viewers and listeners in the UK. Even as viewing habits change, Ofcom reports that 75% of people continue to watch broadcast content every week. 9 out of 10 UK adults listen to over 20 hours of radio each week.

In recent years, the UK has seen the emergence of alternative viewing platforms. Hybrid platforms leverage the reach and cost effectiveness of DTT to deliver the Free-to-Air ("FTA") services with interactive services typical of IP, such as catch-up and on-demand. The increase in "pay-lite" services (e.g. Netflix, Amazon and Disney+) give consumers further optionality to combine DTT with a cheaper Over The Top (OTT) offering. This trend also supports the satellite and global media segment which has been providing IP streams and video-on-demand processing services and has in recent years invested in cloud-based delivery services.

Media and Broadcast at Arqiva

The Group benefits from a regulated position as the sole UK national provider of transmission services for DTT broadcasting, the most used TV platform for the consumption of linear and live content in television homes across the UK. The Group operates all television transmission sites used for DTT broadcasting in the UK, with over 1,450 broadcast transmission sites of which 1,150 are television transmission sites, covering 98.5% of the UK population. Through its Digital Platforms products, the Group is also the UK market leader for the provision of access to the DTT platform for broadcast channels, operating the licence for two (of six) DTT Multiplexes used for transmission of DTT services in the UK. The Group's DTT Multiplexes have 32 streams carrying 43 channels including full-time 24/7 TV channels in addition to part-time and radio services. We are enabling leading broadcasters such as Sky, Warner Bros, Discovery, and UKTV to deliver broadcasting content using its channel capacity.

DTT, through the subscription-free platform, Freeview, enables the public service broadcasters ("PSBs") to meet the obligation under their licences to extend coverage to 98.5% of the UK population.

While consumer preference indicates rising use of OTT services, popularly known as streaming services, FTA television retains the majority share of live video viewing in the UK as per published TV viewing data. The near-universal coverage of DTT combined with both affordability and broadband coverage constraints suggest that the future is likely to remain a hybrid of FTA TV, Pay-TV & OTT with a substantial share of viewing driven by FTA TV.

The Group benefits from its regulated position as the only UK national provider of radio broadcast transmission services with a 100% national market share, covering both analogue and digital services through DAB. The Group has radio network infrastructure comprising approximately 1,700 analogue transmitters and 1,020 DAB transmitters over 690 radio sites providing coverage of up to 99% of the UK population. The Group operates the two national commercial digital radio multiplexes and holds 25 of the UK's 59 local DAB radio licences. Further, the Group is the service provider for the BBC national digital radio multiplex. The Group intends to support its customers and the industry by continuing to develop digital DAB radio as an attractive medium for listeners and is planning for the expected eventual phase-out of analogue (AM closure is expected to be phased over time and completed before 2030 while there have been Government statements of support for no FM switch-off before 2030), and positioning DAB as the default replacement network for analogue services.

The Group's UK DTH satellite and global media business is a leading provider of satellite uplink infrastructure and satellite distribution services in the UK in terms of the number of channels uplinked for DTH satellite broadcast. The Group provides services to c.24% of fully managed channels for UK DTH. The Group operates more than 80 uplink dishes in five teleports (ground stations that act as a hub to connect a satellite network to a terrestrial telecommunications network), accessing more than 25 satellites and delivering media content to five continents. Arqiva procures third-party ground-based teleport services where a line of sight to a satellite cannot be achieved from its UK assets.

This infrastructure enables the Group to provide customers with a comprehensive range of services to deliver their data, broadcast content and media services internationally. In addition, the Group provides encryption, multiplexing, up linking and satellite space to channel operators through its global media distribution offering. In addition, the Group also provides video-on-demand, streaming, metadata management and other OTT and cloud-based services. The Group provides network connectivity capabilities at over 300 key media and broadcast locations delivering content in the UK through its own optical and IP enabled networks and to the five continents around the world through leased access to a third-party global fibre network.

Media and Broadcast contributes significant and stable cash flows to the Group with a long-term order book of £2.4bn (2023: £2.6bn), the major TV contracts are RPI-linked and include contracts running as far as 2035, and so a significant portion of revenue is RPI linked.

Smart Utilities Networks

The SUN function covers two principal markets, Arqiva is the exclusive metering connectivity provider to electricity and gas companies in the North of England and Scotland and we are also the provider of utility meter monitoring systems to help reduce water wastage and supporting sustainability.

Sector snapshot

Ambitious environmental and sustainability agendas from regulators are driving change across the utility sectors, providing huge opportunities for growth. Today less than 10% of UK premises have a smart water meter, and less than 30% have a smart energy meter. With 20% of water lost through leakage, our water customers are focused on reducing leaks as well as eliminating pollution caused by sewer flooding. Smart meters are providing an opportunity to meet sustainability targets through reducing the UK's overall greenhouse gas emissions, including up to 0.5% from smart water meters on their own.

Smart Utilities Networks at Arqiva

Digital technology means that we can now get a much better handle on how much gas, electricity and water we all consume. That's the first step in using less of it, something we all have to do if we're going to live sustainably on the planet. Arqiva works across the utilities sector to make this happen. Through our efforts, energy and water grids and meters are getting smarter, meaning more control, and less wastage.

For energy and mobility companies, satellite operators, government organisations and telecoms providers, secure networks are vital. Arqiva utilises global satellite, teleport and fibre networks to support communications for these areas. With coverage that spans the globe, we build customised end-to-end solutions that offer reliable data communication.

Arqiva generates revenues with respect to the build and operation of the smart 'machine-to-machine' networks and other data transmission services applications. With a continuing focus on innovation and market opportunities, Arqiva is embracing the fast-developing machine-to-machine sector, particularly for utilities, using our Flexnet network solution across our smart metering contracts. The Group has invested in building machine-to-machine networks, which support major energy metering contracts spanning 15 years and covering more than 10 million premises. Over 3.5 million have already been installed by Arqiva through the Communications Service Provider (North) contract with the DCC. Arqiva has invested substantially in infrastructure to support these contracts, which now results in recurring cash flows during the long-term operational phases of the network delivery.

The utilities business remains a key part of the Arqiva business. It is a strategic priority for growth due to the forthcoming Ofwat investment determinations. The SUN function has the potential to become the UK's leading smart utilities network provider. In this area we are supporting our customers in being able to achieve their net zero carbon sustainability agendas including in the water market. The UK has seen the adoption of Advanced Metering Infrastructure ("AMI") by major water companies due to regulatory and societal pressures on reducing customer-end leakage and domestic consumption. Arqiva has a significant proportion of the addressable AMI market, having already installed over 2.3 million AMI meters for Thames Water, Anglian Water and Northumbrian Water. The Group is the market leading provider of AMI metering networks at scale. The Group also offers satellite data communications for electricity distribution networks.

Following the sale of the telecoms business to Cellnex, we implemented a revenue share agreement for the use of broadcast sites for telecommunications equipment and transitional services. This is included in Utilities revenues.

The SUN products have an order book of £0.5bn (2023: £0.5bn), with contracts running as far as 2050. The Water industry is actively running multiple RFP processes for smart metering investment programmes, for the next 5 year-AMP[3] 8 period. Arqiva is actively participating in multiple bids with a view to increasing its market share of smart water metering.

OPERATIONS

The operations team is responsible for the efficient operation and maintenance of all Arqiva sites, the Operations function provides in-life support for our media and broadcast, utilities, and internal IT systems to ensure they are delivering to our customers' requirements.

Our field engineering services help to deliver corrective maintenance, preventative maintenance and project works across our broadcast and utilities transmission systems, antennas, structures and satellite/links infrastructure. Additionally, the operations function provides management of inventory and logistics, changes, configuration and sites and structures as well as cyber security, disaster recovery and network operations.

Also within the Operation function is the Group's Resilience and Risk team. This incorporates Safety, Health and Environment, Business Continuity and Sustainability specialist teams.

[3] The AMP is the Ofwat Asset Management Plan period, which is used to determine the pricing review, the next review is AMP8 and covers the 2024 price review.

The Operations function is a non-revenue generating area and incurs costs in the provision of these management and support services.

TECHNOLOGY

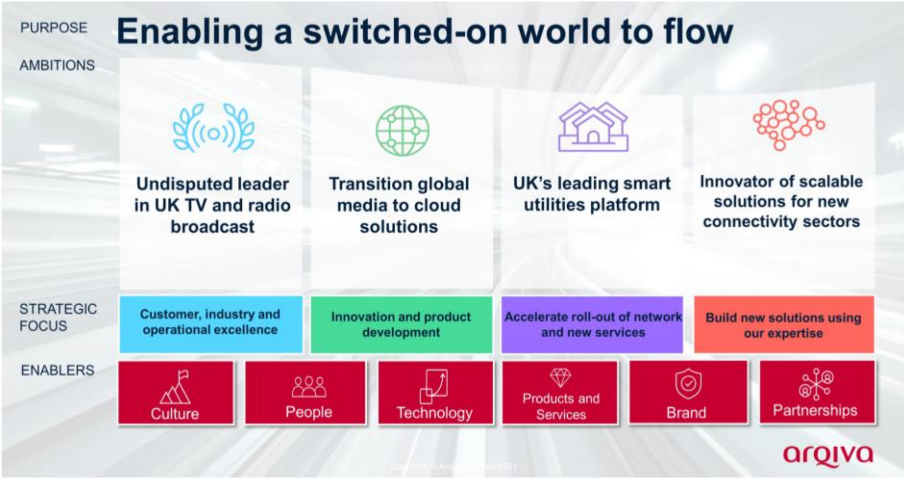
Our technology function operates across the business comprising engineering, product management, product marketing, information security, data and insight and transformation. In addition we have reallocated the delivery teams following the dissolution of the Simplification function in 2023.

CORPORATE

Corporate functions at Arqiva comprise Finance, Procurement, Strategy & Regulatory, Legal and People and Culture providing support services across the business.

Strategic Overview

The Group's strategic focus is Vision 2031. We have four key ambitions each with a related strategy and supported by key enablers to deliver them.



Each ambition has a number of priorities in order to help achieve the vision, as shown below:

To be the undisputed leader in UK TV and radio broadcast

- Deliver sustainable TV and Radio broadcast, protecting and focusing on customer and operational excellence and managing capacity and margins to maximise revenues, ensuring that the value we bring to society is understood,
- Leverage our scale and the cloud, enabling industry efficiency by supporting our customers to move to more cost-efficient and increasingly flexible models,
- Expand services and drive renewals, delivering greater value by selling across our portfolio of services and creating long-term partnerships while also developing value-added services in new areas.

To transition global media to cloud-based solutions

- Scaling IP and cloud-based services; investing in building broadcast quality cloud processing and extending our footprint in live /events content,
- Becoming the go-to choice for our partners in cloud distribution so they can better manage their global content flows across all formats,
- Growing multiplex service, using our infrastructure to provide virtual, cost-effective, and scalable services to TV cable operators outside of the UK.

To be the UK's leading smart utilities platform provider

- Leading in connecting UK smart meters, maintaining market leadership, and scaling our operations to drive and accelerate the roll-out of domestic smart meters,
- Broadening our product offering, developing new value-added data-driven services in monitoring and control, that reduce energy use, water wastage and pollution,
- Diversifying through forging partnerships and widening technology choice, to deliver new hybrid connectivity solutions and real time network monitoring.

To be an innovator of scalable solutions for new connectivity sectors

- Working with partners, building new solutions for new and emerging sectors that have growing and more complex connectivity needs including:

  Creating services that make the most of our infrastructure,

  spectrum and satellite expertise, to support development of the Low Earth Orbit (LEO) satellite sector and its related services,

  Internet of Things (IoT) opportunities across multiple sectors as they develop.

Progress in 2024

Growing the business: Alongside our core product offerings of TV and radio broadcast and utilities networks, we are developing and strengthening our technology team to better support our Media & Broadcast function. We have recruited a new director of Product, a new director of Enablement and a new director of Data and Insight. Together their roles will focus on meeting the ever-changing demands of our customers. Their primary attention is on our cloud-computing content-exchange platform, Arqade; they are already developing new ways of working to better serve our customers' rapidly changing needs, through reduced customer onboarding times and improved customer journeys.

Within the SUN function, a number of market opportunities have been identified including digital transformation of the utilities sector and the requirements to meet regulatory targets. To support this, new products have been developed providing a managed sensors proposition to monitor utilities networks including sewer levels and water quality. We are enhancing our data analytics services to interpret the data from both meters and sensors and provide more meaningful insight for our utility customers. We have been actively working with new and existing water customers, to better understand their needs and position us to bid for new work during the water industry's 5 yearly investment cycle.

Culture: Our growth and simplification plans are underpinned by living our culture. Established in the prior year, we have continued to drive our culture goals of Accountability, One Arqiva and Curiosity in order to enable high performance, high engagement, innovation, agility and empower our people.

Health and Wellbeing: We place a high importance on the health and wellbeing of all of our colleagues. We are delighted to have been awarded the Vitality 'Britain's Healthiest Workplace - Winner 2023'.

Business Update

The focus of this financial year has been one of consolidation. Following the roll out of Vision 2031 and conclusion of our simplification programme, the group has looked to embed the key enablers to help realise its strategic goals. We have reviewed our technology function and are developing the key capabilities required to help support our longer-term aspirations.

The Group's contracted order book for continuing operations was £2.9bn at 30 June 2024 (2023: £3.1bn). A significant proportion of the value of the order book relates to medium to long-term contracts, which includes DTT and radio transmission and smart energy and water metering, as well as other infrastructure services. The decline in the order book reflects the unchanged nature of the transmission business. However, the Group remains focused on growth opportunities in targeted core infrastructure areas such as smart utilities, as well as diversification in new product launches as noted above.

Media And Broadcast

DTT Multiplexes

The DTT platform remains fully utilised despite challenging trading conditions faced by customers caused by recent volatile economic conditions.

Radio

Both national DAB multiplexes remain fully occupied with 80% of Digital 1 ("D1") multiplex capacity being contracted to 2035. The second national multiplex also has a large number of contracts secured until its current licence end date of 2028. We continue to see strong interest in national DAB and some large local DAB renewals have been signed.

Whilst the radio advertising market in the past 12 months has been challenging there are signs that the market is stabilising. Despite this market backdrop, the year saw significant contract renewals with over £200 million of total contract value signed, securing business out to 2035.

A number of our large FM contracts were extended to 2030, with negotiations ongoing on several other FM networks for renewals to 2030 and beyond. We continue to see disposals across the AM platform as AM listening continues to decline, this is consistent with our long-term planning expectations.

Direct to Home (DTH)

At the year end, the DTH platform remained close to full capacity following large renewals for up to 5 years, with contracts secured in the final quarter with a global sports broadcaster, one of the major Indian multi channels operators and one of the UK's largest free to air broadcasters. We continue to see interest for further channel launches on the platform.

Media Management Products

Arqplex: the Group's cloud multiplexing deployment, is in service, supporting 5 disaster recovery systems for ITV. A second customer deployment for another Public Service Broadcaster (PSB) Arqplex system has been deployed and is due to be in service during this year.

Arqade: Arqiva's cloud-based video content exchange product launched in 2022, enabling media companies to interchange their content with multiple platforms efficiently across the world. We currently deliver all NBC Universal Group's feeds outside the Americas (45 channels) via Arqade.

Arqads: Arqiva's addressable advertising solution, is powering new customer services for Sky Adsmart; development of features to support targeted advertising on Freeview is underway. The Arqads platform hosts a portfolio of channels supporting two major media organisations this helps them to monetise their channels more effectively on the Sky Platform.

There remains an exciting growing pipeline of potential customers across all of these products, and we are actively bidding for a number of formal opportunities with UK and international customers. To date we have secured a number of contracts across this new range of products.

Regulatory Environment

This year has seen a number of activities by the DCMS that have direct bearing on the Arqiva media business. In December 2023, the previous Secretary of State for Culture, Media and Sport announced that the DCMS will, with support from a panel of experts, lead a review into the sustainability of the BBC's current funding model, with the aim to report to the Secretary of State by Autumn 2024. The review will not impact the current Charter, which extends until 31 December 2027, but will inform the next Charter Review, which is when decisions on the BBC's funding model will be made. Formal public consultation will be launched as part of the Charter Review itself.

On 24 May 2024, the Media Act 2024 received Royal Assent. While various aspects are yet to be implemented, the Act introduced a range of provisions to modernise broadcasting regulation and support public service broadcasters. These include measures to provide public service broadcasters with the flexibility to fulfil their remit across a range of services, provide prominence for public service broadcasters on connected devices, broaden the scope of the listed events regime to apply to public service broadcasters on-demand platforms, reduce regulatory burdens for commercial radio stations, and protect radio's position on voice-activated smart speakers. Arqiva will engage with Ofcom through consultation processes as the regulator progresses with implementing changes brought by the Media Act.

In May 2024, Ofcom published a report on the future of TV distribution, following a request from the Government for an early review of market changes impacting distribution across platforms in its 2022 Broadcasting White Paper. Ofcom's report looks at how the market could evolve over the next 10-15 years and outlined broad approaches for consideration by industry and Government on the future of TV distribution, alongside areas of further work needed to inform policy making. Ofcom outlined the importance of the Government laying out its vision for the long-term future of free TV distribution by October 2025, to provide certainty to audiences and investors. Arqiva is in close dialogue with Ofcom and will engage with both Government and the regulator as this policy debate develops.

The World Radio Conference (WRC) 2023 took place in Dubai in December 2023. The conference determines the allocation of radio spectrum between countries. The conference saw no changes for the use of DTT's spectrum in the UK. DTT's spectrum arrangements will next be reviewed at the WRC 2031 with any review concentrated on the upper part of the spectrum used by DTT rather than the whole band.

Although the UK general election occurred after Arqiva's financial year end, Arqiva was and continues to be actively engaged with ministers in DCMS and other relevant departments as priorities for media and broadcast policy continue to evolve.

Smart Utilities Networks

Regulatory Environment

Ofwat, the regulator of the water and wastewater sectors in England and Wales, released its draft determinations on water company business plans for price review 2024 (the regulated price period between 2025-2030). This indicates that over 10 million smart meters could be rolled out over the period, with total expenditure allowed of about £1.5 billion. Final plans and investment will be determined by Ofwat's final determinations, which Ofwat expects to publish in December 2024.

In October 2023, the National Infrastructure Commission (NIC) released its Second National Infrastructure Assessment, which takes a 30-year view of the UK's infrastructure needs and provides recommendations to the Government on how to meet these needs. The NIC recommended the Government enable water companies to implement compulsory metering and require companies to systematically roll out smart meters. In the NIC's Infrastructure Progress Review, released in May 2024, the NIC reiterated its call for smart water metering and stated that companies and regulators should ensure that smart meters' data recording and data collection is appropriate to secure effective demand reductions. The Government is expected to respond to the NIC's Second National Infrastructure Assessment by the end of October 2024.

Following the 4 July General Election, the new Government announced several measures for the water sector aimed at cutting sewage spills and securing investment in upgrading infrastructure. These measures include securing agreement from Ofwat that funding for infrastructure is ringfenced, water companies making the interests of customers and environment a primary objective in their articles of association, the introduction of new consumer panels to hold water companies to account and the strengthening of compensation for households and businesses when basic water services are affected.

The Government also announced through the King's speech its intention to introduce a Water (Special Measures) Bill. This Bill would introduce measures to make water company executives criminally liable for breaches of the law, give the water regulator new powers to ban the payment of bonuses if environmental standards are not met, bring forward a new code of conduct for water companies, introduce new powers to bring automatic fines, and require water companies to install real-time monitors at every sewage outlet with data independently scrutinised by water regulators. These developments present an excellent opportunity for Arqiva's connectivity proposition beyond the smart meter across the water sector.

Anglian Water

Since the award of the Anglian Water contract in June 2020, the Group has deployed over 900,000 meters. The pace of network rollout continues to accelerate with a joint plan to complete all sites, supporting 1.1m meters, before the end of the 2020-2025 regulatory period. Anglian have launched their 2025-2030 procurement process with the process conclusion expected in September 2024.

Thames Water

Since April 2015, Arqiva has delivered a smart metering network for Thames Water and in January 2024 achieved delivery of over 1m meters. This is the largest smart water metering network in the UK and has high coverage across the Thames Water London region. Arqiva continues to engage with Thames as they develop their plans for both London and the Thames Valley.

SGN Hybrid Connectivity

Arqiva has signed a 5 year contract with SGN to provide connectivity solutions for 230 of their sites with ongoing discussions exploring a further expansion for their network and for solutions with other gas and electricity operators.

Other Smart Water Metering Procurements

Ofwat's draft determination has confirmed the larger than expected opportunity for smart metering. Ofwat is also proposing a regime based upon the data performance of meters delivered rather than just the number of meters installed which is helpful to Arqiva's 'premium' positioning.

Beyond the Meter

Ofwat's draft determination confirms the considerable increase in investment in both wastewater and WINEP (Water Industry National Environmental Programme). This signal increased requirements for various water sensors across water and water metering.

Smart energy metering rollout

The Group's smart metering communication network in the North of England and Scotland continues to cover 99.5% of eligible premises. There are currently over 3.2 million communications hubs operating on the network representing circa 25% of the total UK communication hub installations. Continued volatility in global energy markets combined with domestic initiatives to address the increasing need for a more flexible and data driven energy system, creates the need for considerable change and places new additional demand on our solution. A strong relationship continues to be had with consistent operational and commercial performance. Delivery of an expansion in capacity to support the additional traffic and network demands now forecasted to occur is progressing to plan with further evolution of the service being evaluated.

The DCC is transitioning to a new regulatory model, where it will operate its core business on a not-for-profit basis in the next licence period, as the company has reached maturity and is operating at scale. These changes will not affect Arqiva's contractual relationship with the DCC.

Corporate Update

Defined Benefit Pension Scheme: Arqiva has historically operated a Defined Benefit Pension Scheme, which was closed to future employees in 2016. Following the scheme closure, the Group has been making material cash deficit recovery contributions to the scheme to address the plan's funding shortfall. A combination of the recovery contributions and favourable changes in the economic environment have resulted in surplus funding positions in recent years. The scheme has therefore taken an opportunity to complete an insurer backed buy-in transaction covering the whole scheme. The buy-in transaction completed in April 2024. The insurer buy-in de-risks the funding of future liabilities and considerably reduces the Group exposure to future funding contributions.

Bilsdale Mast Fire

The construction of a permanent 300m replacement mast was completed at Bilsdale. Television and radio services went live in May 2023 and January 2024 respectively, re-establishing service coverage for the region. As a result, all broadcast services have now been restored to the main Bilsdale mast. Service credits have been agreed or settled with most customers whose services were disrupted as part of this incident. In addition, the final insurance payment was also received, bringing to conclusion that part of the business recovery. See page 29 for further information on the financial impacts of the fire.

Sustainability

Arqiva continues to progress with its target to achieve net zero carbon emissions for scope 1 & 2 emissions by 2031, by reducing energy consumption across its broadcasting infrastructure. Other initiatives to help reduce our emissions include scheduling of engineering tasks to reduce miles travelled to site and repeat visits and the optimisation of heating and lighting systems in our main offices. In April 2024, the Group commenced purchase of electricity with renewable energy guarantee of origin certification from April 2024 from our main supplier.

More recently, the Group has completed the EcoVadis ESG survey and was awarded a silver rating putting Arqiva in the top 15% of participating businesses.

Management Changes

Nicola Phillips was appointed to the role of Chief Legal Officer in July 2023. Nicola was previously with Parker-Meggitt, where she was Deputy General Counsel (UK & EMEA) & Director of Legal Operations. Nicola is also appointed as Company Secretary and sits on Arqiva's Executive Committee reporting to CEO Shuja Khan.

Adrian Twyning, Chief of Operations, left the business at the end of the 2024 financial year. In his three years at Arqiva, Adrian brought a focus around operational excellence and delivery, leading on a number of substantial projects. While a formal recruitment process is underway, Mark Steele has been appointed Interim Chief of Operations.

Energy Hedging

Arqiva has historically been protected from spikes in energy prices through long-term forward energy purchases made under an energy supply contract that expired in March 2023. During the year, the Group entered new forward purchase contracts at prices significantly higher than those in previous years resulting in an increase in energy costs of 77% which has had a material impact on the FY24 results.

Britain's Healthiest Workplace

Arqiva first formally introduced a wellbeing strategy in 2013 and from achieving 9th place in Vitality Health's Britain's healthiest workplace survey in 2015, Arqiva has worked its way up the rankings (3rd in 2017, 5th in 2019 and 2nd in 2022) to finally win the category for large organisation, 1000+ employees, in the 2023 survey (announced Jan 2024). This external recognition not only demonstrates our ongoing commitment to the health and wellbeing of all of our employees but also our desire for continued improvement in this area.

Refinancing

In July 2023 the Group successfully refinanced £172m and £90m of the EIB and ITL senior debt that was due to mature in January 2024 and June 2024 respectively. The early repayments were financed by the Group issuing $118m of amortising USPP notes and a £250m 5-year public bond. Simultaneously, the Group rebalanced its interest rate swaps portfolio to maintain compliance with the hedging covenants. Following the refinancing, the Group's senior debt continues to be rated BBB+/BBB by S&P/Fitch.

Financial review

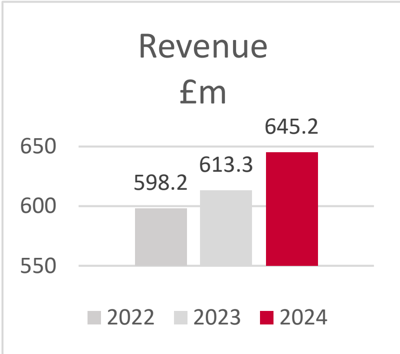
Financial Performance

This review contains a summary of the financial performance for the year ended 30 June 2024, and presents Arqiva's key financial performance indicators[4] alongside it. Other non-financial KPI's are included on page 34.

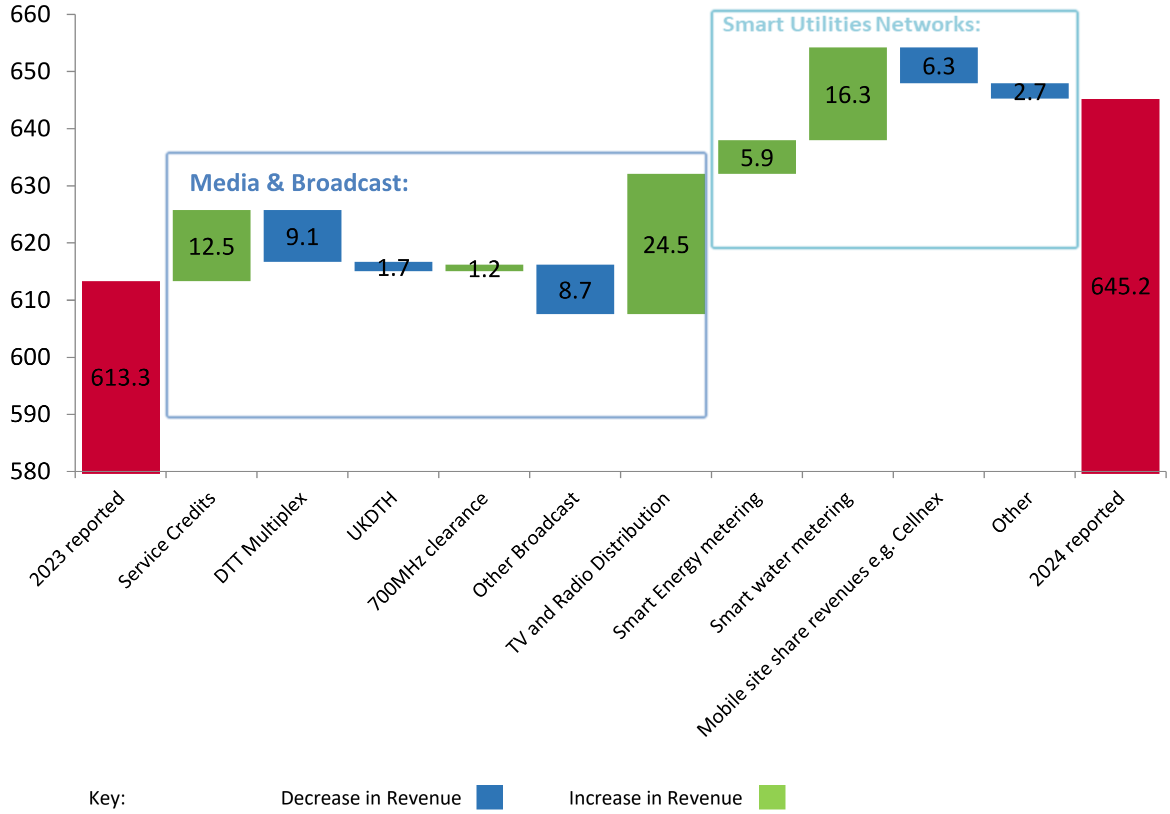
Financial KPI: Revenue[5]:

For the year ended 30 June 2024, revenue for the Group was £645.2m, an increase of 5.2% from £613.3m in the prior year. Whilst both of our business functions have seen growth this year, we have seen a larger relative growth in our SUN function of 8.6%, compared to Media and Broadcast of 4.1%.

Revenue by market area	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m	Variance %
Media and Broadcast	481.3	462.4	4.1%
Smart Utilities Networks	163.9	150.9	8.6%
Total Group Revenue	**645.2**	**613.3**	**5.2%**

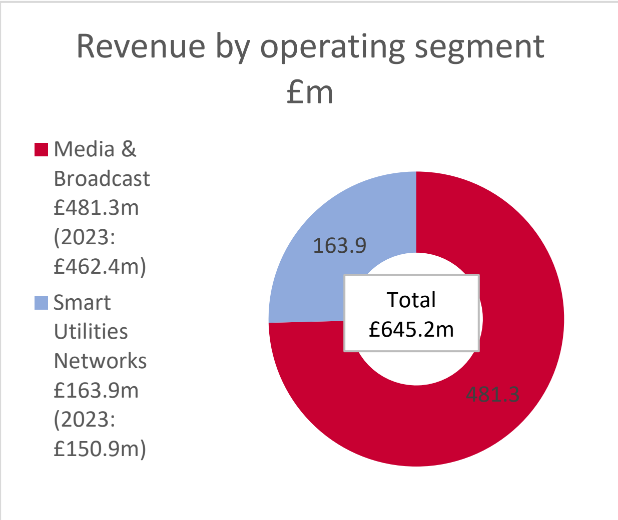


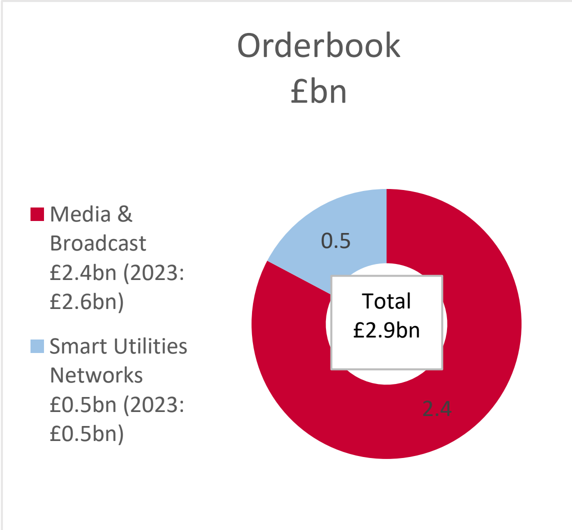
The in-year movements are illustrated in the following revenue chart:



[4] *As noted in the revenue definition, revenue is presented in accordance with IFRS 15. Operating cash flow after capital and financial investment activities is a non-GAAP measure and refers to net cash flows from operating activities less cash flows from investing activities per the cash flow statement excluding interest received. See page 30 for a reconciliation to cash inflow from operating activities.*

[5] *Definition: revenue is accounted for presented in accordance with IFRS 15.*





Media and Broadcast

Total Media and Broadcast revenue has increased by 4.1% year on year from £462.4m to £481.3m. Our core broadcast TV and radio distribution products have remained strong and stable during the year with RPI linked inflationary increases on long-term contracts as well as the passthrough of a proportion of power costs to customers.

This increase has been partially offset by the impact of pricing pressures on renewals across the Group's DTT channels. We have also experienced a number of channel vacancies following customer administration and non-renewal due to challenging customer trading conditions. However, our commercial DTT multiplexes have remained fully utilised throughout the year, following the launch of replacement customer channels. Although our managed media services product has also experienced year on year decreases due to customer terminations.

Our final revenue figures have also been impacted by the settlement of customer service credits arising from the service disruption at our Bilsdale broadcast site, £2.8m in this financial year (2023: £15.3m). Because we already had a significant provision for expected settlement payments, we were able to offset this against the latest tranche of payments, so the net impact of payment was lower this year compared to prior years. See note 7.

As discussed in more detail below, we have seen higher power costs this year. A large percentage of these are passed through to our customers in cost of sales and as a consequence we have experienced higher revenues from power passthrough.

Smart Utilities Networks

The SUN function has seen an 8.6% increase in revenue year on year, from £150.9m to £163.9m. This is mainly due to the increased volumes of device sales across water and energy metering contracts.

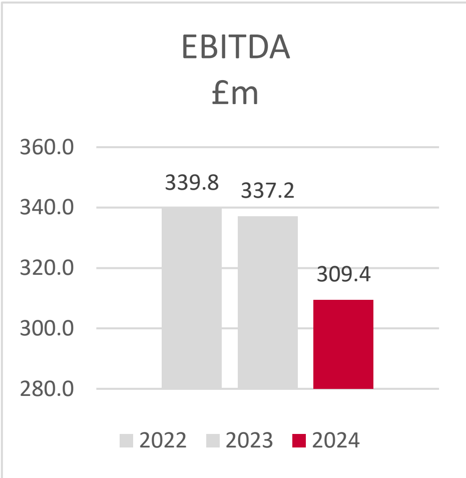
Strong growth in water metering has been driven by the roll out of additional network sites and increased sales of devices. Device sales have been particularly strong on the Thames Water and Anglian Water contracts, clearing much of the supply backlog following post-pandemic component shortages. This year we have also benefited from a significant one-off change request for the scaling and optimisation work on the CPSN network.

The SUN revenue also includes site share revenues relating to the utilisation of broadcast sites for telecommunications equipment as well as transitional services that have been provided following the sale of the telecoms business to Cellnex. Last year we benefitted from a one-off Cellnex transaction that has not been repeated in FY24.

Financial KPI: EBITDA[6]:

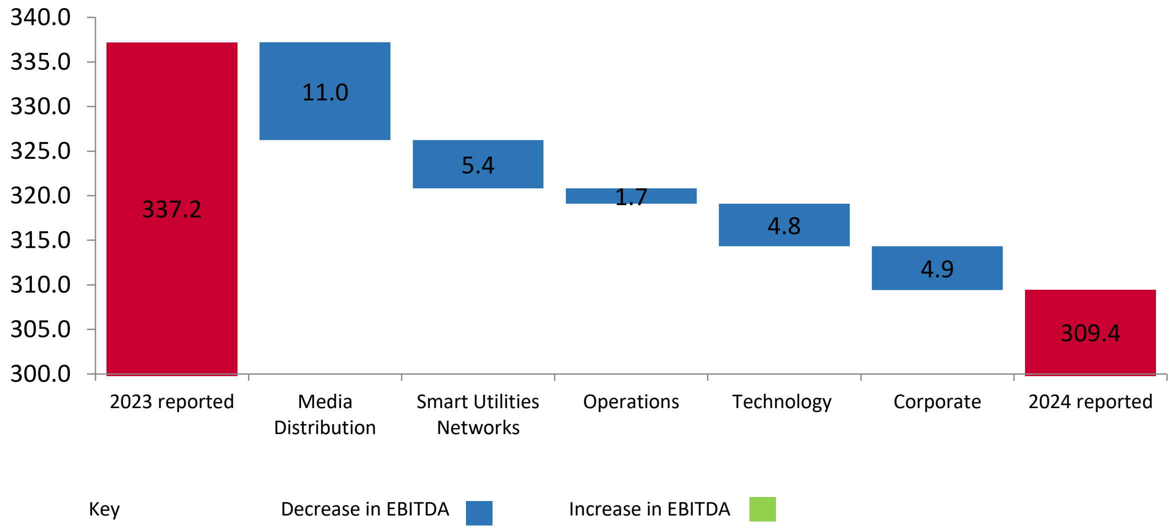
Total EBITDA was £309.4m, a decrease of 8.2% compared to the prior year of £337.2m.

EBITDA by market area	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m	Variance %
Commercial			
Media and Broadcast	*341.3*	*352.3*	*(3.1)%*
Smart Utilities Networks	*65.5*	*70.9*	*(7.6)%*
Total Commercial	406.8	423.2	(3.9)%
Operations	(25.0)	(23.3)	(7.3)%
Technology	(37.2)	(32.4)	(14.8)%
Corporate	(35.2)	(30.3)	(16.2)%
Total Group EBITDA	**309.4**	**337.2**	**(8.2)%**



Despite the increase in revenue, EBITDA has been significantly impacted by a rise in power costs and additional people costs; the prior year benefitted from surplus bonus and incentive programme accrual releases that were not repeated this financial year.

The following waterfall chart demonstrates the year-on-year impact of total EBITDA for the Group reflecting the key financial factors:



Media and Broadcast

Media and Broadcast EBITDA has decreased by 3.1%, from £352.3m to £341.3m. Despite overall revenue increases, EBITDA has been eroded by several factors: the loss of high margin DTT channel customers, contract renewal price pressures, increased power costs. The dual running transition phase from Arqnet2 to Arqnet3 has also increased running costs for the M&B business.

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[6] *Definition: EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that do not reflect the underlying business performance. See page 31 for its reconciliation to operating profit.*

Smart Utilities Networks

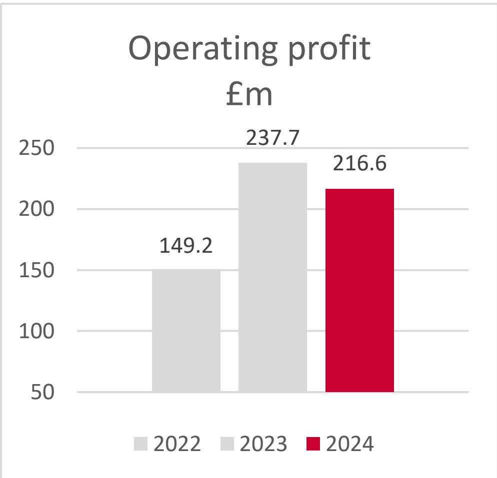
EBITDA for the SUN function has decreased by £5.4m (7.6%) from £70.9m to £65,5m Despite the increased revenues from higher volumes of devices sales, this has had minimal impact on EBITDA. The reduction in profitability year on year primarily relates to the non-recurrence of prior year one-off revenue.

Other Functions

The Operations function is a non-revenue generating part of the business responsible for the efficient operations and maintenance of all Arqiva services including field engineers, disaster recovery and network operations. The cost of the Operations function has increased by 7.3% from £23.3m to £25.0m. The increase is predominantly due to increased staff costs driven by the annual pay rise and increased headcount.

EBITDA has decreased further due to the non-revenue generating Technology function, which has seen costs rise to £37.2m, an increase of 14.8% from £32.4m in the prior year. The increase in cost is mainly due to the nature of the project work resulting in lower capitalisation of overheads in the year. Licence costs have increased reflecting more use of cloud-based software-as-a-service applications. This has been partially offset by a reduction in one-off costs incurred in the prior year in relation to the Group's digital enterprise platforms, mainly from the transformation programme and higher consultancy project costs.

Corporate EBITDA represents costs for the support functions such as finance, strategy & regulatory, legal, HR services as well as the Executive team. Overall EBITDA has decreased as result of cost increases of 16.2% for this function rising from £30.3m to £35.2m this year. This year's costs are largely in line with the prior year, with an increase due to higher insurance costs. However the prior year's results also benefitted from the release of surplus bonus and incentive programme accruals.



Operating expenses have increased reflecting the wider cost of living wage and inflation pressures. Headcount has also been increased to support business growth, fill prior year vacancies and to reduce reliance on higher cost contract staff. Additional consultancy fees have been incurred in the year to support the development of growth strategies and target market assessment.

Capital expenditure has grown in line with new business and renewal sales activity. Maintenance expenditure has performed broadly in line with prior year.

The Bilsdale restoration project incurred cost overruns as a result of bad weather delays during the winter of 2023. These costs are presented within exceptional operating expenses.

In the year, depreciation has decreased by £3.4m (2024: £88.3m; 2023: £91.7m). The decrease in depreciation is driven by a reduction in accelerated depreciation, compared to prior year, particularly in connection with assets replaced under the 700MHz clearance programme. Further decreases are due to the reassessment of the calculation of depreciation in relation to the 700MHz clearance programme.

Amortisation expense has increased by 51.2% in the year, from £12.9m to £19.7m. This has been driven by an increase in the purchases of Intangible Assets and completion of assets under the course of construction, which have been capitalised during the year. This increase is linked to the scaling of growth areas of the business that use more Intangible Assets than the historic activities of the business.

Exceptional operating expenses charged to operating profit were £7.9m, increasing from £6.7m in 2023. Exceptional costs in the current year predominantly relate to the restoration costs arising from the Bilsdale fire, restructuring and severance costs and costs associated with the one-off pension buy-in. The pension buy-in was instigated to de-risk the defined benefit Pension scheme that has seen Arqiva have to make supplementary payments to the pension liabilities. (See note 7 for further details). Exceptional operating expenses are excluded from EBITDA. A reconciliation of EBITDA to operating profit is presented below.

The Group has continued to engage with insurers regarding the Bilsdale fire. Whilst the insurers have concluded their investigations, the precise findings have not been publicly shared. A final stage payment of £16.0m was received from the insurers in the year (2023: £20.0m, 2022: £5m) which has been recognised as exceptional other income in the income statement, bringing the total insurance payments received to £41m.

Operating profit has decreased by 8.9% from £237.7m in 2023 to £216.6m in 2024. The decrease has been driven by several factors: revenue mix (high margin products, renewal price pressure and customer losses, plus growth in low margin smart metering device sales), combined with increases in cost of sales, higher power costs, and operating expenses due to the factors described above. These increases have outweighed the increase to revenue in the year. A reconciliation between operating profit and EBITDA is presented below:

	Year ended **30 June 2024** **£m**	Year ended **30 June 2023** **£m**
Operating profit	216.6	237.7
Exceptional items charged to operating profit	7.9	6.7
Exceptional service credits	2.8	15.3
Depreciation	88.3	91.7
Amortisation	19.7	12.9
Loss on disposal of fixed assets	-	0.7
Other Income	(9.9)	(7.8)
Exceptional Other Income	(16.0)	(20.0)
Total EBITDA	**309.4**	**337.2**

Finance Costs

Finance costs (net of finance income) were £290.2m, an increase of 8.3% from £268.0m in 2023. The increase is primarily driven by the increased inflation driving additional interest on index-linked swaps, combined with the first full year of interest incurred on the $118m US private placement loan which commenced in June 2023. Also included is a near full year of interest on the £250m Senior bond, that commenced in July 2023. Proceeds of these refinancings were utilised to prepay the Group's £90m ITL and £172m EIB term debt.

We have recognised a loss of £6.6m in Other Gains and Losses (2023: £25.1m loss) as a result of fair value movements of interest rate and index-linked swaps, this is largely due to changes in forward market rates and credit spreads.

The Loss before tax for the Group was £80.2m, an increase of £24.8m from the prior year of £55.4m. The loss before tax is reported after non-cash charges of £341.2m (2023: £346.9m) as shown below:

Reconciliation between loss/profit before tax and non-cash charges/(gains)	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss before tax	(80.2)	(55.4)
Depreciation	*88.3*	*91.7*
Amortisation	*19.7*	*12.9*
Gain on disposal of fixed assets (other income)	*(1.9)*	-
Loss on disposal of fixed assets	-	*0.7*
Interest payable on amounts owed to group undertakings	*203.1*	*187.4*
Other non-cash financing costs[7]	*25.4*	*29.1*
Fair value movements on derivative financial instruments	*6.6*	*25.1*
Total non-cash charges	***341.2***	***346.9***
Adjusted profit before tax and non-cash charges	**261.0**	**291.5**

Cash Flow

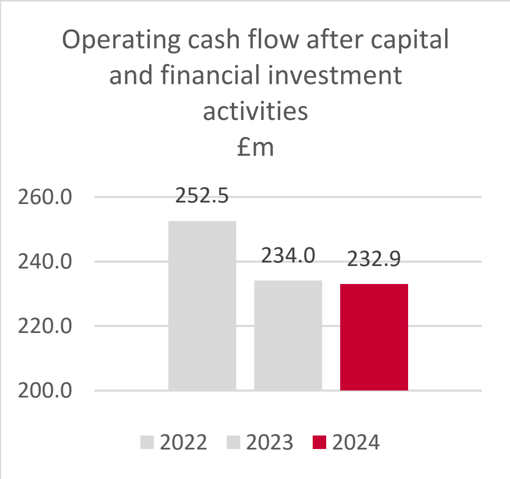
Net cash inflow from operating activities was £283.0m, a 1.8% increase from £277.9m in 2023. This is primarily due to lower working capital movement in comparison to prior year which was mainly due to one-off working capital increase in the prior year not seen in FY2024. This was mostly offset by a decrease in operating profit year on year of 8.9%.

There has been a small increase in capital expenditure on the purchase of tangible and intangible assets year on year. This is driven by increased investment in Arqiva's new products and expanding utilities business. The increase was partially offset by a reduction in capital expenditure as the final stages of the Bilsdale rebuild work completed during the year, this is despite the cost overruns resulting from the poor weather in December 2023.

Reconciliation between net cash flow from operating activities and operating cash flow after capital and financial investment	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Net cash inflow from operating activities	283.0	277.9
Purchase of tangible and intangible assets	(71.3)	(64.7)
Sale of tangible and intangible assets	5.2	0.8
Receipt of insurance stage payment	16.0	20.0
Net capital expenditure and financial investment	**(50.1)**	**(43.9)**
Operating cash flow after capital and financial investment activities	**232.9**	**234.0**
Cash Conversion as a % of EBITDA[8]		
Operating cash flow after capital and financial investment	75.3%	69.3%

[7] Includes amortisation of debt issues costs, unwinding of discount on provisions, imputed interest and interest on lease liabilities
[8] Cash conversion as a % of EBITDA is a non-GAAP measure referring to the calculation of operating cash flow after capital and financial investment activities as a percentage of EBITDA.

Financial KPI: Operating cash flow after capital and financial investment[9]:



Operating cash flow after capital and financial investment activities was £232.9m, a decrease of 0.5% from £234.0m in the prior year. This decrease has been principally driven by lower operating profit compared to 2023.

The decrease was partially offset by lower working capital movements compared to 2023 and a reduction in value of working non-cash adjustments for FY24, related to a smaller service credit impact in comparison to FY23 (2024: £2.8m, 2023: £15.3m). Cash conversion levels for the Group remain strong although decreased due to movements in working capital.

Financing cash flows have reduced year on year (2024: £250.8m outflow, 2023: £213.1m outflow) owing to the different refinancing transactions and timings of loan principal repayments this year compared to last year. This year the net cash outflow from new loans and loan repayments is £72.3m, with the Group receiving a cash inflow of £250m from a senior bond entered into during FY24. This was offset by the Group repaying the EIB and ITL loans in the year, £262m, in addition to partial loan principal repayments. This was partially offset by a reduction in the accretion payments on our inflation-linked swaps, from £146.9m in 2023, down to £53.4m in 2024. The lower accretion payment was as a result of high inflation in the prior year, reducing throughout FY24.

The total cash flow for the year was a £15.3m outflow (2023: £22.0m inflow). This change is principally owing to timings of debt repayments and refinancing of borrowings between the years.

Financial Position

Net liabilities were £729.2m, representing an increase of 12.7% from £646.9m in the prior year. The net liability position is primarily driven by the capital structure borrowings, lease liabilities and derivative financial instruments held. The increase in liabilities for the year is driven by the financing costs for the Group. Our assessment of going concern is set out on page 33.

Tax

The historic position with respect to the Tax Return filings for the year ended 30 June 2021, in respect of the tax treatment of an aspect of the disposal of the Telecoms business to Cellnex, has been the subject of correspondence with HMRC as described in Note 4. This has resulted in a deferred tax credit of £31.8m recognised in the year ended 30 June 2024. There are no outstanding enquiries or issues being dealt with by HMRC in connection with the Group's tax affairs.

Financing

The Group established a Whole Business Securitisation ('WBS') structure in February 2013, following which the Group has continued to refinance elements of its debt structure by further extending its maturity profile. Standard and Poor's and Fitch reconfirmed their rating of Arqiva senior debt at BBB+ and BBB respectively.

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[9] Definition*: Operating cash flow after capital investment activities is a non-GAAP measure and refers to net cash flows from operating activities less the net cash flow from capital expenditure and financial investment per the cash flow statement excluding interest received. It represents the cash generated after spending required to maintain or expand its asset base. See table above for the reconciliation to net cash flow from operations.*

As at 30 June 2024 the Group's debt finance[10] comprised:

	< 1 year £m	1-2years £m	2-5 years £m	>5 years £m	Total £m
Finance lease obligations	16.9	12.1	15.1	16.6	**60.7**
Senior bonds and notes	48.1	75.0	515.2	316.7	**955.0**
Total	**65.0**	**87.1**	**530.3**	**333.3**	**1,015.7**

Included within the above is £733.9m of fixed rate debt and £221.1m of floating rate debt. £93.3m of Senior bonds and notes represents US dollar-denominated private placements. All other debt held at 30 June 2024 is sterling denominated. The Group holds interest rate swaps (including inflation-linked interest rate swaps) and cross-currency swaps to hedge its interest rate exposures. The hedging strategy is employed to ensure the certainty of future interest cash flows. The Group does not apply hedge accounting to its swap arrangements.

In the year the Group completed its senior debt refinancing, with a £250m public bond issue. These facilities are fixed rate in nature with a coupon of 7.21% and a final maturity in 2028. £262.0m of the proceeds from the public bond issue and the US private placement issue completed in June 2023 have been utilised to prepay the outstanding senior term debt that was due to mature within the next 12 months.

The Group continues to comply with all financial covenant requirements including the following historic covenant ratio requirements at the senior financing level:

Senior debt level financial covenant ratios	30 June 2024	30 June 2023
Maximum allowed ratio of net debt to EBITDA	6.00	6.00
Actual ratio of net debt to EBITDA	3.06	2.97
Minimum allowed ratio of cash flow[11] to interest	1.55	1.55
Actual ratio of cash flow[5] to interest	4.17	5.56

Liquidity

To ensure we have sufficient available funds for working capital requirements and planned growth the Group maintains cash reserves and access to undrawn committed facilities to cover forecast requirements. At 30 June 2024, the Group had a cash balance of £20.0m (2023: £35.3m). The Group carefully manages the credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions. The institutions used have satisfactory credit ratings assigned by international credit rating agencies. The levels of credit risk are monitored through the Group's on-going risk management processes, which include a regular review of counterparty credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.

Drawings on facilities at 30 June 2024	Total Facility £m	Drawn £m	Available £m
Working Capital facility	135.0	-	135.0
Liquidity facility	150.0	-	150.0
Total Facilities	**285.0**	**-**	**285.0**
Cash held	-	-	20.0
Total Available Cash	**285.0**	**-**	**305.0**

[10] Excluding unamortised debt issue costs and accrued interest.
[11] 'Cash flow' as defined under the Group's financing common terms agreement, i.e. this is not a GAAP measure.

Going Concern

The Group meets its day-to-day working capital and financing requirements through the net cash generated from its operations. The Group undertakes a review of going concern through a review of forecasting. This includes cash flow forecasts and considers the requirements of capital expenditure and debt repayments and also includes severe but plausible scenarios. The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund the current operations. This also includes contractual and commercial commitments both in terms of capital programmes, financing as they fall due.

This is further supported by the debt facilities which have a £nil drawdown balance at year end. For this reason, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Non-financial KPIs

Broadcast - Network availability

99.968%

Definition – Arqiva strives to provide consistently high service levels and look to manage and monitor the total annual level of network availability across both TV and radio infrastructure as a percentage across all multiplexes.

Result – Through careful management, Arqiva has consistently been able to achieve high levels of network availability. Availability is under the target of 99.995% availability due to an extended outage with one customer.

Strategic ambition targeted - to be the undisputed leader in UK TV and radio broadcast distribution

Utilities

The smart metering M2M contract has continued to achieve 99.5% network coverage in the North of England and Scotland.
Rollout of water metering on contracts won with Anglian Water and Thames Water. Other smart water metering bids are in progress.

Strategic ambition targeted– To be the UK's leading smart utilities platform provider.

New sector product diversification

Media Management Products

- Arqade, a cloud-based channel and live event content exchange has launched demonstrating the value of integration with traditional broadcast infrastructure.
- Arqplex, the Group's first customer cloud multiplexing deployment product, supporting customer deployments.
- These products have been underpinned by improved customer onboarding and customer journey, capacity management for Arq-products, automated system health checks, enhanced governance and agile development and release management.

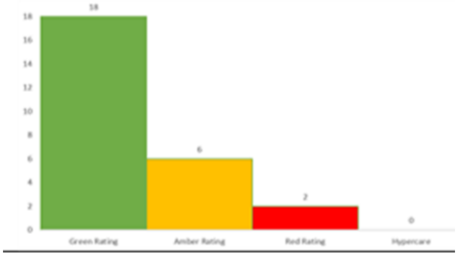
Utility Products

- Hybrid Connectivity services, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies. We are pleased to announce that we have recently secured a deal with SGN providing hybrid connectivity across 230 of their sites.
- Leakage Detection and Sewage Level monitor proof of concept trials are continuing with positive feedback.

Strategic ambition – Innovator of scalable solutions for high-connectivity sectors

Customers

Premium customer temperature check



Premium customers temperature check for the sentiment of our top 26 premium customers in June has 18 of our customers in a good position at Green.
We have six customers classified as Amber. Key issues highlighted relate to service, reliability, outages and initial issues in new product implementation.
Two customers were classified as red due to an extended outage with one customer and the other terminating their contract to move to another supplier.
No customers are in Hypercare – an improvement from one in the prior year due to progress made on open issues.

People

69

Our engagement score from our most recent 'Have Your Say' Employee Engagement survey in June 2024 is 69

Arqiva is 3 points off the Glint UK Benchmark engagement score of 72, with above benchmark scores across a number of areas including Wellbeing, Inclusion and Recognition.

Our response rate in June 2024 was 84% (+5% from March 2023) with 2,878 comments left.

Corporate Responsibility

Doing business the right way and sustainably is vital to Arqiva. It's as important as what we achieve.

Arqiva endeavours to conduct its business in a way that benefits all our stakeholders including customers, suppliers, employees, shareholders and communities in which we operate as well as creating a sustainable future for the business.

Our ethics, values and behaviours are woven through every aspect of what we do.

We believe that having the right culture is something that needs to be actively managed in order to deliver our purpose of 'enabling a switched-on world to flow'. Our culture is critical to the success of our strategy with our 3 culture goals driving how we serve our customers and create a great place to work. These goals include:

1. Accountability – being accountable for the promises we make
2. One Arqiva – working together as one team
3. Curiosity – striving to look at things differently to discover a better way

Sustainability

Sustainability is an integral part of our Vision 2031 strategy and our business operations and decision making. When thinking about sustainability we consider environmental sustainability, social responsibility and corporate governance (ESG). This comprehensive perspective allows us to assess the potential impacts of various sustainability factors throughout our business.

Our overarching strategic purpose is social, enabling people to stay connected to the information and entertainment that matters to them. We recognise the needs of the most vulnerable in society keeping them connected via both our Media and Broadcast and our smart utilities services.

We are working to incorporate sustainability into our business practices by leveraging the expertise of our colleagues to discover innovative solutions for growth and development of our products. In Media and Broadcast this brings an opportunity to replace or upgrade existing technology with higher efficiency alternatives as we transition global media to cloud based services reducing energy consumption and our carbon footprint.

The rollout of our smart utilities platforms enables end users to understand their water and energy use so they can consider ways to reduce consumption of valuable resources and save money.

Conducting our business in a fair and ethical manner is critical to our success and relies on the interdependencies between our culture, people, technology, products and services, brand and partnerships including our supply chain. We operate a supplier code of conduct to encourage and support our suppliers to act responsibly, working in socially and environmentally sustainable ways including minimising any potential impact on the environment as a result of supplying goods or services to us.

All colleagues receive training on a range of sustainability topics including Environmental Awareness, Cyber Security and Diversity and Inclusion. ESG metrics are included as an element of bonus payments made to colleagues.

During the year we participated in the EcoVadis ESG benchmarking survey gaining a silver medal, putting Arqiva in the top 15% of participants, we also scored 83 in the GRESB benchmarking survey.

Our sustainability programme continues to steer and shape our sustainability initiatives across the organisation, including development of our carbon reduction plans. Sustainability performance is monitored by the Executive

Committee, reviewed on a regular basis by the Operational Resilience Board Sub-Committee and ultimately overseen by the Board.

Environmental Sustainability

Over the past year we have continued to refine our environmental sustainability goals focusing on our journey to *Net Zero*, how we enhance the environments in which we operate and how we manage resources and waste, full details of progress in the year and our Streamlined Carbon Emissions Report can be found on pages 62-63. To support the business in developing its sustainability agenda the sustainability team has been strengthened with 3 new heads and we have increased internal stakeholder engagement through the creation of a new virtual ESG team.

Social

Supporting Charities

We support our colleagues' fundraising for local and other national causes close to their hearts. Arqiva provides matched funding enabling colleagues to fundraise for their chosen charities, from Diabetes UK, Walking with the Wounded and the NSPCC to local community projects, children's clubs and sports teams.

Our Wellbeing team this year have successfully co-ordinated the Arqiva Challenge 24 which included giving our colleagues the opportunity to engage in physical activities such as the Cumbria Challenge, Ultra Challenge and Kiltwalk. This will now continue every year to help raise much needed funds for charities such as Walking with the Wounded and Children with Cancer UK.

Arqiva also supports the 'Give as You Earn' scheme in partnership with the Charities Aid Foundation (CAF) allowing colleagues to get tax relief on their donations. The amount provided to charities through this scheme has reached over £120,000 over the past four years.

We also support our colleagues to volunteer their time and talents to causes they care about. During 2024 Arqiva has partnered with Matchable, an online portal to match colleagues with volunteering projects. To further support this, we offer our colleagues one day paid volunteering leave every year.

Supporting Our People

We aim to create a workplace where people feel engaged, energised, and respected, where they can do their best, and look after their personal wellbeing, both in and out of work. This is underpinned by our People Strategy to ensure that 'everyone has the opportunity to create value and succeed'.

Learning and Development
At Arqiva we are committed to our learning vision of 'empowering curiosity, growth and performance through learning'. This helps us to enable and grow our culture of learning across the business. We are dedicated to ensuring our people all experience accessible and inclusive learning experiences which deliver clear colleague and business benefit.

By using our *Skills Management* programme alongside our rich learning offering we can help our people and teams to work on targeted focus areas for development, whether in role or for aspirational roles. This programme supports our teams on multiple fronts including resource management, career mobility, and professional and personal development.

Our people have access to a host of self-learn learning platforms and material, both internally and externally such as LinkedIn Learning, A Cloud Guru and Now Learning. On top of utilising external offerings, our internal L&D teams support colleagues via delivery of training sessions across technical subjects as well as leadership and management topics, and by facilitating workshops to foster the right culture when working cross function.

The Group is a corporate partner of the Institute of Engineering and Technology (IET) supporting engineering roles to achieve IET Professional status. As well as also being a member of the AWS Partner Network, we provide sponsorship for professional qualifications and subscriptions.

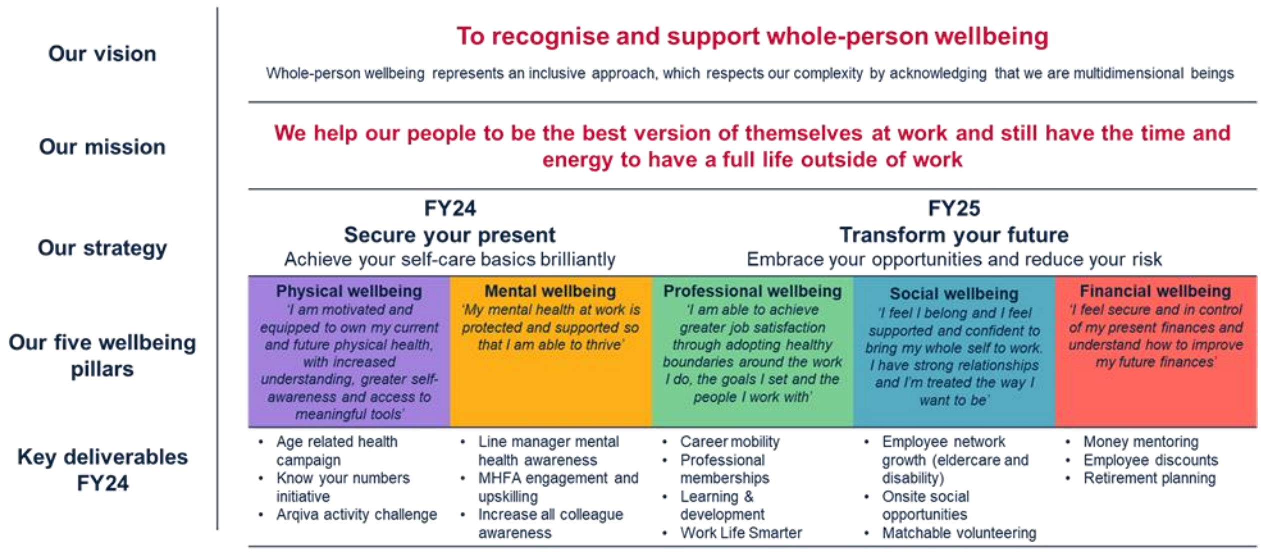
Wellbeing

Arqiva embraces a holistic approach to wellbeing, recognising the broad factors that contribute to overall wellness. We call our approach to wellbeing, "Whole-person Wellbeing". Our approach supports our desire for everyone to have the opportunity to create value and succeed at work and demonstrates to all of our stakeholders that we are an organisation which takes its commitment to health and wellbeing seriously.

Our wellbeing mission is to - help our people to be the best version of themselves at work and still have the time and energy to live a full life outside of work.

Our approach sees us embrace five pillars of wellbeing:

- **Physical Wellbeing:** We want our people to be motivated and equipped to own their physical health with greater understanding and access to meaningful tools. To help drive this forward, we've launched initiatives such as onsite health checks, onsite gyms, activity challenges, free flu vaccinations, at home test kits and much more,
- **Professional Wellbeing:** Our people should feel satisfied in their jobs. Here we provide opportunities to learn, develop and move career,
- **Social Wellbeing**: Through volunteering platforms, onsite social events and employee networks, such as family networks and veteran networks, we encourage our people to develop informal non-work-related networks,
- **Financial Wellbeing:** We enable access to a strong network of experts to provide agility in a space that is so important to our people,
- **Mental Wellbeing:** We are committed to protecting and supporting the mental health of our people, so that they can thrive. We have worked hard to destigmatise mental health, through regular company-wide communication, retaining a large Mental Health First Aider group, our employee networks, and regular onsite events. In turn, this provides our people with the freedom to tell how they're really feeling so that we can adapt and support their ever-changing needs. We are pleased to report that we were awarded the Vitality 'Healthiest place to Work' award for 2023 demonstrating our continuing commitments to the wellbeing of all of our employees.



Health and Safety
Health and safety is vital, whether in the office or repairing an antenna on a 300 metre mast. We are committed to complying with applicable health and safety legislation and to continual improvement in achieving a high standard of health, safety, and welfare in our operations and for all those in the organisation and others who may be affected by our activities. The Group operates a robust integrated management system that is certified to ISO14001, ISO45001, ISO90001 and ISO270001 as well as offering training programmes covering specific skills and general awareness.

We have also been a driving force in developing the Mast and Tower Safety Group, we run our own accredited IOSH Working Safely training scheme for our engineers, and we collaborate with the union BECTU on an annual employee safety conference.

Supporting Diversity and Inclusion

Our diversity and inclusion programme ensures that we are continually focused on what is needed for everyone to feel included and safe and to be able to perform. We are committed to making our workplace as diverse and inclusive as possible because the complex engineering and commercial challenges we need to solve can only be done by people with a diverse range of skills, backgrounds and life experiences.

Our aim is to create an inclusive environment, where there are no barriers to success and our vision is for a workforce who feel valued, empowered and engaged, where every contribution is heard, every perspective is valued, and every individual feels empowered to be successful. We have moved beyond building awareness through our annual calendar of campaigns and events and are now supporting colleagues to feel empowered to make an impact.

Our Diversity Ambassadors have been instrumental in encouraging and engaging other workplace communities and we now have ten flourishing colleague networks including our recently formed Veterans Network and Arqiva Black Network and our network leads are working well together to ensure we are considering intersectionality and maximising opportunity. As ever, we are running events and activities throughout the year so we can listen, support, and take opportunities to make lasting, tangible changes so our working practices are even more inclusive. We are proudly a corporate member of the industry leading Inclusive Employers to ensure we benefit from their subject matter expertise as well as being a member of Tommy's 'Pregnancy and Parenting at Work' eLearning campaign to support pregnant colleagues and secondary caregivers through that journey.

At a Board level, the Governance and Remuneration Committee are responsible for reviewing the Group's diversity and inclusion policies.

Employees
The average number of persons employed by the Group during the year was 1,319 (2023: 1,284). Arqiva recognises the significant contribution of our employees and makes every effort to create a rewarding and engaging work environment.

Our policy is to provide equal opportunities for all employees, irrespective of race, nationality, gender, sexual orientation, marital status, religious or political beliefs, disability or age. Like many engineering-based businesses, we recognise that Arqiva has a higher proportion of men than women and we are working to address this with the Employers Network for Equality and Inclusion through our diversity and inclusion programme.

The table below provides a breakdown of the gender of Directors and employees as at 30 June:

	2024		2023	
	Female Number / %	Male Number / %	Female Number / %	Male Number / %
Board of Directors	1 / 13%	7 / 87%	1 / 13%	7 / 87%

Executive Committee	2 / 25%	6 / 75%	3 / 33%	6 / 66%
Group Employees	325 / 25%	970 / 75%	295 / 23%	989 / 77%

To support emerging talent, Arqiva offers 2-year graduate programmes with an annual intake every September to progress into permanent roles as well as running apprenticeship schemes, via the Apprenticeship Levy. Other initiatives include a line manager support programme, a line manager induction, and we provide the Level 3 and Level 5 Apprenticeship in Leadership and Management, accredited by the Chartered Management Institute

The Arqiva Employee Board ("AEB") has continued throughout the year. The AEB is a democratically elected Board that acts as a voice for employees across Arqiva and provides a clear and direct link between the Group's employees and the Executive Committee. The AEB continues to meet on a monthly basis to discuss key matters such as performance management, or efficiencies and processes to develop responsive action plans. Furthermore, the AEB (as well as the Executive Committee) interacts with representatives of BECTU (the Broadcasting, Entertainment, Cinematograph and Theatre Union) regarding employee matters.

The Group's employee forums provide an effective channel for communication and collective consultation across the Group. They play an important role in enabling employees to help the Group manage change effectively. The goals of each forum are to act as the formal consultative body for its part of the business within Arqiva, provide a voice to management on employee issues, initiate and support social activities, and promote consultation and sharing information.

Significant emphasis is placed on employee communication. The Group intranet, 'The Hub', makes information available to employees on all matters including performance, growth, and issues affecting the industry. The Group also runs "Connect Days" across various sites to bring employees together and provide opportunities for updates and discussion across the business. We also introduced Viva Engage, an Enterprise Social Network to further enhance colleague interaction and engagement.

Our "Work. Life. Smarter." initiative also recognises the benefit of hybrid working to our employees. This commitment to our people endeavours for our people to feel supported and empowered to work in a way that enables them to thrive in their role, give their best every day and a work experience that provides a choice about how, when and where we work.

Arqiva wants all our employees to benefit from our success and growth as a business. The annual bonus scheme recognises the importance of high performance and is designed to reward employees for achieving targets and continuous improvement in overall performance, in line with our values and strategy. The scheme takes into account the targets that have been set by the Group. The Group must achieve a minimum operating cash performance before a bonus becomes payable which is then calculated based on these financial KPIs. As noted in our NFSIS[12] section of the report, this year we have also introduced an ESG performance related target of 10%.

Arqiva has also introduced a Share the Success Policy for employees who do not qualify for the annual bonus scheme. This scheme is also based on achieving a minimum operating cash target with performance shared with qualifying colleagues on a profit share arrangement. These bonus payments for the 2024 financial year are expected to be made in October 2024. In addition, certain members of our senior management participate in a long-term incentive plan which is typically 3 years in duration and is designed to recognise the value of strategic initiatives being undertaken by the Group during the longer-term. As with the annual bonus scheme, the Group must achieve a minimum threshold of financial performance before a bonus becomes payable under the long-term incentive plan which is then calculated based upon the 3-year Group financial KPIs of EBITDA and operating cash performance. All such arrangements are cash-based incentive schemes which operate against documented performance targets and are reviewed at least annually by the Governance and Remuneration Committee.

[12] NFSIS – The non-financial and sustainability information statement forms part of the Strategic Report, a requirement under Companies Act 2006, and replaces the previous non-financial information statement (NFSIS) that was required for UK public interest entities (PIEs) with over 500 employees.

Gender Pay Gap

The full annual gender pay gap report is available on the company website at www.arqiva.com. The latest report shows the emphasis and commitment to diversity and inclusion with improvements in both the mean and median pay gaps for the reporting period. The full report provides details on why we have a pay gap, the reasons for the increase in the year and the actions we are taking to address the issue.

Modern Slavery Act

The Group is fully committed to ensuring that we do not participate in the violation of human rights and we expect the same of our suppliers. Our Modern Slavery Statement sets out the steps taken to identify, address and prevent modern slavery and human trafficking in our business and supply chain. Whilst the Modern Slavery Statement specifies three of Arqiva's entities, this is a function of their annual turnover, it pertains to and is upheld by the Group in its entirety. The Modern Slavery Statement is reviewed by the Board on an annual basis. and can be found at: www.arqiva.com/policies/Modern%20Slavery%20Statement%20-%20June%202024.pdf.

Anti-Bribery and Anti-Corruption

In conjunction with the UK Bribery Act 2010, the Group has adopted a Code of Conduct for employees which incorporates all its anti-corruption policies and procedures. The policies apply to all Arqiva employees employed on both a permanent and temporary basis. The Code of Conduct also sets out the policies and procedures on the giving and receiving of gifts and hospitality.

Information Security

Due to the critical importance of our sites and systems to the Group, our customers and, in some cases, as Critical National Infrastructure, we take information security very seriously, focusing on protecting and managing access to information throughout its entire lifecycle.

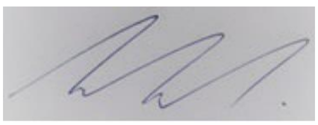
We hold certification to ISO/IEC 27001:2022. ISO27001 is an internationally recognised specification for an information security management system (ISMS), a framework of policies and procedures that includes all legal, physical and technical controls involved in an organisation's information risk management processes. This allows us to compete for new business which requires us to demonstrate the robustness of our security controls. Through independent review and certification, supported by regular internal audits, we continue to confidently demonstrate our commitment to security and secure working practices. We have held ISO27001 certification since 2013 and recertify every three years with recertification last given in May 2022.

Taxation

The Group's approach to tax is to ensure compliance with all legal and statutory obligations. The Group is committed to maintaining a transparent and constructive working relationship with HM Revenue & Customs and with local tax authorities in the jurisdictions in which we operate. The total contribution to UK tax receipts including business rates, income tax, PAYE and NI paid by both the Group and employees, totalled £52.9m for the financial year (2023: £54.1m).

The Group is a primarily UK based infrastructure group. There are some trading operations outside of the UK, however these generate less than 1% of operating profit and there are no tax planning activities taken which seek to reduce the Group's UK profits or revenues by transferring revenue or profit out of the UK. The Group's small overseas trading entities deal directly with customers in their area of residence and fulfil their tax requirements in the local jurisdictions.

This report was approved by the Board on 19 September 2024 and signed on its behalf by:



Scott Longhurst
25 September 2024

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"), requires companies that meet certain thresholds to report on the Directors' application of their section 172 duty to promote the success of the Company, as set out in the Companies Act 2006, along with stakeholder and employee engagement.

The Companies Act 2006 sets out a set of general duties owed by directors to a company, including a list of matters to which directors must have regard, which are set out in s.172(1)(a) to (f). During 2024, in continuing to exercise their duties, the Directors have had regard for these matters, as well as other factors, in considering proposals from the Executive Committee and continuing to govern the Company on behalf of our shareholders.

Section 172 Factor	Key Examples	Page / Reference
Consequence of any decision in the long-term	Strategic Overview Business Update Directors' Report - Wates Corporate Responsibility	20-21 21-23 70 36
Interests of employees	Employee Engagement Supporting our people Supporting Diversity & Inclusion	44-45 38-39 (Corporate Responsibility) 39 -40 (Corporate Responsibility)
Fostering relationships with suppliers, customers and others	Stakeholder Engagement Business Update	43-44 20-24
Impact of operations on the community and the environment	Environmental Sustainability Streamlined Energy and Carbon Reporting (SECR) Climate Related Risks and Opportunities (Non-Financial Sustainability Information Statement) Supporting Charities	37 (Corporate Responsibility) and 60-61 62-64 64-69 37, 80 (Corporate Responsibility)
Maintaining a high standard of business conduct	Governance Directors' Report - Wates Corporate Governance Statement Health & Safety Modern Slavery Act, Anti-Bribery & Corruption	46-52 70-75 70 (Corporate Responsibility) 39 (Corporate Responsibility); Modern Slavery Statement available at www.arqiva.com
Acting fairly between members	Stakeholder Engagement Accountability	43-44 73

Stakeholder Engagement Statement

Throughout the year, the Board has continued to ensure engagement with relevant stakeholders generally in relation to its day-to-day business and particularly with respect to key challenges. Examples of the way in which this engagement has taken place are set out in the table below.

Section 172 Factor	Key examples
Employees	Please see our Employee Engagement Statement below and Corporate Responsibility statement (pages 36-37) for further details
Regulatory Bodies	We have good relationships with representatives in all relevant regulatory bodies and engage regularly with, for example, Ofcom; the Department for Culture, Media and Sport (DCMS); the Department of Science, Innovation and Technology (DSIT); the Department for Environment, Food and Rural Affairs (DEFRA). We also monitor relevant developments with Ofwat and Ofgem as regulators of customers of our Utilities business, and we participate in consultations and consult with government departments and regulators when setting strategy and making decisions that affect the industry generally.

	Following the full restoration of services after the mast fire at Bilsdale, we have continued to liaise with Ofcom and other stakeholders with regard to service recovery planning for the broadcast industry. Key updates relating to the regulatory environments we operate in can be found within the Business Update (pages 22 and 23).
Investors	Quarterly reports to investors are published on our website and available to all; an annual investor call is held, in which we review our annual results and invite questions from investors.
Customers	Our relationships with our customers are very important to us, and we maintain regular contact through account managers; our Customer Experience team; Executive Committee members; and where appropriate our Chair.
Suppliers	Our Procurement team oversees supplier relationship management, with a category management structure so that employees have relevant expertise for each supplier. We work closely to ensure positive relationships, seeking to agree fair terms and conditions and ensure timely payment, through adherence to and reporting on the Prompt Payment Code.
Shareholders	Shareholder Representatives on the Board and committees of the Board report back to shareholders on the business and take their interests into account when making decisions, while operating in accordance with their Companies Act duties. The Group's corporate governance specifies a number of categories of decisions which are reserved to shareholders, ensuring that the decisions affecting shareholders are subject to the necessary oversight.
Stakeholders	As part of our infrastructure projects, we engage with planning authorities and local communities to foster positive relationships. Arqiva's charitable engagement also seeks to support communities local to the areas in which it operates (see Supporting Charities (pages 37-38). The Company is also part of the Broadcast 2040+ coalition working with various charities and social groups urging the government to commit to protecting essential broadcast TV and radio services in the longer term. We also engage with key relevant industry bodies such as: the Digital Television Group (DTG), Everyone TV, TechUK, Digital Production Partnership (DPP) and Waterwise.

Employee Engagement Statement

1. *Information*
   Regular all company updates are provided to all employees via Arqiva's Hub (intranet) and email updates; employees and Management also connect via the Viva Engage employee experience platform; Management conducts regular 'Let's Talk' company-wide live broadcasts and hosts face-to-face 'Let's Connect' days throughout the year to update employees on performance, strategy and other key developments and provide opportunities for employees to ask questions in real time.

2. *Consultation*
   Management run engagement surveys to measure progress against business and cultural goals and how we work. This information provides a platform for two way feedback which is acted on at all layers of management in the business and is reviewed annually with the Board. Arqiva also has active union representations through the Broadcasting Entertainment Communications and Theatre Union (BECTU); strategic decisions which may affect employees (including business change; pay; and terms and conditions) are discussed with BECTU representatives in advance of action being taken. Similar engagement also takes place with the Arqiva Employee Board (AEB), which is elected by employees, and their feedback and views are taken into account when making decisions affecting the workforce, for example in setting timescales and the content of communications. Further detail about engagement with BECTU and the AEB is set out in Supporting Diversity & Inclusion - Employees (page 38).

3. *Involvement*

   Employees participate in annual bonus schemes (see Supporting Diversity & Inclusion - Employees (pages 38-39)) which are based upon performance of the business throughout the year, encouraging employees to contribute to the sustainable success of the business. The Group's cultural values of Curiosity, One Arqiva and Accountability encourages new ideas and fosters strong relationships across the organisation, supporting overall performance of the business.

4. *Common Awareness*

   Financial and economic factors affecting the business are described to employees throughout the year during Management broadcasts; via Viva Engage updates; regular email communications with business updates; and through the Arqiva Hub.

Governance

Board of Directors and Executive Committee

Ownership

The Company is owned by a consortium of shareholders, shown in order of shareholding, these are: Digital 9 Infrastructure (via D9 Wireless OpCo 2 Limited) (c. 48%), Macquarie European Infrastructure Fund II (via MEIF II Luxembourg Communications S.a.r.l.) (c. 25%), IFM Global Infrastructure Fund (via Conyers Trust Company (Cayman) Limited) (c.14.8%), Health Super Investments Pty Limited (c. 5.5%), Motor Trade Association of Australia Superannuation Fund Pty Ltd (c. 5.2%), other Macquarie managed funds (MGIF 2 Communications S.a.r.l. and Macquarie Prism Proprietary Limited) (together c. 1.5%). There is no ultimate controlling party of the Company, as defined by IAS 24 'Related Parties'.

In accordance with IAS 24, there are two investor companies which are related parties with the Group, by virtue of significant influence due to the level of shareholding in the Group:

- D9 Wireless OpCo 2 Limited (c.48%), a company owned by Digital 9 Infrastructure plc ("D9"). D9 is an investment trust focussed on the infrastructure of the internet, holding as of 30 June 2024 a portfolio of subsea fibre, data centre and wireless communication businesses. The number 9 in D9 comes from the UN Sustainable Development Goal 9, expressing the fund's focus on investments that increase connectivity globally and improve the sustainability of digital infrastructure. D9 Wireless OpCo 2 Limited completed its purchase of the Canada Pension Plan Investment Board's entire c.48% stake in Arqiva in October 2022. D9 is listed on the London Stock Exchange (DGI9).

- Macquarie European Infrastructure Fund II ('MEIF II') (c.25%), an investment fund managed by Macquarie Asset Management, part of the Macquarie Group. Macquarie European Infrastructure Fund II is a wholesale investment fund focusing on investments in high-quality infrastructure businesses across Europe. Macquarie Group Limited is listed in Australia (ASX:MQG ADR:MQBKY).

Arqiva Board of Directors

The Group's Board of Directors consists of seven Directors representing our shareholder consortium (with two alternates) and an independent Chair and is supported by the Company Secretary and Executive Committee.

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Board Committee Membership

A – Audit and Risk Committee
G – Governance and Remuneration Committee
O – Operational Resilience Committee

Mike Darcey, Chair

Mike has been a member of the Board since 2018 and was appointed Chair in February 2023. Mike brings a wealth of experience from his background in the technology, media and telecommunications industry. Mike has held numerous positions in the industry ranging from CEO of News International to COO of British Sky Broadcasting Group. He has also provided strategic advisory services to a range of clients in the media industry.

Mike has served or is currently serving on boards including Dennis Publishing (UK) Ltd (Chair), M247 (Chair), Home Retail Group (Senior Independent Director) and Sky New Zealand (Director). He is also Chair of British Gymnastics.
A G O

Appointed by IFM Investors and Motor Trades Association of Australia (joint appointment)

Scott Longhurst, Director

Audit and Risk Committee Chair
Appointed to the board in February 2023, Scott has over 25 years of experience in Infrastructure and Utility businesses. He was formerly Group Finance Director of Anglian Water Group (AWG) and Managing Director of its non-regulated business until 2019. Prior to AWG, he was Chief Accounting Officer of TXU Corporation and CFO of its regulated electric and gas businesses. Scott also held a number of financial and commercial roles with Shell encompassing corporate, operating company and joint venture activities across Europe, the Far East and Middle East.

He is currently also on the boards of FCC Aqualia S.A., EVOS BV (Audit Chair), Infinis Energy Management Limited (Audit Chair), and a Senior Adviser to Igneo Infrastructure Partners and is a founding member of the Accounting for Sustainability CFO Leadership Network.

A

Appointed by Digital 9 Infrastructure

Diego Massidda, Director

Diego is Head of Digital Infrastructure at Triple Point, the Investment Manager of Digital 9 Infrastructure, and joined the Arqiva board in November 2023. Diego has more than 20 years' international experience in Media and Telecommunications in various divisional/operating company CEO roles, including 16 years with Vodafone Group.
Diego is a Civil Engineer, holds an MBA from INSEAD, and at the beginning of his career he worked as a consulting civil engineer in South Africa and as a management consultant with McKinsey & Company.
A G O

Andrew Macleod, Director

Governance and Remuneration Committee Chair

Andy was appointed to the Board in July 2023. Andy is a professional Non-Executive Director and industry consultant after retiring from Vodafone Group as Regional Technology Director for the Africa, Middle East and Asia-Pacific Region. Prior to that, he served for ten years as Vodafone's Group Chief Networks Officer and as the CTO of Verizon Wireless in the US.

Since the early 1990's he has held a variety of CXO positions in major telecommunications industry companies and has gained extensive experience as a Director on the Boards of both public and private companies including Eircom, Indus Towers, Vodafone Australia, ECI, Idex, Gfinity and IQGeo.

G

Matthew Postgate, Director

Matthew is a Digital and Technology orientated leader with extensive experience in new digital businesses and with the digital transformation of existing organisations. He is a Non-Executive Director of UK Strategic Command within the Ministry of Defence and with a media technology Scale-Up. He also provides selective advisory services supporting technology enabled businesses and digital transformation.

Previously Matthew was the BBC's Chief Technology and Product Officer, leading the BBC's Design & Engineering division. Prior to this role, Matthew held various roles at the BBC including CTO and leading the Internet Operations function, Business Development Group and its Research & Development department. He started his career at the BBC in product management roles and was part of the leadership team that launched BBC iPlayer and was responsible for building the corporation's world leading mobile services. Before joining the BBC, Matthew worked as a consultant and start-up co-founder.

O

Appointed by Macquarie European Infrastructure Fund II

Paul Donovan, Director

Operational Resilience Committee Chair
Paul served as a Non-Executive Director at Arqiva from 2018 to 2020. He was re-appointed to the Board in July 2022 following two years in role as Arqiva's Chief Executive Officer.

Paul has over 20 years' experience in senior executive roles across the technology, media and telecommunications sectors. Between 2014 and 2016 Paul led the transformation of Europe's leading cinema operator, Odeon and UCI Cinemas Group, ahead of its successful sale to AMC Theatres.

Prior to this Paul was CEO of Irish Telecoms Group eir. His background also includes senior executive appointments with a number of significant global organisations including Vodafone where, as a member of the Executive Committee he led the Company's emerging markets businesses.

A O

Susana Leith-Smith, Director

Susana is a Senior Managing Director in Macquarie Asset Management's Real Assets business in EMEA.

She has a wealth of experience in capital markets. Prior to joining Macquarie Asset Management, she was at Barclays, most recently as the EMEA Head of Leveraged Finance and managing all transactions in the Telecoms, Media and Tech sectors.

A G O

Appointed by IFM Investors

Maximilian Fieguth, Director

Max is a Director at IFM Investors and has been on the Arqiva Board since 2017. He also works closely with several other IFM portfolio companies including Manchester Airports Group and Aqualia.

As IFM Max leads a team of Asset Management professionals responsible for implementing value creation opportunities across the IFM infrastructure portfolio, delivering global best practice initiatives and supporting the execution of infrastructure transactions. Prior to joining IFM Investors, Max worked as a management consultant with McKinsey & Company and on the Crossrail project with Bechtel and prior to that at Bechtel on a number of infrastructure projects.

A G O

David Stirton, Alternate Director

David is appointed as an alternate to Max Fieguth. He joined IFM Investors in November 2013. David researches and prepares infrastructure investment strategies and helps execute transactions. Before transferring to IFM Investors' Infrastructure team, David was Vice President in the firm's Global Relationship Group, where he supported capital raising and investor relations for the firm's Infrastructure Equity and Infrastructure Debt funds.

Prior to joining IFM Investors, David was Analyst at Citi in the Investment Banking Division, advising on a range of transactions including mergers, acquisitions, divestitures, capital raisings and restructurings.

Nicola Phillips, Company Secretary

Company Secretary

Nicola acts as the AGPL company secretary. She is also a member of the Executive Committee and so her biography is contained below.

Executive Committee

Shuja Khan, Chief Executive Officer

Shuja was appointed Chief Executive Officer in June 2022. Prior to this, as Arqiva's Chief Commercial Officer since January 2020, he was responsible for all revenue generating activities including strategy, regulatory affairs, product development and customer experience and at the heart of the development of Arqiva's 10-year strategic plan, vision and purpose.

He draws on more than 20 years of leadership experience in the technology, media and communications sector, including the role of Chief Commercial Officer across 24 territories at Cable & Wireless and various leadership roles at both Virgin Media and Liberty Global Europe with a focus on driving growth.

Sean West, Chief Financial Officer

Sean was appointed Chief Financial Officer in September 2019, having joined Arqiva in 2015 as Director of Treasury and Corporate Finance.

Sean has a background in all areas of corporate finance and financing, and as Director of Treasury and Corporate Finance was responsible for all aspects of the Group's capital structure.

Prior to joining Arqiva, Sean held senior corporate finance and treasury positions at the Immediate Capital Group (ICG) and LandSec and brings a wealth of experience across a range of industries and financial markets.

Mark Steele
Chief of Operations

- Appointed to the Arqiva Executive Committee as interim Chief of Operations in May 2024, responsible for the operations of all assets and services across the Arqiva business.
- Career of over 25 years spanning numerous senior leadership roles at businesses such as Virgin Media, Telewest Broadband and Yorkshire Electricity.

Sarah Jane Crabtree
Chief People Officer

- Joined **Arqiva** in October 2022
- **BT:** various senior HR roles including HR director of EE after its acquisition by BT
- Began her HR career in the Civil Service as an HR consultant for the Cabinet Office and 10 Downing Street

Nicola Phillips
Chief Legal Officer

- Joined **Arqiva** in July 2023
- **Parker Meggitt:** Deputy General Counsel (UK and EMEA) and Director of Legal Operations
- Other previous roles include Director of Legal for ITV Commercial and Group Marketing at ITV, responsible for regulatory relationships and commercial legal support

Dom Wedgwood
Chief Technology Officer

- Joined **Arqiva** in June 2023.
- Previous role as Senior Vice President for Broadcast Technology and OTT Playout Experience at **DAZN Group** responsible for product management and technology teams
- Prior to this was Broadcast and Operations Technology Director for **Perform Group**

Gaurav Jandwani
Executive Director of Media and Broadcast

- Joined **Arqiva** in January 2023
- **Telia:** Business Head, TV & Streaming at the leading Nordic and Baltic media house
- Previously held leadership roles at Walt Disney and Vodafone

Mike Smith
Executive Director of Smart Utilities Networks

- Joined **Arqiva** in February 2023
- Previously, led the Enterprise and Public Sector business at **Virgin Media O2**, and before that was a Managing Director at **Virgin Media**
- Experience in Insurance and Banking Services

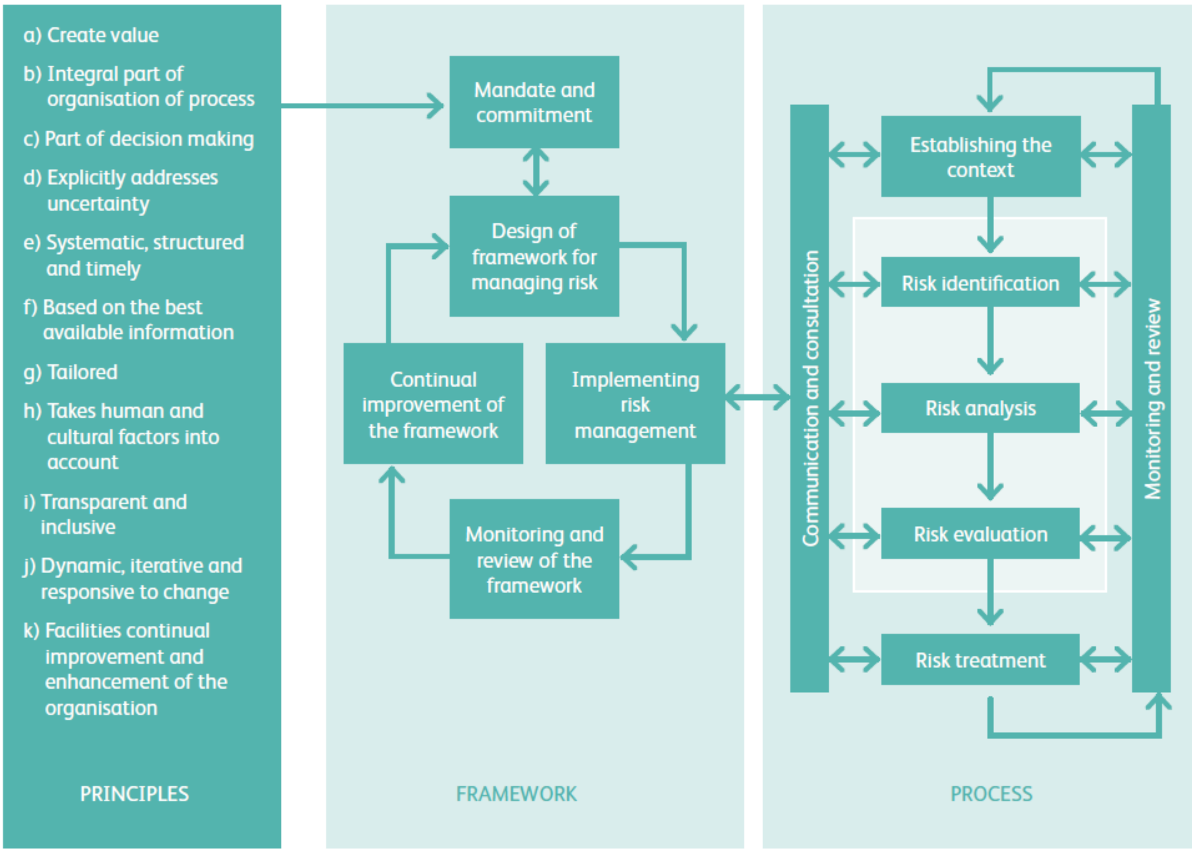
Principal Risks and Uncertainties

Arqiva's approach to risk management is as follows:

- Arqiva recognises that the effective management of risk is essential to achieve our business objectives
- Arqiva adopts an Enterprise Risk Management ('ERM') approach, which is recognised as 'best practice' for top performing companies
- Managing risk is a core responsibility of management at all levels and is a key component of governance and compliance
- Arqiva aims to embed risk management principles into the culture of the organisation

Enterprise wide management of risk is important for Arqiva to meet our corporate objectives and for us to protect future competitive advantage. The strategic importance of risk management is recognised by top performing companies and is an important part of good corporate governance. Arqiva subscribes to the Enterprise Risk Management approach to managing our risk profile.

Arqiva subscribes to Enterprise Risk Management and conforms to the intent of ISO31000. Arqiva has adopted the ISO 27001 standard for Information Security and conforms to the intent of the ISO/IEC 27005 for Security Risk Management which operates within the Arqiva ERM Framework. Our statements and principles are linked to our process through our risk management framework.



The Executive Committee has responsibility for maintaining and updating their line of business risk register which includes utilising the standardised approach to risk assessment and risk monitoring. The Group's centralised Internal Audit and Risk function provides training and support to ensure risks are captured effectively and on a timely basis. The Internal Audit and Risk function works with the Chief Executive Officer to review and consolidate the most significant business risks into a corporate risk register for scrutiny at quarterly Executive Committee and Audit and Risk Committee meetings. The Executive Committee makes recommendations for ensuring the risk management framework remains effective going forward.

Business Management:
First defence is the day to day controls and processes put in place by management to identify risks and develop mitigating actions.

Senior Executive Management:
Quarterly review of the corporate risk register to include review of risk management policies, setting of risk appetite, monitoring compliance and reporting of significant risks to the Board of Directors.

Audit and Risk function / Audit committee:
Independent business assurance provided over the effectiveness of the Group's system of internal controls and processes, and the effectiveness of the risk management framework.

Management has identified the following risks as the most significant business risks affecting the Group, presented together with identified mitigating actions.

Risk Type	Description of risk / uncertainty	Management of risk / uncertainty	Recent developments
Commercial	Market and customers do not take up Arqiva's new products & services. Limited market opportunity, they do not meet customer needs or have an unsustainable cost base ultimately impacting growth and longevity of the business. There is a risk of alternative competing technologies leading to a faster move towards non-linear services and more competition from alternative providers leading to non-renewal of contracts for radio, TV and connectivity services. Customer demand and ability to pay reduces due to high inflation impacts as well as listening trends, faster migration to non-linear and IP delivered services or structural changes to the broadcast market seeing players exit or consolidate to fewer DTT channels resulting in lower cash flows for the Group	Operating and capital expenditure are budgeted to include investment to support product development. We maintain strong relationships with our customers and engage with them in the development and product discovery phase of new products. The product development process is performed in increments (e.g. 3 months) with checkpoints after each increment to ensure market and technology assumptions still hold. Arqiva acts to engage with any relevant Government or regulatory process which might impact Arqiva's business areas in response to the development of alternative or competing technologies. Arqiva's commercial teams engage with customers around pricing and ability to pay and around renewal of services. Prices vary in response to these	Arqiva remains in dialogue with customers and other stakeholders such as government and Ofcom or developments and opportunities in the markets. Arqiva are introducing product led ways of working and initiatives to improve product readiness which will reduce the likelihood of risk significantly once this has landed. Dedicated product teams and agile ways of working will ensure we can react to market changes and shifts in customer dynamics with product value generating developments. The continued focus of the Broadcast 2040+ initiative seeks to safeguard the terrestrial TV and radio broadcast products that underpin the core business of Arqiva and secure the longevity of these contracts. The annual budget includes investment to support product development. Arqiva has successfully launched new products in the

	Customers challenge regulated pricing, impacting long-term contracts and returns on existing services and increasing volatility.	discussions which reflect market conditions e.g. with media customers on the multiplexes Arqiva operates on DTT or DAB and through its use of transponder capacity. Arqiva seeks to support the industry in instances where changes could undermine the long-term demand or ability to pay. Arqiva is exploring the possibility of revenue sharing models for customers to mitigate the downturn in advertising revenues. Arqiva has long-term contracts in place with its regulated business customers – this provides an inherent level of protection to this risk. Arqiva works closely with the Office of the Adjudicator (OTA) to ensure that the OTA is happy with how the system is operating – this includes regular audits and provision of any information required and monthly meetings.	year for Arqade and Arqplex technologies to diversify product offerings, with new customers already contracted. New product development is continuing to support customers evolve their business and respond to changing preferences. Arqiva remains in dialogue with relevant stakeholders including Government and regulators to include any changes to licences, spectrum or around the future of the PSB including the BBC Charter process.
Technological	Impact of development of alternative competing technological solutions against Arqiva solutions such as a faster move to non-linear and IP delivered services away from broadcast delivered or on the utilities side wider competition to our portfolio of services to the water sector. These could impact customer decisions to not renew contracts or reduce the scope of services for broadcast or utility connectivity.	Arqiva's Vision 2031 strategy seeks to broaden Arqiva's ambitions and ensure that it can remain sustainable. It sets out key pillars of activities which will drive a focus on building new business areas and responding to technology changes and opportunities in the market. It prepares the business to embrace partnerships and new technologies which go beyond the historic focus on Arqiva's infrastructure and enable the business to access new technologies. Arqiva acts to engage with any relevant Government or regulatory process which might impact Arqiva's business areas in response to the development of alternative or competing technologies. Arqiva acts to ensure that operational performance is retained at a very high-level and that DTT, radio and DTH services remain on-air in order to support their ongoing use relative to IP or broadband	Arqiva remains in dialogue with relevant stakeholders including Government and regulators to include any changes to licences, spectrum or around the future of the PSBs including the BBC Charter process. We are currently engaging with the DCMS radio review to seek to ensure a long-term future and clear plan for the radio sector. We act to protect the longevity of the services and seek to avoid a government decision to take spectrum used for broadcast and award it to mobile or move away from DTT towards full delivery of TV services via IP. The strategic priorities of the Group for the next 10 years put a focus on the sustainable future of the business including the development of solutions for new and emerging sectors to make the most of our existing infrastructure platforms and expertise.

	Asset condition is worse than expected due to the aging nature of our passive infrastructure. Also, the technology that our networking relies upon is rapidly changing. This could lead to equipment failure or obsolescence, service outages leading to penalties with customers and requirement for greater than anticipated capital expenditure.	alternative methods of delivery. Our approach is to take a balanced but focused approach on asset quality and maintenance. • Combining an Asset Lifecycle Management approach with an established strategic risk framework to prioritise our maintenance strategy • System owner reviews of platform health assessed against RAG status for systems & component assets. • Risks identified from reviews are assessed through Risk Management process assigning risk score & mitigation. • Mitigation requiring a Capex investment are prioritised within the Capex budget envelope.	Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented. Maintenance capex is built into the long-term plan along with increased investment in security.
Political	Change in government plans, policy or priorities could lead to changes in licensing, spectrum access, longevity of services or impact growth opportunities.	Arqiva maintains regular dialogue with our stakeholders to manage any political or regulatory risks facing the business. Arqiva's assets and operations remain predominantly in the UK and therefore our business has minimal exposure to the changing relationships with international markets or political or regulatory changes in other countries. Arqiva acts to defend its licences and spectrum as necessary and engages with all relevant government or regulatory processes.	Arqiva has successfully agreed scope and change requests on our smart energy metering programme with our customer demonstrating the customer's continued focus on network roll out. Arqiva remains in dialogue with relevant stakeholders including government and regulators to include any changes to licences, spectrum, legislation or in policy which might impact its business areas. This included around the recent Media Act and inputting to Ofcom's review of TV distribution. Arqiva has secured an extension of its key DTT mux licences until the end of 2034 and renewed other radio licences. Arqiva supports the Broadcast 2040+ campaign and coalition which seeks to safeguard the terrestrial TV and radio broadcast services Arqiva delivers for the nation. Arqiva has been involved in WRC23 which protected the spectrum allocated to DTT. Arqiva engaged both domestically and at an international level through membership and participation in Broadcast Networks Europe to secure a positive outcome.

			Arqiva has been engaging with the PR24/AMP8 regulatory cycle in the water sector and seeking to ensure that smart water metering is supported and enabled to address issues of leakage, water scarcity and climate change.
Reputational	Adverse publicity damages Arqiva's reputation and customer and business partner confidence and its ability to do business as a result of: - A major event or incident impacting our services, - Untimely delivery on major projects, - Repeated unexpected service outages, - Security breach or cyber-attack on networks, or - Major network or equipment failure or obsolescence or inability to configure to comply with information security standards	Arqiva carefully engages with our customers to ensure that project milestones are carefully managed, and management regularly reviews the progress of all projects. Through continuous measurement of operational KPIs and addressing shortfalls in performance through process excellence the risk around service reliability is carefully managed. The Group has in place a crisis management plan for public relations and external communications to provide support should there be any major events. This is regularly monitored and reviewed. Cyber-attacks and trends in this area are continually monitored. The Group continues to invest in our infrastructure and perform site inspections and maintenance.	The Group maintains ISO27001 certification regarding information security and holds periodic reviews of the security environment and training for employees. Incident management, business continuity and disaster recovery plans are in place. The Business Continuity Group continues to meet regularly and will test and roll out the plans. There has been continued capital expenditure in the year to improve infrastructure. The Group has continued with our digital transformation programme with the programme largely complete with new systems launched.
Operational	Information, networks and systems infrastructure may be subjected to disruptive and destructive cyber-attacks through its systems and third-party supplier systems. This could lead to a loss or corruption of data, penalties, impacting the operational capacity of Arqiva, reputational risk and loss of revenue and cost impacts from fines and recovery costs. Critical transmission structures or IT infrastructure supporting key operational processes could fail leading to operational outages or catastrophic loss of service. Risk arising from natural issues such as adverse weather, flooding and erosion, society risks from security breach and vandalism or maintenance and structural routines.	The Group maintains an ISO27001 certification regarding information security, which includes Cloud Security Services. Employee training on information security is mandatory and quarterly reviews are undertaken by external consultants to examine the robustness of the security environment. System monitoring and scanning are maintained as well as threat and vulnerability management. Arqiva ensures data is regularly backed up and Incident management, Business Continuity Plans and Disaster recovery have been established for key sites and each business area including establishing a network of agencies to support, regular site	Arqiva has implemented detection and prevention solutions on networks. Arqiva has continued to pass our quarterly security reviews and has consequently retained ISO certification. A thorough review has been carried out of endpoint security user access to manage who has access to our systems. Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented. Disaster recovery plans have been enacted following the fire on the Bilsdale site. Using other sites, services were initially redirected where possible to

		inspections and corrective and preventative maintenance. A Business Recovery Working Group meets regularly to stress test these plans and continually review the Group's approach to disaster recovery and operational resilience. Arqiva maintains a robust oversight of the delivery of our major programmes. This includes identifying the key personnel and resources required for delivery and working closely with its suppliers and customers to ensure that these requirements are sufficiently available.	utilise other transmitters in the area whilst a temporary mast was erected with 98% of households' service restored. Arqiva has worked extensively in the community to support impacted viewers with positive feedback. The Bilsdale fire has led to a strengthened inspection regime for sites and structural maintenance plans are in place. The Group's smart metering communication network in the North of England and Scotland now covers 99.5% of premises. Arqiva continues to support the DCC on the meter roll out programme.
People and Culture	The risk that the Group does not have an alignment of skills to support the future requirements of the business leading to being unable to deliver the strategic ambitions The risk that the Group does not have the right culture or the right people in the right place at the right time with the right skills to enable execution of our strategic plans	Arqiva recognises the importance of our people and seeks to make Arqiva a rewarding and enjoyable place to work. The Group operates a competitive annual bonus plan for employees and a long-term incentive plan for our leadership team. Additionally, the Group operates formal retention and succession planning in knowledge-critical areas of the business. The Group has a People and Culture Initiative roadmap. The changing customer and competitive landscape as well as our internal changes to our strategy, organisational design, technology and processes require a different set of mindsets, behaviours, capabilities and skills so Arqiva has established and launched the Culture transformation programme to drive our people work.	Arqiva continues to make progress on its cultural ambitions. The "Work. Life. Smarter" approach to flexible working proves to be a differentiator to external candidates. Arqiva continues to invest in its people with new graduates and apprentices starting in the year. Digital learning tools are available for all employees. Partnered with external consultants to review salary ranges. The culture transformation programme continues to be embedded, driving the 3 culture goals to support the achievement of our strategy. Each function now has a workforce plan and our skills management roll out will increase our insights of skill gaps pan-Arqiva. Maintenance of technical skills for our core infrastructure remains an area of focus alongside bringing in new capabilities.
Business Sustainability	Failure to achieve long-term cost targets impacting the future sustainability of the business.	There is ongoing monitoring and detailed change control and regular monitoring of third-party savings initiatives at both the Executive Committee and shareholder levels. Ongoing monitoring versus budgets and business plans plus regular monitoring of	The strategic priorities of the Group for the next 10 years put a focus on the sustainable future of the business including the development of solutions for new and emerging sectors to make the most of our existing infrastructure platforms and expertise.

		third-party savings initiatives at both the exco and shareholder levels (monthly reporting) and alignment of reward schemes to drive behaviour at the leadership team level. An Enablement team has been established to follow on from the transformation programme undergone and drive forward efficiencies in our processes and operations.	The Group has also continued to pursue its sustainability programme to mitigate our impacts and support the environments we operate in and increase focus on climate risks facing the business. Water bids are highlighting an increased demand for revenue models with network build / roll out cost recovery spread over the life of the contracts, a shift away from the upfront capex charge model assumed in the Long term Plan (LTP).
Financial	Details of the financial risks and details of mitigating factors are set out in the Directors' report on pages 76-78.		

Environmental Sustainability

Environmental Sustainability Strategy

Arqiva has 3 key environmental sustainability goals that both support and are supported by our core business strategic objectives, mitigating our impact on the environment.

Goal 1: To become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our Scope 1 and Scope 2 emissions by 2031

Goal 2: To positively enhance the environments we operate in

Goal 3: To optimise the use of natural resources

Our approach to these goals focuses on:

- Measuring, monitoring and reporting Arqiva's carbon emissions to create transparency,
- Delivery of our Sustainability Programme which, identifies and reviews environmental risks, developing strategic and operational plans to mitigate them,
- Working collaboratively with our customers and suppliers on strategies, and mitigations to drive the carbon reduction agenda,
- Actively assessing the market and our own products for future decarbonization opportunities using new technology and innovation,
- Establishing information flows and responsibilities across the organisation to ensure that sustainable principles are embedded into our business processes and form part of the framework used for decision-making.

To achieve our sustainability targets, in 2023 the Board approved our Environmental Sustainability Policy and sustainability charter. The board monitors progress against the Sustainability Programme which formalises and coordinates delivery of Arqiva's goals. Arqiva's Sustainability team has recently been increased to 5 heads to support development and delivery of our sustainability goals. The team provide updates to the Executive Committee, Board and other key stakeholders as required.

Arqiva holds ISO 14,001 certification for its environmental management system and reviews its performance regularly to look for opportunities for improvement.

Arqiva participates in the Carbon Disclosure Project (CDP) gaining a C rating for our last submission.

Progress Against our Environmental Sustainability Goals

Goal 1: To become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our Scope 1 and 2 emissions by 2031.

Arqiva is a large owner and operator of infrastructure with several customers who outsource energy intensive services to us. Our energy strategy is of interest, economically and environmentally to both Arqiva and its customers, and the strategy reflects our collective net-zero ambitions by

- Reducing energy consumption in partnership with our customers
- Investing in energy efficient technologies
- Working with our key suppliers to reduce carbon in our supply chain;
- Monitoring and managing carbon emissions, and
- Working towards gaining SBTi validation of our carbon reduction targets by June 2025

Net Zero and Energy efficiency actions taken in the year

This financial year we reduced our energy consumption across Scopes 1 and 2 by approximately 5.3 Gigawatt hours. This was achieved through a combination of power reductions and reconfiguration of equipment, installing more efficient technology, and switching off some legacy services.

We have completed a review of our carbon inventory and data collection methodology to incorporate emissions from propane, portable generators and fugitive emissions from additional systems including fire suppression systems. Restated figures for FY 2023 that take these additional categories into account have been included in this report.

We have a carbon reduction plan for our scope 1&2 emissions including development of targets and will be developing our scope 3 carbon reduction plan in the coming year as part of our SBTi target validation.

Scope 1 Emissions

Arqiva has abatement plans in place for the reduction of scope 1 carbon emissions which are centred on electrification of our fleet vehicles, logistics optimisation, transition to low carbon fuel for generators, and replacing gas and oil central heating.

Over the last year we have:

- Increased the number of electric vehicles from 11 to 21 and maintained 4 hybrid vehicles out of a fleet of 299 vehicles,
- Reduced the total miles travelled by around 570,000, which includes reductions achieved by changing the way site visits are scheduled,
- Switched from gas to electric heating at one of the four sites with gas fired central heating,
- Begun the phasing out the use of FM 200 in our fire suppression systems, and
- Purchased hydrotreated vegetable oil (HVO) fuel where feasible for use in our generators.

Scope 2 Emissions

Arqiva's scope 2 reductions are dependent on reducing our energy demand through re-engineering or replacement of technical equipment. We are working collaboratively with customers who outsource services to us to negotiate and formalise a rolling programme of work considering changes to the services we provide on their behalf as well as the practicalities of adapting or replacing parts of the enabling asset base.

Over the last year we have:

- Switched off some AM radio services,
- Made engineering changes to broadcast equipment to improve efficiency and lower power usage,
- Seen improved efficiency following replacement of equipment including the Bilsdale transmitter,
- Commenced purchase of electricity with renewable energy guarantee of origin certification from April 2024 from our main supplier, and
- Continued to generate electricity from solar panels at our sites saving the equivalent of 40 tCO2e emissions.

Scope 3 Emissions

We have completed an assessment of the full range of scope 3 emissions for inclusion in this year's Streamlined Energy and Carbon Reporting (SECR) report. This review identified that our previous scope 2 emissions had included upstream leased asset emissions; these emissions have moved across to our scope 3 total and the FY23 Scope 2 emissions restated to reflect this change. The SECR report contains the total scope 3 emissions from all categories relevant to Arqiva. Emissions through our supply chain have been calculated using spend based data. We will be developing our scope 3 carbon reduction plan in the coming year as part of our SBTi target verification.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with SECR requirements, the table below provides a breakdown of carbon emissions in tonnes CO2e by scope in accordance with the Green House Gas Protocol, along with energy data for Arqiva Group for the financial year 2024, in comparison with the restated Scope 1&2 emissions from financial year 2023. The Scope 1 and 2 emissions for FY 2024 have undergone limited assurance in accordance with ISO14,064-3:2019. This can be found at the following site:
www.arqiva.com/emissionsreport2024

	Year ended June 24		Year ended June 23 published in FY23 Annual Report		Year Ended June 23 Restated	
	Energy GWh	Tonnes CO2e	Energy GWh	Tonnes CO2e	Energy GWH	Tonnes CO2e
Scope 1						
Gas [a]	1.62	297.5 [LA]	1.90	385	1.70	311
Gas Oil [b]	0.53	135.8 [LA]	0.57	149	0.53	137
Fugitive Emissions [c]		1924.9 [LA]		280		1884
Owner Transport (fleet) [d]	4.67	1167.3 [LA]	5.57	1408	5.28	1335
Diesel Generators [e]	0.43	111.5 [LA]	2.89	752	2.89	752
Total Scope 1	7.25	3637.0 [LA]	10.93	2974	10.40	4419
Scope 2						
Location Based (LB) [f]	191.67	39617.6 [LA]	201.47	41842	197.39	40799
Market Based (MB) [g]	191.67	28578.9 [LA]	201.47	40000	197.39	39178
Total Scopes 1&2 (LB)	198.92	43254.6 [LA]	212.40	44816	207.79	45218
Total Scopes 1&2 (MB)	198.92	32215.9 [LA]	212.40	42974	207.79	43597
Intensity Ratio Scopes 1&2 tCO2e/ £m (LB)		63.3				69.4
Intensity Ratio Scopes 1&2 tCO2e/£m (MB)		47.2				66.9
Scope 3						
Total from all relevant categories [h]		111310				118090
Total Scope 1,2&3 emissions (LB)		154564.6				163308
Total Scope 1,2&3 emissions (MB)		143525.9				161687
Intensity Ratio Scopes 1,2&3 tCO2e/£m (LB)		226.4				250.6
Intensity Ratio Scopes 1,2&3 tCO2e/£m (MB)		210.2				248.1

NB – not all figures were reported for Scope 3 for FY23. Where this is the case, the comparable metric has been left blank

Notes:
LA – Figures have undergone limited assurance to ISO14,046-3:2019
a– Natural gas consumption for heating of premises, propane used in operations.
b- Gas oil used for heating of premises
c- Refrigerants used in air conditioning systems and gases lost from fire suppression systems
d- Company owned vehicle emissions converted from litres fuel (not inclusive of electric vehicles)
e- Diesel and HVO consumed by generators for electricity generation
f- Location Based methodology- emissions calculated in line with the country specific grid- average emission factors
g- Market based methodology- emissions calculated in line with the REGO certified renewable energy supplied to Arqiva
h- Scope 3 emissions calculated for all relevant categories

Reporting methodology

The following standards and guidance are used to both monitor and report on our relevant carbon emission sources

- **Greenhouse Gas Protocol Corporate Accounting and Reporting Standard** developed by the World Resource Institute (WRI) and World Business Council for Sustainable Development (WBSCD) which can be accessed via https://ghgprotocol.org/standards
- **Green House Gas Reporting: Conversion factors 2024**: full set, used to report on 2024 greenhouse gas emissions. Greenhouse gas reporting: conversion factors 2024 - GOV.UK (www.gov.uk)
- Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019. Access available via https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance

Scope 1 emissions:
Emissions are determined by measuring metered consumption of Gas and Oil purchases and top up volumes of fugitive emissions in the reporting period and applying the appropriate GHG conversion factors from above. Estimated consumption values are used for May and June 24 based on consumption during this period in the previous 2 years. Transport emissions are determined by fuel card reports for the fleet over the period, with conversion factors applied by vehicle type.

Scope 2 emissions:
Emissions are derived from metered consumption of energy and apportionment by contract type to determine market and location-based emissions. Estimated consumption values are used for May and June 24 based on consumption during this period in the previous 2 years.

Scope 3 Emissions:
Emissions were calculated in line with the GHG Protocol for the relevant categories listed below:

- Purchased goods and services- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Capital goods- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Fuel and energy related activities- emissions calculated using the 2024 Department for Energy Security and Net Zero (DESNZ) emission factors for upstream emissions per unit of consumption calculated from our scope 1&2 emissions,
- Upstream transport and distribution- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Waste generated in operations- emissions calculated using 2024 DESNZ emission factors and includes waste and wastewater treatment,
- Business travel- emissions calculated using expenses and suppliers using 2024 DESNZ emission factors.
- Employee commuting- emissions calculated using data from employee survey using 2024 DESNZ emission factors,
- Upstream leased assets- emissions calculated using DESNZ emission factors,
- Downstream transport and distribution- emissions calculated using spend based emission factors (Exiobase) and overlaying pro-rata supplier emissions where available,
- Use of sold products- emissions calculated using number of sold products and relevant 2024 DESNZ emission factors.

Goal 2: To positively enhance the environments we operate in

Many of our sites are in rural locations around the country with protected habitats and wildlife. To positively enhance these environments we seek to protect, work around, or strive to have the least impact possible on natural habitats, rare flowers, and wild animals and to improve the habitats for flora and fauna to thrive in, supporting and enhancing biodiversity. We work closely with planning authorities and local communities to find the best acceptable solution for locations of masts and infrastructure essential to keeping both rural and urban communities connected. We have started identifying opportunities for grass restoration at our main site Crawley Court by trialling “no-mow” areas throughout the summer to encourage wildflower growth and enhance biodiversity.

As part of our operations, we want to prevent disturbance to nesting birds across our property by setting policies and procedures to identify nesting birds and ensure that any activities/works are managed accordingly.

We have gifted under a 125 year long-term lease, 8 acres of land at our Morn Hill site in Winchester to the Science Centre that is run by the Wonderseekers charity. This partnership will protect and enhance the biodiversity of the site in collaboration with neighbouring lars to recover nature and increase access and connectivity to the South Downs. The site is part of the Site of Special Scientific Interest and has special status for natural wildlife and butterfly populations. Wonderseekers showcases the importance of biodiversity through their extensive community engagement programme with over 120,000 visitors a year.

We provide volunteering opportunities for our colleagues to gain a greater understanding of the importance of biodiversity by getting involved in beach cleaning, nature surveys and litter picking.

Goal 3: To optimise the use of natural resources

This goal focuses on the reduction of waste generated as a consequence of our operations, by incorporating the principles of a "circular economy" that consider waste through the supply chain including end-of-life management, maintenance of assets, reclamation and re-use of usable components and equipment potentially avoiding carbon emissions otherwise associated with asset replacement. For items no longer required by the business we follow the waste hierarchy as we seek to resell, reuse, reclaim or recycle materials. This year we have recycled 99 tonnes of waste collected from our sites and we have been able to reuse 0.7 tonnes of our IT waste including 306 laptop computers. Of around 3000 technical parts that were sent to our repair centre following identification of faults or following maintenance 2850 were repaired and returned as stock items, equating to a re-use rate of 96%. The remaining items were deemed to be beyond economic repair and sent for recycling. As part of the refresh of our work mobile phones we purchased 200 refurbished units rather than buying new thereby supporting the principles of a circular economy and reducing the reliance on natural resources.

Following the fire at our Bilsdale site in 2021 Arqiva issued media streaming devices to local residents to ensure a level of connectivity was available while services were being restored. Circa 500 remaining devices were donated to the British Heart Foundation for re-use.

Our smart energy and water utilities propositions support a more responsible use of natural resources, assisting our utilities customers with their sustainability agendas, Arqiva are also developing next generation cloud-based, IP enabled services to aggregate media content from different sources for distribution to different platforms using content delivery networks that can work alongside traditional broadcast platforms, enabling customer carbon reduction through improved scalability, enriched service , improved energy consumption, and reductions in maintaining a traditional fixed asset base.

Climate Related Risks and Opportunities (Non-Financial Sustainability Information Statement)

To improve transparency of the Group's climate-related risks and opportunities, Arqiva has produced this disclosure for its year ended 30 June 2024 in accordance with the requirements of Companies Act section 414. Within this disclosure Arqiva has considered both physical environmental risks and those associated with the transition to a greener economy alongside opportunities due to climate change that are relevant to its operations, assessing the potential impact on the business in the short, medium and long term.

Part A - Governance of Climate-Related Risks

The Chief of Operations, a member of the Executive Committee, has overall accountability for Environmental Sustainability including climate change action. As the most significant physical risks to Arqiva are the damage to infrastructure and interruption or reduction in the quality of our services, our Chief of Operations is ultimately responsible for managing the physical climate-related risks.

Reporting to the Chief of Operations is the Director of Risk and Resilience who manages the Sustainability team and is responsible for developing the sustainability strategy and management of Arqiva's Sustainability Programme.

Programme governance is overseen by the Sustainability Leadership Group comprising of Executive Committee members and stakeholders from across the business who monitor progress against our targets to deliver our sustainability goals. The Programme updates on climate related risks and manages Arqiva's sustainability reporting obligations including regular stakeholder updates. Individual projects agreed and launched under the programme will be incorporated into existing Arqiva programmes of work for delivery in relevant areas.

The Board and the Operational Resilience Committee (ORC) receive regular progress reports which include financial implications, changes to the programme and updates on climate related risks and opportunities (CRROs). Risks are reviewed at least annually.

Parts B And C - Identification and Assessment of Climate-Related Risks, And Integration to Group Risk Management

We recognise that climate-related risks and opportunities have the potential to impact our business and have taken the necessary steps to identify and assess the potential materiality of these risks and the opportunities, to maximise the positive impacts and minimise the negative impacts on our business. Read more about Arqiva's risk management approach on pages 53-54.

The process used to identify, assess, and propose management plans for climate-related risks is broadly as follows:

1. Review climate-related risks using a combination of NFSIS guidance, the National Risk Register, a review of existing related risks, subject matter experts, industry knowledge and stakeholder guidance.
2. Evaluation of the materiality of the risks to assign Risk Ratings and Risk Levels. This considered the short, medium, and long terms. Risk Scores have been submitted on Enterprise Risk Management tool for validation, further evaluation and ongoing management with risk owners. Material risks are reviewed regularly in the context of the ever-changing business and physical environment. The risk score is assigned on the basis of impact to the business, for the purpose of this report the risk is classified as red, amber or green (RAG).
3. Reporting of the material risks is managed in accordance with the Enterprise Risk Management and the Governance part of this section, and through regular climate disclosures and reporting.

The climate-related risks have been formally incorporated into the Enterprise Risk Management tool. As our understanding of climate-related risks matures, we will continue aligning climate-related risk management practices and adapt our management plans.

Opportunities have been assessed on the same basis as risks, with the Red, Amber, Green (RAG) status inverted (i.e. red=green, green = red) to reflect the positive rather than negative impact.

- **Risk Rating**: The overall Rating Score is derived from a combination of the impact and likelihood of a risk occurring using the 5x5 matrix below to rank the risk as red/ amber or green.

arqiva Version 3.0			IMPACT				
			Very Low	Low	Moderate	High	Very High
			1	2	3	4	5
LIKELIHOOD OVER 36 MONTHS	Very high (>70%) Very likely/almost certain	5	9	16	20	23	25
	High (50% - 70%) Probable/more likely than not	4	7	13	17	22	24
	Moderate (30% - 49%) Possible/likely	3	4	11	15	19	21
	Low (10% - 29%) Unlikely/rare	2	2	6	12	14	18
	Very low (<10%) Conceivable/highly unlikely	1	1	3	5	8	10

- Each risk considers a range of potential business impacts as defined in our Risk Management Rating Criteria Document, for example:
  - *Financial risk: Very low represents <£5m impact; High represents £25m - £50m; and Very High > £50m,*
  - *Service delivery: Very low impact represents technical breach of SLA with no loss of competitive advantage or ability to operate the service; High represents one significant outage or multiple short duration outages over a prolonged period, loss of competitive advantage (e.g. 10% increase in delivery target delays) or loss of ability to operate the service; Very High represents catastrophic platform failure causing multiple service outages or significant loss of management's ability to govern and operate the service,*
  - *Environmental impact: Very Low impact represents damage not exceeding £100k, or inability to recycle, or use of potentially hazardous substances; High would equate to severe environmental damage with up to £500k regulatory costs, or total costs between £25-50m; Very High represents catastrophic environmental damage, regulatory costs exceeding £500k, or total costs exceeding £50m,*
  - *Legal regulatory impact: Very Low impact represents local media incident interest with no loss of customer or key institution confidence; High represents a material business risk resulting in national coverage over multiple months or international, high loss of key institution confidence, high increase in customer complaints or customer notice to terminate the contract; Very High represents prolonged international media coverage and major reputational damage or severe political or industry body repercussions.*

Parts D, E and F - Principal Climate-Related Risks and Opportunities, Potential Impacts, And Initial Scenario Assessment

This section describes climate-related risks and opportunities Arqiva identified over the short, medium, and long term, and their impact on the organisation's businesses, strategy, and financial planning.

We have identified six principal climate-related risks and three principal climate-related opportunities with potential to impact our business.

We considered the materiality of these risks over different time horizons to assess the potential impact of climate-related risks and opportunities on our business.

Physical Risks

These are the principal physical risks identified related to the impacts of climate change, both event driven and longer-term shifts in climate patterns, and which may have financial implications.

We are a large owner and operator of infrastructure which increases our exposure to the physical risks of climate change due to the increased risk of asset damage or loss. Our risk approach and assessment are centred on the resilience of sites and network resilience and the supply chains that support our operations. It is the initial view of the management team that the likelihood of occurrence of these risks could increase over time, but the nature of the risks and impact do not materially change. Under our risk governance, controls and management strategies are reviewed periodically to reflect this.

			Risk Rating		
	Climate Factor	**Risk**	**Short term** *(< 5 years)*	**Med Term** *(5-10 years)*	**Long Term** *(> 10 years)*
Risks: Physical	Severe Weather	Damage to assets and infrastructure due to a higher frequency/severity of extreme weather events, including fires, flooding, and storms	14	19	22
	Severe Weather	Interruption or reduction in the quality of services because of a higher frequency/severity of extreme weather events	14	19	22
	Severe Weather	Supply chain disruption due to climate impacts on key suppliers	19	23	23

We anticipate some risk impact from physical climate at the target 1.5°C level and short term (<5yrs), but also that these risks increase in severity under a scenario where global policies to reduce global emissions are delayed or less effective and climate-related events are more frequent and severe including warming exceeding a 2-3°C threshold. In all cases, as warming levels rise physical risks are likely to have an increased impact on our business over time, as illustrated in the table above.

We have controls in place across the business which build resilience against climate-related physical risks. Given the material risks assessed above, these are focused on damage to our infrastructure and disruption to services. These include:

- Asset lifecycle management from design, acquisition, maintenance, adaptation, and replacement - policies and guidance to incorporate assessment of environmental risk,
- Asset health is monitored regularly, and we have measures in place related to asset maintenance and service resilience such as processes and teams dedicated to disaster recovery and business continuity,
- We run audits on significant assets to assess fire risk with installation of fire breaks and perimeter controls to reduce risk of adjacent fires impacting Arqiva assets,

- We have deployed some remote monitoring temperature and humidity sensors improving information on our estate and reducing response times to potential system failure through system monitoring,
- Operations monitor Meteorological Office Weather Forecasts daily and issue pro-active alerts to Field Operations Managers to allow forward planning and protection of engineering resources,
- We also maintain and review insurance policies designed to mitigate the financial impact of physical risks, which cover claims on asset loss and damage and potential service impacts.

To protect Arqiva's supply chain against climate-related disruption, Arqiva has strategic supplier management plans in place with key suppliers that consider and seek to manage key supply and disruption risks. We endeavour to create diversity of supply in our supply chains to minimise critical bottlenecks, and contracts and service levels with suppliers to protect supply. As we address Scope 3 emissions with our key suppliers, this will incorporate climate-related risk management.

Transition Risks

These are the principal transition risks identified associated with growing pressure and demands for action, that could negatively impact revenues, and trigger an increase in taxation or energy costs. It is the initial view of the management team that the likelihood of occurrence of these risks has the potential to increase marginally over time, but that the nature of the risks and impact do not materially change. Under our risk governance, controls and management strategies will be periodically reviewed to reflect these possible changes and impact over time.

	Climate Factor	Risk	Risk Rating: Short term (< 5 years)	Risk Rating: Med Term (5-10 years)	Risk Rating: Long Term (>10 years)
Risks: Transition	Policy & Legal	Emerging carbon regulations and carbon taxation, leading to increased stakeholder scrutiny over our performance	15	17	17
	Technology	Third-party dependency impacting our ability to meet carbon targets including substitution of existing products and services with lower emissions options.	15	17	22
	Market	Rising price of energy (renewable and non-renewable), and raw materials.	22	15	12

Arqiva is a regulated technology-based business that is highly dependent on energy. Our risk assessment highlighted the cost of energy and raw materials (short/medium term) and the adaptation or replacement of long-life (20-30 year) fixed assets (medium/long term) as the greatest transition risks, as we transition to a reduced carbon economy. We are actively collaborating with our customers to understand how re-engineering or replacement of technical equipment, emerging technologies and ingenious ways of working can help us and our customers realise sustainable ambitions and decarbonise operations. Emerging climate regulations and carbon taxation, coupled with other transition risks could lead to increased stakeholder scrutiny with potential revenue and reputation implications longer-term, but are considered less pronounced in the short term. Our Risk and Resilience, Finance, and Legal teams monitor new or emerging climate-related regulation to understand and respond to changing policy and regulation.

Opportunity impact

We have identified three principal opportunities for our business relating to climate change associated with transition to a low-carbon economy including opportunities in managing our own transition. Exploiting these opportunities could increase business valuation, access sustainable financing and improve product efficiency, as well as enabling the reduction of carbon and other environmental objectives in our customer's markets. It is the initial view of the management team that these opportunities could increase over time with increased appetite for services Arqiva can provide.

	Climate Factor	Opportunity *(All level 2)*	Risk Rating Short term *(< 5 years)*	Med Term *(5-10 years)*	Long Term *(> 10 years)*
Opportunities: Transition	Renewable sourcing	Participation in renewable energy programs to lower energy purchase carbon emissions, and championing sustainable procurement in our supply chain	20	20	23
	Products & Services	Introduction of next generation broadcast and transmission solutions enabling carbon reduction in our industry	13	17	22
	Markets	To expand Arqiva's SUN solutions business in our core utility markets and potentially expand into adjacent markets. To make our products more carbon efficient in themselves.	15	17	22

In April 2024 we commenced purchase of electricity with Renewable Energy Guarantee of Origin Certification - combined with Arqiva's hedging strategy could reduce cost and improve predictability in uncertain energy markets. Arqiva provides broadcasting and transmission services, and smart network solutions for energy and water management. Advances in technology should enable us to improve efficiency as we work with our engineers, suppliers and customers to upgrade or replace assets which will reduce energy consumption and support other environmental improvements. Arqiva are developing next generation cloud-based, IP enabled services to aggregate media content from different sources for distribution to different platforms using content delivery networks that can work alongside traditional broadcast platforms, enabling customer carbon reduction through improved scalability, enriched service aggregation, improved energy consumption, and reductions in maintaining a traditional fixed asset base. Arqiva's smart utility networks improve management of water, electricity, and gas distribution in the UK through smart metering and remote asset management. These optimise demand and distribution improving asset utilisation and efficiency in these carbon intensive utilities. There is opportunity for Arqiva to grow market share, and possibility to move into adjacent markets that can benefit from the same intelligent information and telemetry solutions. In our Scope 3 plans we are collaborating with our suppliers to make our products even more carbon efficient.

Parts G And H – Targets and KPIs Used by Arqiva to Manage Climate-Related Risks and To Realise Climate-Related Opportunities

In terms of organisation level targets, Arqiva has set its strategy to become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our scope 1 and 2 emissions by 2031. We launched our Sustainability Programme in May 2023 with a small core team and wider virtual structure across Arqiva to establish detailed plans and targets to deliver on our sustainability goals, to develop Arqiva's sustainability capabilities, and to assist in the identification and management of climate-related risks. These will directly improve transitional risk mitigation and create awareness and improved management of physical risks and transitional opportunities, working with the wider business.

Directors' Report

The Directors of Arqiva Group Parent Limited, registered company number 05254001, (the "Company") and its subsidiaries (the "Group") submit the annual report and audited consolidated financial statements ("the financial statements") in respect of the year ended 30 June 2024.

The Company is a holding company with an investment in a group of operating companies, financing companies and other holding companies.

The Directors' report for the Company is set out on page 151.

Wates Corporate Governance Statement

For the year ended 30 June 2024, under The Companies (Miscellaneous Reporting) Regulations 2018, Arqiva has continued to apply the Wates Corporate Governance Principles for Large Private Companies (as published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website).

Companies can adopt the Wates principles as an appropriate framework when making a disclosure regarding corporate governance arrangements. We have adopted the disclosure in our 2024 Annual Report and Financial Statements and we set out below how the principles have been applied over the past year.

PRINCIPLE ONE - PURPOSE AND LEADERSHIP – *An effective board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.*

Purpose/focus and activities during the year.
The Board and Executive Committee continue to progress the strategy to build a sustainable future for the Group focused on its purpose of "***Enabling a Switched on World to flow***" delivering critical connectivity working in partnership with its customers across broadcast, media and utilities.

The following items were key areas of focus during the year:

Item	Summary
Headline purpose and strategy matters	The Group continues to build on the Vision 2031 work in "***Enabling a Switched on World to flow***" with execution of strategic focus areas enabled by an operational model aimed at strengthening culture; deepening engagement with and empowering people; promoting investment in products and technology; and developing and deepening relationships with key stakeholders. The purpose and cultural values underpin the Group's strategic priorities to achieve four key ambitions: to be the undisputed leader in UK TV, radio and broadcast; to transition global media to cloud-based solutions; to be the UK's leading smart utilities provider and to be an innovator of scalable solutions for new connectivity sectors (see Strategic Overview (pages 20-22)). The Board has overseen the progress against the purpose and strategic priorities as against a detailed and robust long-term plan as well as undertaking various strategic review sessions. This year, these have included sessions on market trends and future landscape sessions for both Media & Broadcast and Smart Utilities (including sessions with industry experts) as well as sustainability strategy and a day dedicated to strategic discussions taking into account both operating environments and future business plans.
Capital structure	The Board has continued to monitor the Group capital structure to ensure its suitability for the business needs.
Customers	There has been a continued focus on strengthening customer relationships at all levels including increased focus on customer experience and feedback and senior engagement with key customers and stakeholders. The Group has also been working with customers on new collaborative projects with water customers and developing our media products to

	provide better customer experiences. Customer experience and feedback has been part of the Board agenda this year and the Board has heard directly from customers and industry experts in market information sessions.
People & Culture	We want to create an environment where everyone has the opportunity to create value and succeed, whatever their role. We support 10 internal diversity and inclusion networks and are a corporate member of the industry leading Inclusive Employers. 25% of our workforce is female, as a technical engineering organisation, this is in line with the national average for females working in STEM[13]. Having colleagues with the right skills in the right role is crucial to our success and place learning & development at the heart of what we do, providing lots of formal and informal opportunities to develop new and current skills. Further details are at Supporting our People and Supporting Diversity & Inclusion (pages 39-40). Employee Wellbeing is also central to our proposition, with Arqiva winning Vitality's Britain's Healthiest Workplace in February 2024 and being shortlisted for a HR Excellence Award for Wellbeing in December 2023. This is a strength that we continue to build on with the recent launch of 'Podplan': a fully funded employee benefit to support colleagues with responsibilities for eldercare.
Transformation	During the year, the Board has overseen the continued simplification and improvement of systems and processes to enhance operational capability and bring efficiencies to the Group's operations, ways of working and customer service. We have recruited a new director of Product, a new director of Enablement and a new director of Data and Insight to strengthen our capabilities in our anticipated growth areas.
Operational performance	The operational performance of the business has been closely monitored by the Board as part of the regular Board meeting agendas as well as via the Operational Resilience Committee which focuses on key matters relating to operational resilience including safety, health & environment, sustainability, security and operational resilience. The Board oversaw the activities to rebuild the Bilsdale mast and restore coverage as a key operational focus. Full restoration of radio services was achieved in January 2024 following on from full restoration of television services in May 2023. Health and safety performance continues to be a key area of focus and the Operational Resilience Committee has overseen a review of and updates to the health and safety framework.
Sustainability	Sustainability is a key priority for the business with three key sustainability goals: 1) to become a Net Zero organisation by 2040 with an interim target of net zero across Scope 1 and Scope 2 emissions by 2031; 2) to positively enhance the environments we operate in; and 3) to optimise the use of natural resources. Details of our sustainability strategy can be found on pages 60-61 of the annual report. Streamlined Energy and Carbon Reporting including details of our greenhouse gas emissions can be found on pages 62-63 of the annual report. Climate related risks and opportunities have also been assessed, see pages 64-69 for further information. The Board continues to oversee further development of the Group's sustainability programme via the Operational Resilience Committee. Arqiva also notes the Sustainability Development Goals of Reduced Inequalities and Peace, Justice and Strong Institutions. The Group's work on empowering and promoting inclusion over the course of the year has included creating and promoting employee resource and networking groups, commitment to gender pay gap reporting and colleague led community-based volunteering and charity support. The Group also drives ethical business behaviour through its approach on preventing bribery and corruption, modern slavery and human trafficking and ensuring effective and accountable reporting. These activities all form part of our Corporate Responsibility commitments (outlined at pages 35-36 of the annual report).

[13] STEM – Science, Technology, Engineering and Mathematics Supply of skills for jobs in science and technology, Calendar year 2023 - Explore education statistics - GOV.UK (explore-education-statistics.service.gov.uk)

Values and culture

Arqiva's values (our culture goals) are promoted and reinforced throughout the business and are aligned to our overall business strategy. Regular reviews of employee and customer sentiment are undertaken and acted upon. There is also further engagement with employees via employee forums, an elected Employee Board and BECTU (all outlined under Principle 6 (Stakeholders) below. The Group's People & Culture team monitors and regular reports to the Board on a range of employee metrics.

PRINCIPLE TWO - BOARD COMPOSITION - *Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.*

Chair

The Group's corporate governance structure creates a clear separation between the role of the Chair and that of the Chief Executive Officer.

The Chair (who is independent of the Group's shareholders) is a highly experienced business executive having held many senior executive roles in the technology, media and telecoms sectors and had been a director of the Group prior to his appointment as Chair in February 2023. The Board engaged an external Board performance review in the last year. The review noted that the Chair facilitates open, constructive and honest interchanges between the Board members which supports decision making across the Board agenda. The review identified Chair strengths including his experience and profile in global broadcasting to inform strategic priorities, the level of Chair engagement with the Executive, shareholders and the Board and Chair's presence on all Board sub-committees to support efficient governance. The review recommendations in terms of communications and Board agenda to help elevate the Chair's leadership further have been actioned.

Balance and diversity

The Board has deep and relevant experience which has provided invaluable external industry input to assist more effective decision-making in relation to a number of key matters brought before the Board. The Group operates in a number of diverse and complex markets which require the Board to have a detailed understanding of the relevant sectors in order to arrive at informed decisions.

We acknowledge that there is a relative lack of diversity on the Board in the context of the wider diversity and inclusion goals of the Group. In the wake of a Board performance review, steps are being taken to review Board skills and diversity in the context of assisting shareholders in Board succession planning. The Board remains committed to developing a more diverse workforce and, as part of the new appointments to the Senior Leadership group, improvements have been made to broaden diversity and this will continue in the future. Details of the actions taken in the year towards this are discussed in the Supporting Diversity & Inclusion section of the Corporate Responsibility Statement on pages 37-39 of the annual report.

Arqiva is actively working with Inclusive Employers in relation to diversity and inclusion. The Group recognises that there is further work to do in this area and continues to promote relevant initiatives. Page 39 of the Annual Report provides a breakdown of the gender of Directors and employees.

Size and structure

There have been limited changes to the Board over the course of the year as Andrew MacLeod took up his appointment and Diego Massidda was appointed to the Board by D9. The size and structure of the Board remains under periodic review so that it is best organised to meet the needs and challenges of the Group. In terms of Board size, a balance has been struck between ensuring shareholders are adequately represented via their nominated Directors but also identifying directors with relevant industry experience (see pages 46-52 of the Annual Report for full details of the composition of the Board of Directors and Senior Executive Management).

Effectiveness
The Group engaged an independent third party to carry out a Board performance and effectiveness review this year. The overall findings were that the Board generally functions well. The Board is in the process of reviewing the actions coming out of the review with some recommended changes already in progress including revising meeting structures to provide greater visibility on the work done by the Chair and Committees as well as stakeholders' positions and initiating a review the Committee Terms of Reference to clarify accountability and optimise how the Committees work together.

PRINCIPLE THREE - DIRECTOR RESPONSIBILITIES – *A board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decision-making and independent challenge.*

The Board has a programme of at least five principal meetings every year plus an additional day for strategic planning, with additional meetings arranged for key projects or as may otherwise be required.

Accountability
Decisions which are within the remit of the Board or Shareholders are set out in a Shareholders' Agreement (as Board Reserved Matters and Shareholder Reserved Matters). There is a Delegation of Authority policy which sets out the responsibilities that are delegated to the Executive and those decisions which must be made at Board or Shareholder level. This policy is reviewed regularly and any revisions are brought to the Board for approval. Typically, Board or Shareholder Reserved Matters are raised at regular Board meetings and written resolutions are obtained where otherwise required.

A Conflicts of Interest paper is maintained and regularly updated with details of Board or Shareholder conflicts. Any conflicts which may compromise independent decision making would be raised by the Company Secretary at the relevant Board meeting; a Director having a conflict is not entitled to discuss or vote on the relevant matter, or to count in the quorum.

Committees
The Board sub-Committees promote effective decision making and greater accountability and focus in relation to each of the areas covered by the respective sub-Committees. Pages 78-79 of the Annual Report provide an overview and description of each of the three Board sub-Committees comprising: Audit & Risk, Governance & Remuneration Committee, Operational Resilience Committee. In addition, Capital Structure working groups are convened as required. Each of the Committees has Terms of Reference, which set out its remit and the Board has accepted the Board performance review recommendation to review those Terms of Reference in order to optimise how the Committees work together and has put in place changes to the Board agenda to improve Committee visibility and reporting into the Board.

Integrity of information
The Board receives regular reports from the Executive and Senior Management on key matters for which the Board has responsibility, including strategic projects; comprehensive financial reporting; key customer and regulatory matters; updates on operational resilience (including physical and cyber security as well as health and safety and environmental issues); details of major bids and performance of key contracts and market issues faced by the Group as well as developments in technology and regulation.

The Group uploads papers to a board portal for ease of review and administration. Other than in exceptional cases papers are submitted in advance and taken as read at Board meetings, allowing any presentations to focus on highlighting key issues, discussion and dealing with questions. The Chairs of each of the Board Committees are aware of the importance of their position and during the year they have met with key employees of the Group to build relationships and gain direct access to those dealing with the day-to-day business of the Group.

PRINCIPLE FOUR - OPPORTUNITY AND RISK - *A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.*

Opportunity
The Group's Board maintains a focus on how the Group creates and preserves value over the long-term which is principally achieved through a well-developed strategic and long-term planning process. The Board keeps its strategy under review (including via an annual strategy day which provides a forum to present future business opportunities).

Appropriate governance mechanisms are in place to ensure that new business opportunities above a certain value are considered and approved by the Board.

Risk
The Group has a well-developed risk management process in place throughout the business (which is described on page 53-54 of the Annual report). The Group's Audit and Risk function works with the Chief Executive Officer to review and consolidate the most significant business risks into a corporate risk register for scrutiny at quarterly Executive Committee and Audit & Risk Committee meetings.

Arqiva's key operational risks and mitigations are outlined on pages 53-59 of the Annual Report.

Responsibilities
The Group has adopted the Enterprise Risk Management approach to managing its risk which has been approved by the Group's Audit & Risk Committee. This incorporates an internal control framework clearly defining the roles and responsibilities of those involved. Responsibilities include the following:

- The Group's Executive Committee takes recommendations for ensuring the risk management framework remains effective going forward,
- Processes are in place for managing the principal risks and uncertainties,
- The internal control framework (described on page 52 of the Group's annual report) confirms that there is a monitoring and review process in place to evaluate risks at both business function and Board level.

PRINCIPLE FIVE - REMUNERATION - *A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

Remuneration
A consistent approach has been adopted in setting the level and structure of remuneration in relation to each member of the Executive Committee to secure appropriate and fair levels of remuneration. Benchmarking and advice from external remuneration consultants is obtained. Remuneration comprises of a number of elements including base salary, an annual bonus and a long-term incentive plan.

Page 40 of the Group's annual report provides more detail and explains how remuneration is structured to recognise and reward high performance for achieving targets in line with the Group's sustainable success and values. This aligns with remuneration arrangements for the remainder of the organisation where every employee's remuneration is made up of a combination of base salary and an annual bonus (which, again, is linked to achieving financial targets in line with the Group's objectives).

Policies
The Group has delegated remuneration matters to the Governance & Remuneration Committee (which is a committee of the Board). The Governance & Remuneration Committee operates in accordance with documented terms of reference. The Governance & Remuneration Committee is committed to take into account the pay and employment conditions of the Group's wider workforce when making recommendations in relation to Executive pay.

The Group's bonus and long-term incentive plans are documented in writing and reviewed at least annually by the Governance & Remuneration Committee and any payments made operate against documented performance targets.

In addition, the Governance & Remuneration Committee is responsible for reviewing the company wide pay increase on an annual basis. As part of this process, the Governance & Remuneration Committee will assess increases against certain criteria including taking into account comparative pay metrics in the industry, discussions held with BECTU, the existing and future financial capacity of the business, and also aligning with the long-term sustainable success of the company. In the year to 30 June 2024, annual pay negotiations were concluded with BECTU with agreement to go to a ballot of its members. This occurred in early July 2023 and agreement was reached on the business' proposals.

The Group has published its full gender pay gap report which is available on the company website at www.arqiva.com. The latest report shows the emphasis and commitment to diversity and inclusion with improvements in both the mean and median pay gaps for the reporting period. The full report provides details on why we have a pay gap, the reasons for the increase in the year and the actions we are taking to address the issue.

PRINCIPLE SIX - STAKEHOLDERS - *A board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce, and have regard to that discussion when making decisions. The board has a responsibility to foster good stakeholder relationships based on the company's purpose.*

Stakeholders
The Group's key Stakeholders include its employees; customers; suppliers; debt investors; Shareholders; pensions trustees; and regulatory and government bodies including Ofcom, Ofwat, DCMS, DSIT, DEFRA and DBT. Senior Management and the Strategy and Regulatory team work closely with industry bodies and lobby groups and representatives of the various regulatory bodies, and the Board is regularly briefed informally and formally on developments. The value of good relationships with local communities, in the context of planning requirements, for example, is understood and focus is given to fostering these relationships. The Group provides reports to investors and creditors as part of its listed debt obligations and conducts regular investor calls which give the opportunity for debt investors to raise questions with the Group. The Commercial and Operations teams have put additional focus on customer relationships including implementing a new programme around customer engagement and experience. Group's procurement operations function actively undertakes reviews of its supplier base to enhance its best practice in this field.

Workforce
The Employee Engagement Statement (see page 43 of the Annual Report) sets out engagement with employees. The Board engages with employees at a variety of levels from formal Board and Committee meetings to more informal participation in site visits and attendance at 'Let's Connect' days. The Group's People & Culture team monitors and regular reports to the Board on a range of employee metrics and this year the Arqiva Employee Board also presented to the Board.

External impacts
The Group's Corporate Responsibility statement (pages 36-41) sets out a description of the Group's focus areas used to ensure that it acts responsibly, ethically and safely, from a Corporate; Community; Employee; and Business perspective taking into account sustainability goals. This is also reflected in the Stakeholder Engagement Statement (pages 42-43).

Financial Risk Management

The principal risks and uncertainties of the Group have been outlined previously in this report (see pages 53-59). As a result of these, as well as the on-going business activities and strategy of the Group, Arqiva is exposed to a variety of financial risks that include financing risk, purchase price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk.

The key financial risks affecting the Group are set out below, together with a summary of how these risks are managed.

Risk Type	Description of risk / uncertainty	Management of risk / uncertainty
Inflation risk	High inflation risk has an adverse impact on both operating and financing cash flow as well as the financial health of customers and suppliers	The Group uses derivative contracts to hedge its exposure to adverse impacts of high levels of inflation to its cash flows. Inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs. In June 2023 the Group executed an RPI collar which caps future accretion exposure to inflation at circa 6%. Increases in power costs are, in part, managed via pass-through arrangements with customers. The Group's power contracts were renewed until 2026 (England, Scotland & Wales) and 2025 (Northern Ireland), which, with Board approval on a power hedging strategy, has enabled the Group to mitigate the risk of market price volatility through small incremental future power purchased up to 18 months in advance. The total risks are minimised as a significant proportion of the Group's revenue contracts with customers within core TV and radio products are RPI-linked.
Financing risk	The Group will need to refinance at least part of our debt as it matures and may need additional financing to cover capital expenditure and certain other expenses to support its growth plans. The Group cannot be certain that such financing will be readily available on attractive or historically comparable terms. Breach of debt covenants and/or a downgrade in our rating could impact the availability of finance or the comparability of terms.	The Group mitigates this risk by the strength of the stable long-term investment grade capital structure in place. Our BBB+/BBB (S&P/Fitch) ratings reflect our strong ability to service and repay debt from our cash flows over a reasonable period of time, maintaining debt with a variety of medium- and long-term maturities, so that over time we do not have a significant concentration of debt due for refinancing in any given year, and aiming to refinance debt well in advance of the maturity date. With regards to covenants, the Group maintains financial covenant monitoring and modelling, both retrospectively and prospectively and maintains regular dialogue with credit ratings agencies.
Purchase price risk	Energy is a major component of the Group's cost base and is subject to price volatility and significant pressure from energy price inflation.	The Group's power contracts were renewed until 2026 (England, Scotland & Wales) and 2025 (Northern Ireland), which, with Board approval on a power hedging strategy, has enabled the Group to mitigate the risk of market price volatility through small incremental future power purchased up to 18 months in advance. A proportion of this risk is managed via pass-through arrangements to customers.

		Power purchasing options are reviewed, and expectations of higher future power costs are built into the business's long-term plans. Sustainability is a key focus for Arqiva, and it includes ways to reduce power consumption. Key revenue and cost milestones are set on larger projects to mitigate the financial risks of volatile market pricing. Third-party savings initiatives are regularly monitored at both the Executive Committee and Shareholder Board levels. Key revenue and cost milestones are set on larger projects to ensure the financial risks of volatile market pricing are mitigated. Third party-savings initiatives are reviewed at both the Executive Committee and Shareholder Board levels.
Credit risk	The Group is exposed to credit risk on customer receivables. The Group is exposed to counterparty risks in its financing operations.	Credit risk is managed through appropriate credit checking procedures both prior to taking on new customers and throughout contract life; and higher risk customers paying in advance of services being provided. Aged debt is actively monitored, escalated and acted upon by a dedicated team with support from account managers to reduce bad debt. Performance is closely monitored to ensure agreed service levels are maintained reducing the level of queried payments and mitigating the risk of uncollectible debts. The Group carefully manages the credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions which have satisfactory credit ratings assigned by international credit ratings agencies. The levels of credit risk are monitored through the Group's on-going risk management processes, which include a regular review of the credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.
Liquidity risk	Ensuring the Group has sufficient available funds for working capital requirements and planned growth and funding for the Defined Benefit pension scheme.	The Group maintains cash reserves and access to undrawn committed facilities to cover forecast requirements. As at 30 June 2024, the Group had £20.0m cash available and £135m and £150m undrawn working capital and liquidity facilities respectively available to cover senior debt and/or interest payment if required. The Board considers the availability and adequacy of working capital funding requirements in conjunction with forming its long-term financial plan for the business.
Interest rate risk	Exposure to interest rate risk due to borrowing variable rate bank debt.	The Group uses derivative contracts to hedge its exposure to rising interest rates. The Group maintains a hedging policy to manage interest rate risk and to ensure the certainty of future interest cash flows and compliance with debt covenants. The derivative contracts held are fixed rate hedging, split between interest rates and inflation-linked swaps. The Group

		has, however, elected not to apply hedge accounting meaning gains and losses are recognised through the income statement as fair values fluctuate (2024: £11.8m loss; 2023: £27.3m loss). Interest rate swaps convert variable rate interest costs to fixed rate interest costs while inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs, which fluctuate in line with the RPI index as do a significant proportion of the Group's revenue contracts.
Foreign exchange risk	The Group operates from UK sites and predominantly in the UK market. While some customer and supplier contracts are denominated in other currencies (mainly US Dollars and Euros), the majority of the Group's revenues and costs are sterling based, and accordingly, exposure to foreign exchange is limited.	Management regularly monitors the impact of foreign exchange risks and assess the need to put any mitigating financial instruments in place. In June 2023 the Group issued 118m US dollar denominated private placement notes. At the same time, the Group entered cross-currency swaps to fix the exchange exposure on this debt. Details of the cross-currency swaps are provided in note 24.

Internal control over financial reporting

The Board of Directors review the effectiveness of the Group's systems of internal control, including risk management systems and financial and operational controls (see page 53).

Audit and Risk Committee

The Audit and Risk Committee, chaired by Scott Longhurst, meets at least four times per year. The committee has responsibilities of oversight of risk management procedures, monitoring compliance and regulatory issues (including whistleblowing arrangements) and reviewing the effectiveness of the Group's internal controls and internal audit function.

The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties, and to obtain any external legal or other professional counsel it requires.

Meetings of the Committee are attended, at the invitation of the Chair of the Committee, by the external auditors, the Chief Executive Officer, the Chief Financial Officer and representatives from the business as required.

Internal Audit

The Audit and Risk Committee is responsible for reviewing the work undertaken by the Group's internal audit function, assessing the adequacy of the function's resources and the scope of its procedures. The internal audit function agrees its annual audit plan with the Audit and Risk Committee and regularly reports its findings and recommendations. The Group's internal audit plan incorporates an annual rolling review of business activities and incorporates both financial and non-financial controls and procedures.

External Audit

The Audit and Risk Committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the Group's external auditor. The Committee makes an assessment of the auditors' independence and objectivity taking into account the relationship with the auditors as a whole, including the provision of any non-audit services.

PricewaterhouseCoopers LLP were re-appointed as external auditor in 2016, for the year ending 30 June 2017, following a competitive tender process. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Committee.

The auditors have provided certain non-audit services, principally in relation to non-audit assurance. The Audit and Risk Committee considers the acceptability of all non-audit services with the auditors in advance of commencement of work to confirm acceptability and ensures that appropriate safeguards of audit independence are established and applied, such as partner rotation.

Risk

The Audit and Risk Committee is responsible for considering and approving the Group's risk management function, ensuring adequate resources and access to information for effective function, reviewing the appropriateness of the Group's risk management function, reviewing reports from this function and monitoring management response to risk.

Governance and Remuneration Committee

The Governance and Remuneration Committee, chaired by Andrew MacLeod, is established to take a proactive role in liaising with Shareholders to manage the process of appointing a Chair of the Board, CEO and CFO as well as Board level succession planning. This includes consideration of Board composition including skillsets and experience required from Board appointees and ensuring potential appointees as assessed for possible conflicts of interest and independence. The Committee also considers the succession planning for senior management, taking account of challenges and opportunities and skills and expertise required by the Group.

Further responsibilities include reviewing the Group's diversity and inclusion policies, overseeing, and setting compensation parameters, rewards and bonus schemes for senior management as well as determining and overseeing reward strategies including consulting and advising on the Group-wide bonus schemes.

The Committee meets at least three times a year.

Operational Resilience Committee

The Operational Resilience Committee, chaired by Paul Donovan, has oversight of the adequacy and effectiveness of the operational resilience strategies and procedures of the Group (including principles, policies and practices adopted in complying with all relevant legal standards and regulatory requirements affecting the activities of the Group) and reviewing management performance, considering major findings of internal and external investigations and making recommendations to the Board in respect of this. The Committee also has oversight of operational resilience with regard to safety, health and environmental matters, cyber security, physical security, business continuity, diversity and inclusion to the extent they may impact business operations and sustainability. Arqiva have implemented a Sustainability Committee consisting of members of the Executive Committee and senior leaders across the business to ensure that Arqiva meets its environmental sustainability ambitions and commitments. Outputs from the Sustainability Committee are fed into the Operational Resilience Committee for Board level consideration.

The Operational Resilience Committee meets at least three times a year.

Equal Opportunities policy

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues, and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not have a disability. Further information on how Arqiva supports its employees can be found on page 37.

Political Donations

No political donations were made during the year (2023: none).

Charitable donations

The Group has made £0.05m (2023: £0.1m) of charitable donations in the year.

In 2023 the Group made an additional donation of £0.05m to local charities in the vicinity of the Bilsdale mast in recognition of the disruption caused by the fire, which was not repeated in 2024.

We have gifted under a 125 year long-term lease, 8 acres of land at our Morn Hill site in Winchester to the Science Centre that is run by the Wonderseekers charity. The site is part of the Site of Special Scientific Interest and has special status for natural wildlife and butterfly populations. Wonderseekers showcases the importance of biodiversity through their extensive community engagement programme with over 120,000 visitors a year.

Research and development

The Group performs research and development into new products and technology, the costs of which are capitalised where they meet the criteria for capitalisation in accordance with the Group's accounting policy. The research costs expensed in the year were £2.4m (2023: £2.8m). In addition, the Group carries out research and development as part of its contract bid processes and these costs are expensed as part of the bid costs unless the development expenditure can be capitalised. The bid costs expensed during the year total £1.5m (2022: £2.2m).

Development costs incurred as part of capital expenditure projects, which support customers' contracts, are included with the total project spend within property, plant and equipment. The Group's capital expenditure in the year was £68.5m (2023: £72.3m) and includes capitalised labour of £23.3m (2023: £20.2m). Other development costs are capitalised within intangible assets. In the year, new development costs capitalised total £4.1m (2023: £1.2m) with amortisation of £0.9m (2023: £2.0m) charged against such capitalised development costs.

Overseas branches

There are no overseas branches related to Arqiva Group Parent Limited.

Events after the reporting date

As at the reporting date, management was not aware of any events, within the business or external to the business but which may have an impact on the business, or any unrecognised liabilities that could have a material impact on the business, its financial position or performance.

Dividends and transfers to reserves

The Directors of the Group have not recommended a dividend in the year (2023: nil).

The consolidated loss for the year of £68.1m (2023: loss of £50.3m) was transferred to reserves.

Now Digital (East Midlands), a Group company which includes a non-controlling interest, declared a dividend in the year of £0.4m (2023: £0.4m), of this £0.1m is attributed to the non-controlling party.

Going Concern

The Strategic report includes information on the structure of the business, the business environment, financial review for the year and uncertainties facing the Group. Notes 20, 22 and 24 of the consolidated financial statements include information on the Group's cash, borrowings and derivatives respectively; and financial risk management information presented within this report.

The Group meets our day-to-day working capital and financing requirements through the net cash generated from our operations. The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios. The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund our current operations, including our contractual and commercial commitments both in terms of capital programmes and financing as they fall due.

This is further supported by the debt facilities that were established at the start of this financial year, see note 30 for further information. Following the end of the financial year and ahead of signing the annual report, the Audit and Risk Committee performed a separate review of the going concern basis for the accounts. The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Future Developments

The Group plans to continue in its commercial and operational business in accordance with its strategy. Further detail is contained within the Strategic report on page 16-18.

Ownership and Directors

A description of the ownership of the Group and the Board of Directors holding office during the year and up to the date of signing of the financial statements can be found on page 46.

For details on the background of the Board of Directors and the Executive Committee please refer to page 46-51.

Details of the statutory directors of the Company are shown on page 151.

Directors Indemnities

The Company has provided an indemnity for its Directors and the Company Secretary, which is a qualifying third-party indemnity for the purposes of the Companies Act 2006. The indemnity was in force during the full financial year and up to the date of approval of the financial statements.

Disclosure of information to the Independent Auditors

In the case of each director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ confirmations
In the case of each Director in office at the date the Directors’ report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group’s and Company’s auditors are unaware; and

- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group’s and Company’s auditors are aware of that information.

On behalf of the Board:

Scott Longhurst

Director
25 September 2024

Financial Statements

Group Financial Statements

Company Financial Statements

Independent auditors' report to the members of Arqiva Group Parent Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Arqiva Group Parent Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2024 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 30 June 2024; the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated cash flow statement and Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- For the Group financial statements we performed an audit of the complete financial information of three entities and the consolidation. We also conducted audit procedures on specific line items for five entities to ensure sufficient coverage. The audit work performed achieved coverage of 94% of revenue and 99% of adjusted EBITDA (consisting of continuing profit before tax, finance income, finance costs, other gains and losses and exceptional income and expenses). All entities have been audited by the Group audit team and hence no component auditor has been involved in the audit of the Consolidated financial statements.

Key audit matters

- Carrying value of goodwill (Group)
- Recognition and recoverability of deferred tax assets (Group)
- Valuation of defined benefit pension scheme obligation (Group)
- Impairment of investments (Company)

Materiality

- Overall Group materiality: £10,300,000 (2023: £11,500,000) based on approximately 3.4% of Adjusted EBITDA.
- Overall Company materiality: £69,865,000 (2023: £91,664,000) based on approximately 2% of Total Assets.
- Performance materiality: £7,725,000 (2023: £8,625,000) (Group) and £52,400,00 (2023: £68,748,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (Group) IAS 36 'Impairment of assets' requires management to perform annual impairment assessments in respect of goodwill. The Group's goodwill is material, amounting to £1,458.0m (£1,340.2m allocated to 'Media Distribution' and £117.8m allocated to 'Smart Utilities Networks'), and the impairment assessments performed over goodwill include a number of assumptions which are subject to management judgement and estimates. Our significant audit risk relates to the Smart Utilities Network CGU due to the lower impairment assessment headroom, and the greater uncertainty around the future growth of the utilities sector. Refer to page 109 and page 122 (note 4 - critical accounting judgements and key sources of estimation uncertainty –Impairment of goodwill and note 14 – goodwill)	We obtained an understanding of the allocation of goodwill to cash generating units in management's impairment model and assessed its appropriateness. We tested the impairment model, assessing its mathematical accuracy, the accuracy of inputs to the model and the reasonableness of the assumptions applied by management in assessing the recoverable amount for each cash generating unit. These included the assumptions for revenue and cost growth, capital expenditure and the discount rate used. We tested the cash flows and agreed these to the Board approved long term plan, and also performed a look back test to assess accuracy of historical forecasting. We involved our PwC valuations experts to evaluate the discount rate and terminal growth rate used to calculate the present value of the cash flows and confirmed these were calculated using an acceptable methodology and concluded that the discount rate and terminal growth rate are materially in line with what we would expect. We reviewed management's sensitivity analysis and performed our own sensitivity analysis considering various reasonably possible scenarios impacting key assumptions, including forecast cash flows, terminal growth rate and discount rates. Our testing confirmed that management has recognised capital expenditure for sustainability and future transformation costs in its future cash flows. We have reviewed the reasonableness of management's disclosure in relation to our sensitivities in accordance with the requirement of IAS 36. Based on this testing, we considered whether the carrying value of the goodwill balances were adequately supported by the value-in-use impairment model prepared by management and found there to be sufficient headroom.
Recognition and recoverability of deferred tax assets (Group) The Group has recognised deferred tax assets of £221.0m (2023: £199.1m) with a further £263.0m (2023: £260.1m) of potential deferred tax assets not recognised on the basis that they are not considered to be recoverable. There is judgement involved in the measurement of deferred tax assets as well as in their recognition, which is only appropriate if the asset is accessible (based on applicable tax legislation and the Group's capital structure) and if there are sufficient probable forecast taxable profits. Refer to page 109 and page 132 (note 4 - critical accounting judgements and key sources of estimation uncertainty – deferred tax and note 19 –deferred tax).	We obtained management's calculation and assessment of the deferred tax asset, including support for judgements taken on measurement and recognition. We utilised tax specialists to review and challenge management's assessment, in particular in relation to the accessibility of tax losses. We obtained management's forecast of taxable profits and agreed their consistency to the Board approved long term plan and forecasts utilised in management's goodwill impairment assessment. The calculations of the forecast taxable profits were reviewed, and an analysis of the sensitivity of the utilisation horizon to variations in EBITDA was considered. We further assessed the potential deferred tax assets not recognised and concluded that only assets that are expected to be available to the Group have been recognised. Judgement relating to the unrecognised assets will remain under review and reassessed as the Group's circumstances and relevant tax legislation evolves. We have reviewed the disclosure over the critical accounting judgement in respect of deferred tax assets and we concur with the disclosures made. We reviewed correspondence with relevant tax authorities and with the Group's tax advisors, assessing management's judgements in relation to the measurement of tax benefits. We reviewed management's disclosures describing relevant uncertainties and movements in benefits recognised. As a result of our work performed no material errors were noted in respect of the amount of deferred tax asset recognised in the financial statements at 30 June 2024.

Valuation of defined benefit pension scheme obligation (Group) The Group operates one defined benefit plan which entered into a buy-in arrangement with an insurance company to mitigate risks associated with its defined benefit plan obligation. The defined benefit plan has a surplus at the year end of £9.3m (2023: £51.2m). The valuation of the defined benefit plan obligation (£165.6m, 2023: £158.9m) includes a high level of estimation uncertainty, comprising several different key assumptions. There is a risk that an error within one or a combination of those assumptions could lead to a material misstatement in the financial statements. Refer to page 109 and 144 (note 4 - critical accounting judgements and key sources of estimation uncertainty – Actuarial assumptions used to determine the carrying amount of the Group's defined benefit plan liabilities and note 28 – retirement benefits)	With the support of our PwC actuarial experts we assessed the appropriateness of the methodology applied to calculate the key assumptions used to derive the defined benefit pension obligation (DBO). As well as assessing the appropriateness of the key assumptions, which included assessing their relativity to our acceptable ranges; our ranges are established using market data, scheme specific analysis and other relevant information. We concluded that all of the key assumptions are appropriate. We also reviewed the actuarial report and enquired of management's actuarial expert. We understood how management addresses the risk of the actuary's modelling accuracy and the controls in place for the modelling, and performed our own input data testing. We reviewed the disclosures in the financial statements related to the DBO to ensure they were adequate and in compliance with the relevant accounting standards. As a result of our work performed no material errors were noted in relation to the DBO recognised in the financial statements as at 30 June 2024.
Impairment of investments (Company) The Company has significant investments amounting to £2,447.3m as at 30 June 2024. This is considered a key audit matter due to the significance of the quantum of the balance, and therefore any misstatements in this balance would likely be material, and also due to the significant estimates involved in the impairment assessment. Refer to page 158 (note 3 - Investments)	For the Company's investment in subsidiaries, we have compared the higher of value in use and fair value less costs to sell with the carrying value of the investments held to ensure that the impairment charge recognised during the year is reasonable. When considering the recoverable amount we have agreed key estimates to supporting evidence including verifying the appropriateness of the assumptions for revenue and cost growth, capital expenditure, the terminal growth rate and the discount rate used, where applicable. We also reviewed management's sensitivity analysis and performed our own sensitivity analysis considering various reasonably possible scenarios impacting key assumptions, including forecast cash flows, terminal growth rate and discount rates. Our testing did not identify any material differences to the position reflected in the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Arqiva Group Parent Limited's business is carried out through a single principal trading subsidiary, aligned into two customer-facing business units; Media Distribution and Smart Utilities Networks, supported by the Group's Operations, Technology and Transformation and Corporate functions. In addition, there are a number of entities which provide financing to the operations.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Company
Overall materiality	£10,300,000 (2023: £11,500,000).	£69,865,000 (2023: £91,664,000).
How we determined it	Based on approximately 3.4% of Adjusted EBITDA	Based on approximately 2% of Total Assets
Rationale for benchmark applied	Based on our professional judgement, adjusted EBITDA is an appropriate adjusted measure to assess the performance of the Group, which focuses on the underlying trading results.	Based on our professional judgement, total assets is an appropriate measure to assess the performance of the Company and is a generally accepted auditing benchmark. A rule of thumb of approximately 2% is appropriate given that the entity itself is not a PIE.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.02m and £9.8m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £7,725,000 (2023: £8,625,000) for the Group financial statements and £52,400,00 (2023: £68,748,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £515,000 (Group audit) (2023: £575,000) and £515,000 (Company audit) (2023: £575,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors’ responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Communications Act 2003, the Companies Act 2006 and the UK Tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management's manipulation of key performance measures such as adjusted EBITDA (consisting of loss before tax, finance income, finance costs, other gains and losses and exceptional income and expenses). We have determined adjusted EBITDA is the key metric for stakeholders, such as the Group's ultimate shareholders and lenders. It is considered that the most likely risk of management manipulation of this metric is through the posting of manual journals and management bias in significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Discussions with management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management and considering risk of management bias in their significant accounting judgements and estimates as disclosed in Note 4 of the financial statements;
- Identifying and testing unexpected journal entries, including any journal entries posted with unusual account combinations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures made by management in their significant accounting estimates and judgements as disclosed in Note 4 of the financial statements; and
- As required by ISA 240, incorporating an element of unpredictability into our audit testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

N. Comello

Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 September 2024

Consolidated income statement

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Revenue[14]	5	645.2	613.3
Cost of sales		(230.5)	(195.4)
Gross profit		**414.7**	**417.9**
Depreciation	16	(88.3)	(91.7)
Amortisation	15	(19.7)	(12.9)
Exceptional operating expenses[15]	7	(7.9)	(6.7)
Other operating expenses		(108.1)	(96.7)
Total operating expenses		**(224.0)**	**(208.0)**
Other income		9.9	7.8
Exceptional other income	7	16.0	20.0
Operating profit	6	**216.6**	**237.7**
Finance income	9	4.8	3.2
Finance costs	10	(295.0)	(271.2)
Other losses	11	(6.6)	(25.1)
Loss before tax		(80.2)	(55.4)
Tax	12	12.1	5.1
Loss for the year		**(68.1)**	**(50.3)**
Attributable to:			
Owners of the Company		(68.3)	(50.6)
Non-controlling interests		0.2	0.3
		(68.1)	**(50.3)**

All items in the consolidated income statement relate to continuing operations. Further comments on consolidated income statement line items are presented in the notes to the financial statements.

14 Revenue is not recognised to the extent of service credits, see note 7 for detail.

15 Exceptional items are presented to assist with the understanding of the Group's performance. See note 7 for further information.

Consolidated statement of comprehensive income

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss for the year		**(68.1)**	**(50.3)**
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss) / gain on defined benefit pension schemes	28	(44.3)	(12.2)
Movement on deferred tax relating to pension schemes	19	11.1	3.0
		(33.2)	**(9.2)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		-	0.1
Total other comprehensive loss		**(33.2)**	**(9.1)**
Total comprehensive loss		**(101.3)**	**(59.4)**
Attributable to:			
Owners of the Company		(101.5)	(59.7)
Non-controlling interests		0.2	0.3
		(101.3)	**(59.4)**

All items of other comprehensive income relate to continuing operations.

Consolidated statement of financial position

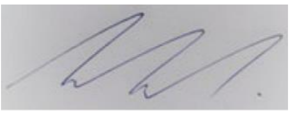
	Note	As at 30 June 2024 £m	As at 30 June 2023 £m
Non-current assets			
Goodwill	14	1,458.0	1,458.0
Other intangible assets	15	76.1	57.0
Property, plant and equipment	16	1,190.1	1,238.8
Deferred tax	19	221.0	199.1
Retirement benefits	28	9.3	51.2
Interest in associates and joint ventures	17	0.1	0.1
Derivative financial instruments	24	22.0	34.8
		2,976.6	3,039.0
Current assets			
Trade and other receivables	18	316.8	253.9
Contract assets	18	6.9	9.3
Cash and cash equivalents – unrestricted	20	13.0	35.3
Cash and cash equivalents – restricted	20,28	7.0	-
		343.7	298.5
Total assets		**3,320.3**	**3,337.5**
Current liabilities			
Trade and other payables	21	(1,892.1)	(1,658.5)
Corporation tax	21	-	-
Contract liabilities	21	(90.0)	(116.0)
Borrowings	22	(74.5)	(340.7)
Provisions	25	(3.7)	(3.3)
		(2,060.3)	(2,118.5)
Net current liabilities		**(1,716.6)**	**(1,820.0)**
Non-current liabilities			
Contract liabilities	21	(291.5)	(303.9)
Borrowings	22	(1,441.8)	(1,246.2)
Derivative financial instruments	24	(178.2)	(237.9)
Provisions	25	(77.7)	(77.9)
		(1,989.2)	(1,865.9)
Total liabilities		**(4,049.5)**	**(3,984.4)**
Net liabilities		**(729.2)**	**(646.9)**

The Consolidated statement of financial position is continued on the next page.

Consolidated statement of financial position (continued)

	Note	As at 30 June 2024 £m	As at 30 June 2023 £m
Equity			
Share capital		0.1	0.1
Accumulated losses		(1,025.2)	(923.7)
Merger reserve		(188.5)	(188.5)
Capital contribution reserve		483.1	464.0
Translation reserve		(0.6)	(0.6)
Total equity attributable to owners of the Parent		**(731.1)**	**(648.7)**
Non-controlling interest		1.9	1.8
Total equity		**(729.2)**	**(646.9)**

The notes on pages 101 to 151 form part of these financial statements. These financial statements on pages 95 to 152 were approved by the Board of Directors and authorised for issue on 25 September 2024 and were signed on its behalf by:



Scott Longhurst - Director

Consolidated statement of changes in equity

	Note	Share capital* £m	Accumulated losses £m	Merger reserve £m	Capital contribution reserve[3] £m	Translation reserve[4] £m	Total Equity attributable to owners of the Parent £m	Non-controlling interest £m	Total equity £m
Balance at 1 July 2022 (Restated)		**0.1**	**(863.9)**	**(188.5)**	**424.7**	**(0.7)**	**(628.3)**	**1.6**	**(626.7)**
Loss for the year		-	(50.6)	-	-	-	(50.6)	0.3	(50.3)
Other comprehensive (loss)/income		-	(9.2)	-	-	0.1	(9.1)	-	(9.1)
Total comprehensive (loss)/ income		**-**	**(59.8)**	**-**	**-**	**0.1**	**(59.7)**	**0.3**	**(59.4)**
Dividends paid		-	-	-	-	-	-	(0.1)	(0.1)
Capital contribution		-	-	-	39.3	-	39.3	-	39.3
Balance at 30 June 2023		**0.1**	**(923.7)**	**(188.5)**	**464.0**	**(0.6)**	**(648.7)**	**1.8**	**(646.9)**
(Loss)/profit for the year		-	(68.3)	-	-	-	(68.3)	0.2	(68.1))
Other comprehensive loss		-	(33.2)	-	-	-	(33.2)	-	(33.2)
Total comprehensive (loss)/profit		**-**	**(101.5)**	**-**	**-**	**-**	**(101.5)**	**0.2**	**(101.3)**
Dividends paid		-	-	-	-	-	-	(0.1)	(0.1)
Capital contribution		-	-	-	19.1	-	19.1	-	19.1
Balance at 30 June 2024		**0.1**	**(1,025.2)**	**(188.5)**	**483.1**	**(0.6)**	**(731.1)**	**1.9**	**(729.2)**

*Comprises 50,001 (2023:50,001) authorised, issued and fully paid ordinary shares of £1 each.

3 The capital contribution reserve arose as a result of a shareholder transactions. These transactions represent cash injections into the company.
4 The translation reserve relates to the translation of foreign subsidiaries financial results into the functional currency of the consolidated financial statements (GBP). Amounts represent the gains or loss on translation of the foreign subsidiary financial results.

Consolidated cash flow statement

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Net cash inflow from operating activities	**26**	**283.0**	**277.9**
Investing activities			
Interest received		2.4	1.1
Purchase of tangible and intangible assets		(71.3)	(64.7)
Proceeds on disposal of tangible assets		5.2	0.8
Receipt of insurance stage payments		16.0	20.0
Non-refundable deposit on conditional sale		0.2	-
Net cash outflow from investing activities		**(47.5)**	**(42.8)**
Financing activities			
Raising of external borrowings	22	250.0	95.3
Repayment of external borrowings	22	(322.3)	(69.3)
Repayment to parent undertakings	22	(47.0)	(9.9)
Movement in borrowings		(119.3)	16.1
Interest paid		(60.1)	(55.2)
Repayment of capital element of lease rentals	23	(20.6)	(21.2)
Interest element of lease rentals	23	(4.4)	(5.4)
Cash settlement of principal accretion on inflation-linked swaps	24	(53.4)	(146.9)
Debt issue costs and facility arrangement fees		(2.6)	(0.4)
Settlement on close out of inflation linked swaps		9.7	-
Dividends paid to non-controlling interests		(0.1)	(0.1)
Net cash outflow from financing activities		**(250.8)**	**(213.1)**
(Decrease) / increase in cash and cash equivalents		**(15.3)**	**22.0**
Cash and cash equivalents at the beginning of the financial year		35.3	13.3
Cash and cash equivalents at end of the financial year	20	**20.0**	**35.3**

Notes to the Group financial statements

1 General information, authorisation of financial statements and Statement of Compliance

Arqiva Group Parent Limited ('AGPL') ('the Company') is a private company limited by shares and incorporated in England, in the United Kingdom ('UK') under the Companies Act 2006 under registration number 08085794. The address of the registered office is Crawley Court, Winchester, Hampshire, England SO21 2QA.

These consolidated financial statements for the year ended 30 June 2024 comprise the Company and its subsidiaries (together the "Group"). The nature of the Group's operations and its principal activities are set out in the strategic report on pages 9 to 44.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company has elected to prepare its financial statements in accordance with FRS 101 Reduced Disclosure Framework and with the requirements of the Companies Act 2006. These are presented on pages 153-161.

2 Adoption of new and revised Standards

New and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendment to IFRS 16	Leases on sale and leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standard that had been issued but is not yet effective:

Amendment to IAS 21	Lack of Exchangeability
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

The new and revised standard is not expected to have a material impact on the Group.

3 Summary of material accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, except for the valuation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below. These policies have been applied consistently across the comparative financial periods included within these financial statements.

The Company's financial statements have been prepared under FRS 101 and in accordance with the Companies Act 2006 and are included in this report – see page 153.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, together 'the Group') made up to 30 June 2024.

Control is achieved when the Company:
- has demonstrable power over the relevant activities of the investee
- is exposed, or has rights, to variable return from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Intra-group profits have been eliminated. Undertakings, other than subsidiary undertakings, in which the Group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings. Where the Group has an investment that has joint control, this is treated as a joint venture. Associates and joint ventures are accounted for using the equity method of accounting in accordance with IAS 28 'Investments in Associates and Joint Ventures'.

Going concern
The Group has reported losses and has a significant net liability position on the Statement of Financial Position, caused primarily by debt and the related financing costs. However, the Group has continued to generate operating cash flows.

The Group meets its day-to-day working capital and financing requirements through the net cash generated from its operations. The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios. The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments both in terms of capital programmes and financing as they fall due. This is further supported by the debt facilities that were established at the start of this financial year, see note 22 for further information. Following the end of the financial year and ahead of signing the annual report, the Audit and Risk Committee performed a separate review of the going concern basis for the accounts. The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Revenue recognition
Revenue represents the gross inflow of economic benefit for services provided utilising Arqiva's communications infrastructure and the sale of communications equipment. Revenue is stated net of value added tax. Revenue is measured at the fair value of the consideration received or receivable.

On inception of a contract, performance obligations are identified for each of the distinct goods or services that have been promised to be provided to the customer. The consideration specified in the contract is allocated to each performance obligation identified based on their relative standalone selling prices and is recognised as revenue as they are satisfied. Determining the standalone selling price often requires judgement and may be derived from regulated prices, list prices, a cost-plus derived price, or the price of similar products when sold on a standalone basis by Arqiva or a competitor. In some cases it may be appropriate to use the contract price when this represents a bespoke price that would be the same for a similar customer in a similar circumstance.

Payment terms with customers vary by contract but would commonly be 30 days to 60 days.

Cash received or invoices raised in advance are taken to deferred revenue and recognised as contract liabilities, and subsequently recognised as revenue when the services are provided. Where consideration received in advance is discounted, reflecting a significant financing component, it is reflected within revenue and interest payable and similar charges on a gross basis.

Revenue recognised in advance of cash being received or an invoice being raised is recognised as accrued revenue within contract assets and subsequently reclassified to receivables when the right to consideration is unconditional. Invoices are issued in line with contract terms.

The Group recognises deferred revenue within contract liabilities which relates to cash received in relation to future services for the utilisation of broadcast sites for telecommunications equipment as a result of the sale of the Telecoms business. The contract liability associated with the utilisation of broadcast sites and equipment is expected to be released over the next 34 years.

The Group does not have any material obligations in respect of returns, refunds or warranties.

The following summarises the performance obligations we have identified and provides information on the timing of when they are satisfied and the related revenue recognition policy. The revenue expected to be recognised in future periods for contracts in place at 30 June 2024 that contain unsatisfied performance obligations is included in note 5.

Rendering of services

Performance obligations under contracts for the rendering of services, which includes network access rights and licence ownership, are identified for each distinct service or deliverable for which the customer has contracted and are considered to be satisfied over the time period that the services or deliverables are delivered. Revenue is recognised over time in line with the service provision over the contractual period and appropriately reflects the pattern by which the performance obligation is satisfied. Such revenues include television and radio transmission services, media services, and machine-to-machine connectivity.

For long-term services contracts revenue is recognised on a straight-line basis over the term of the contract. However, if the performance pattern is other than straight line, revenue is recognised as services are provided, usually on an output or network coverage basis. Such revenues include Smart metering network build and service operation.

The Group holds contracts which include a customer’s right to receive credits in the event of service loss. Provisions for service credits are recognised through a reduction in revenue which reflects the expected value of any such service credits. The Group only recognises revenue to the extent that it is highly probable that there will not be a material reversal in the future.

Delivery of engineering projects

Arqiva provides support to its customers by undertaking various engineering projects. Contracts for the delivery of engineering projects are split into specific performance obligations. Performance obligations relating to services are satisfied over the time period that services are delivered, performance obligations relating to the provision of assets are satisfied at the point in time that control passes to the customer. Revenue from such projects, which are long-term (greater than 12 months) contractual arrangements, is recognised based on satisfaction of the identified performance obligations using the percentage of completion method. The stage of completion is based on the portion of costs incurred as a percentage of total costs. Profit is recognised, if the final outcome can be assessed with reasonable certainty, by including revenue and related costs in the income statement as contract activity progresses.

A loss on a fixed price contract is recognised immediately when it becomes probable that the contract cost will exceed the total contract revenue.

Sale of communications equipment

Performance obligations from the sale of communications equipment provided as part of customer contracts are satisfied and revenue is recognised at the point in time that control passes to the customer, which is typically upon delivery and acceptance by the customer. In some cases, payment is not received in full at the time of the sale, and a contract asset is recognised for the amount due from the customer that will be recovered over the contract period. Revenue to be recognised is calculated by reference to the relative standalone selling price of the equipment.

Business combinations, including goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) less the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.
Goodwill is not amortised but is reviewed for impairment at least annually or where there is indication of impairment.
On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Capital contribution

Capital contribution is additional equity without the issue of shares. Capital contribution is recognised when the amount of contribution is received or becomes receivable. Capital contributions are derecognised when a distribution is made against such contribution.

Dividends

A liability to pay dividends is recognised when the legal obligation to settle arise. The liability is extinguished when settled.

Intangible assets
Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset, on the following bases:

Asset Description	Estimated Useful Life
Licences	Length of the licence period (no more than 20 years)
Development costs	10 years
Access rights	Length of the agreement (no more than 20 years)
Software	5-10 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment
Property, plant and equipment are stated at historical purchase cost (which includes costs directly attributable to bringing the assets into working condition), being fair value for tangible assets acquired on acquisition, less accumulated depreciation and any provision for impairment.

Assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. The cost of self-constructed assets includes the cost of materials and direct labour. Labour costs are capitalised within the cost of an asset to the extent that they are directly attributable to the construction of the asset. The value capitalised captures all elements of employee benefits as defined by IAS 19.

Depreciation of these assets commences when the assets are ready for their intended use.
Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Asset Description	Estimated Useful Life
Freehold buildings	20 – 80 years
Leasehold buildings	Length of lease (typically between 20-80 years)
Plant and equipment	
- Communications infrastructure network	8 – 80 years
- Network computer equipment	3 – 20 years
- Motor vehicles	3 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

Assets held under leases are depreciated over the shorter of their lease term and their expected useful lives (on the same basis as owned assets).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of non-financial assets

At each reporting period date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life, such as goodwill, is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the impairment relates to goodwill, in which case it cannot be reversed.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss, presented as an 'other gain or loss.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

The Group's **financial assets** are classified into the following specified categories: 'financial assets at fair value through profit or loss'('FVTPL'), 'measured at amortised cost' or 'measured at fair value through other comprehensive income ('FVOCI'). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents:

Trade receivables
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Impairment of irrecoverable amounts is based on an expected credit loss model. In addition to the expected credit loss model, the Group's policy is to also consider specific provisions for trade receivables outstanding for more than 30 days beyond the agreed terms, or where the business environment indicates a specific risk. Management makes an assessment of the level of provision required and adjustments to the calculated level of provision are made accordingly.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

The Group's **financial liabilities** are classified as either financial liabilities 'at FVTPL' or financial liabilities 'at amortised cost' according to the substance of the contractual arrangements entered into.

Borrowings
Interest-bearing bank loans and overdrafts are initially recorded at fair value, calculated as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are accounted for on an accruals basis to the income statement using the effective interest method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables
Trade and other payables are not interest bearing and are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are classified as non-current liabilities.

The Group enters into a variety of **derivative financial instruments** to manage its exposure to interest rate through interest rate swaps.
Derivative financial instruments are recognised at fair value at the date the derivative contract is entered into and are revalued at fair value at each balance sheet date. The fair value of these instruments is determined from the expected future cash flows discounted at a risk-adjusted rate. The future cash flows are estimated based on forward (interest/inflation) rates observable from rates and yield curves at the end of the reporting period, and contract rates. The difference between the fair value at the risk-adjusted rate and the fair value at the risk-free rate is used to determine the debit valuation adjustment and/or credit valuation adjustment to these instruments. The Group does not apply hedge accounting principles.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Otherwise, derivatives are presented as current assets or current liabilities. Where derivatives have an amortising profile, the fair value of the element (i.e. the notional principal) that matures within 12 months is presented as a current asset or current liability. These derivatives are presented on a net basis.

Fair value measurement
IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 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, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

Finance income and finance costs
Finance income is recognised in the income statement when interest is earned from financial assets.

Finance costs are recognised in the income statement on the accrual basis.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions are recognised within provisions for liabilities and charges and included within property, plant and equipment, where the costs of dismantling assets are considered material. The amounts recognised within property, plant and equipment are depreciated over the useful economic life of the asset. The provisions are discounted to reflect the time value of money where material.

When the probability that the Group will be required to settle an obligation or a reliable estimate cannot be made of the amount of the obligation the Group discloses a contingent liability in the notes to the financial information.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefits

Defined contribution schemes

For defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable for the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Defined benefit schemes

Defined benefit schemes are funded, with the assets of the scheme consisting mainly of the buy-in policy as described in Note 28. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and terms to the scheme liabilities.

The Plan closed to future accrual of benefits on 31 January 2016.

Prior to closing the scheme to future accrual, the Group presented current and past service costs within cost of sales and administrative expenses (see note 28) in its consolidated income statement. Curtailments gains and losses are accounted for as a past-service cost.

Net interest expense or income is recognised within finance income (see note 9).

Actuarial gains and losses are recognised in Other Comprehensive Income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Leases

The Group as lessee

When the Group enters into a lease a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any future lease payments due at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is 'reasonably certain' to exercise any extension options.

The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Group entity. Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase), a renegotiation of the lease terms or if the Group's assessment of the lease term changes; any change in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

Low value leases

Low value leases are accounted for as operating leases. Lease payments are recognised as expense over the term of the lease

Sale and leaseback as seller lessee
When the Group enters into a sale and leaseback arrangement, the underlying asset is derecognised as part of property, plant and equipment. A 'right-of-use asset' is recognised for the leased item and lease liability is recognised for future lease payments. Any arising gains or losses are recognised in the income statement.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Operating profit and exceptional items
Operating profit is stated after exceptional items, including restructuring costs, impairment and after the share of results of associates but before finance income and finance costs.

Exceptional items are those that are considered to be one-off, non-recurring in nature or material, either by magnitude or nature, that the Directors believe require separate disclosure to avoid the distortion of underlying performance, for example one-off impairments, redundancy programmes, restructuring and costs related to significant corporate finance activities. The Directors believe the resulting EBITDA represents underlying performance, excluding significant one-off and non-recurring events, that more fairly represents the on-going trading performance of the business. These items are therefore presented separately on the face of the income statement.
EBITDA is an alternative performance measure defined as operating profit before depreciation, amortisation, profits/(losses) on disposal of fixed assets, impairment of assets, other income, and exceptional items. A reconciliation between operating profit and EBITDA is provided in note 5.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except in the case of certain financing transactions where hedging arrangements are in place and transactions are recorded at the contracted rate.

Monetary assets and liabilities denoted in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date or the contracted rate if applicable. Any exchange differences arising are taken to the income statement. Transactions in the income statement of overseas operations are translated using an average exchange rate.
Exchange differences on translation of overseas subsidiaries are recognised through the statement of comprehensive income in the Group's translation reserve.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these judgements, estimates and assumptions.

The judgements, estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised.

Critical judgements and key sources of estimation uncertainty in applying the Group's accounting policies

The following are the critical judgements and those involving estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements and could reasonably be expected to change materially in the next 12 months.

Deferred tax

Critical accounting judgements:

As disclosed in note 19, the Group has significant recognised and unrecognised deferred tax assets. Judgement is required in determining whether these assets can be accessed considering the restrictions of relevant tax legislation and expectations of future profits within particular group entities.

Only assets that are expected to be available to the Group have been recognised. Judgements relating to recognition / non-recognition remain under annual review and are reassessed as the Group's circumstances and relevant tax legislation evolves.

The Group has been engaged with the UK tax authorities (HMRC) in respect of an uncertainty related to the tax treatment of interest expenses for the year ended 30 June 2021. The uncertainty arose from the interaction of the UK's Corporate Interest Restriction legislation and the sale of the Telecoms business in that period. In August 2023, HMRC published expanded guidance in this area. Taking this into account, but noting alternative outcomes remain possible, the Directors revised their judgement regarding the application of this legislation. This revision resulted in a £14.7m tax credit included within 'Adjustments in respect of prior periods' in Note 12 in the year ended 30 June 2023. The Group has submitted an amended corporation tax return in respect of the treatment of the proposed sale; HMRC indicated that they have reviewed and accepted the information provided. As a result the Group has recognised an additional £31.8m of deferred tax resulting in a tax credit of £31.8m in the year ended 30 June 2024 Full disclosure was provided to HMRC in respect of the position taken in the resubmitted tax computation.

Impairment of goodwill

Key estimates:

The carrying amount of the Group's goodwill and the Company's investments is reviewed at each statement of financial position date to determine whether there is any indication of impairment, in compliance with the Group's accounting policies. An assessment of impairment is performed each year as detailed in note 14.

Actuarial assumptions used to determine the carrying amount of the Group's defined benefit plan obligation

Key estimations:

Estimates are used in determining the present value of the scheme liabilities, which depend on such factors as the life expectancy of the members, price inflation and the discount rates applied in determining the defined benefit plan liabilities.

Management has considered the estimated impact of adjusting the assumptions used to determine the present value of the scheme liabilities, which are summarised in note 28.

Important accounting judgements and estimates

Important accounting judgements and estimates are those judgements and estimates which management considers to be important to the understanding of the financial statements but that are not materially significant enough to be deemed critical.

Useful lives for property, plant and equipment and intangibles

Important accounting estimates:

Depreciation or amortisation is charged to the income statement based upon the useful lives selected. This assessment requires estimation of the period over which the Group will derive benefit from these assets.

Management monitors and assess the appropriateness of useful economic lives, such lives may also be impacted by external market changes. In the event that such a change were to result in a revision of useful economic lives this could result in a change to the annual depreciation charge going forwards. In the theoretical scenario whereby medium and long term useful economic lives of property, plant and equipment were to be reduced by one year the estimated impact on the depreciation charge for the year is approximately £16m (2023: approximately £16m), with a reduction in depreciation in later years.

The Group manages its property, plant and equipment on a portfolio basis through a central estates team. This team contains qualified surveyors who have a wealth of experience working for the Group and within the industry as a whole.

The carrying values of intangibles are disclosed in note 15, and those for property, plant and equipment are disclosed in note 16.

Provisions

Important accounting estimates:

Estimates have been made in respect of the probable future obligations of the Group. These estimates are reviewed annually to reflect current economic conditions and strategic plans.

The decommissioning provisions are reviewed annually and are calculated based upon expected costs and past costs incurred on similar sites as determined by site and project management, as well as assessments made by internal experts (see note 25).

Management is also required to make estimates in relation to the discount rates applied in the calculations.

5 Revenue and functional information

The Group derives its revenue from the rendering of services, engineering projects, and the sale of communications equipment. See note 3. For the accounting policies adopted.

The following tables disaggregate revenue from contracts with customers by our major service lines.

Year ended 30 June 2024	**Media & Broadcast £m**	**Smart Utilities Networks £m**	**Total £m**
Rendering of services	481.3	113.1	594.4
Sale of goods	-	50.8	50.8
Revenue	**481.3**	**163.9**	**645.2**

Year ended 30 June 2023	**Media & Broadcast £m**	**Smart Utilities Networks £m**	**Total £m**
Rendering of services	462.4	122.1	584.5
Sale of goods	-	28.8	28.8
Revenue	**462.4**	**150.9**	**613.3**

Revenue expected to be recognised in future periods, included in our order book, for performance obligations that are not complete (or are partially complete) as at 30 June 2024 is £2,905.5m (2023: £3,143.0m).

The anticipated timing of recognition of this revenue is as follows:

Year ended 30 June 2024	< 1 year £m	1-2 years £m	2 – 5 years £m	5-10 years £m	> 10 years £m	Total £m
Rendering of services	470.1	451.7	684.2	898.6	400.9	2,905.5
Revenue	**470.1**	**451.7**	**684.2**	**898.6**	**400.9**	**2,905.5**

Year ended 30 June 2023	< 1 year £m	1-2 years £m	2 – 5 years £m	5-10 years £m	> 10 years £m	Total £m
Rendering of services	483.8	484.8	749.0	975.3	450.1	3,143.0
Revenue	**483.8**	**484.8**	**749.0**	**975.3**	**450.1**	**3,143.0**

Contract assets and liabilities
The Group has recognised the following assets and liabilities in relation to contracts with customers:

	30 June 2024 £m	30 June 2023 £m
Contract assets		
Current	6.9	9.3
Contract liabilities		
Current	90.0	116.0
Non-current	291.5	303.9
	381.5	**419.9**

Prior year contract liability of £98.0m was realised as revenue during the year (2023: £76.5m). Impairment losses of £0.1m (2023: £0.1m) were recognised on contract assets during the year.

The decrease in contract assets in the year is driven principally by regular business as usual movements within accrued income.

Other than business-as-usual movements there were no significant changes in contract asset and liability balances during the year.

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to the prepayment of costs to fulfil a contract. This is presented within other receivables in the balance sheet and totalled £0.5m (2023: £0.5m). Amortisation recognised as a cost of providing services during the year was £0.2m (2023: £0.1m).

Year ended to 30 June 2024	Commercial		Other			
	Media & Broadcast	Smart Utilities Networks	Operations	Technology	Corporate	Consolidated
	£m	£m	£m	£m	£m	£m
Revenue	**481.2**	**164.0**	-	-	-	**645.2**
Functional profit/(loss)* **(EBITDA)**	**341.3**	**65.5**	**(25.0)**	**(37.2)**	**(35.2)**	**309.4**
Depreciation and amortisation						(108.0)
Exceptional operating expenses						(7.9)
Other income						9.9
Exceptional other income						16.0
Exceptional service credits						(2.8)
Operating profit						**216.6**
Finance income						4.8
Finance costs						(295.0)
Other losses						(6.6)
Loss before tax						**(80.2)**

Functional profit/(loss) is defined as total operating profit before the items set out below.

Year ended to 30 June 2023	Commercial		Other			
	Media & Broadcast	**Smart Utilities Networks**	**Operations**	**Technology**	**Corporate**	**Consolidated**
	£m	**£m**	£m	£m	£m	**£m**
Revenue	**462.4**	**150.9**	**-**	**-**	**-**	**613.3**
Functional profit/(loss)* * (EBITDA)	**352.3**	**70.9**	**(23.3)**	**(32.4)**	**(30.3)**	**337.2**
Depreciation and amortisation						(104.6)
Loss on disposal of fixed assets						(0.7)
Exceptional operating expenses						(6.7)
Other income						7.8
Exceptional other income						20.0
Exceptional service credits						(15.3)
Operating profit						**237.7**
Finance income						3.2
Finance costs						(271.2)
Other gains and losses						(25.1)
Loss before tax						**(55.4)**

Functional profit/(loss) is defined as total operating profit before the items set out below.

The accounting policies of the reportable functions are the same as the Group's accounting policies described in note 3.
The functional result represents the EBITDA earned by each operating function without allocation of the central administration costs. This is the measure reported to the Group's Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of functional performance.

For the purpose of monitoring functional performance and allocating resources between functions, the CODM monitors the capital expenditure of property, plant and equipment and intangible assets (presented on a cash basis) planned and utilised by each function, an analysis of which is shown below.

EBITDA[16] is a key measure of the Group's financial performance. A reconciliation of the reported EBITDA to the operating profit is provided below:

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Operating profit		216.6	237.7
Depreciation	16	88.3	91.7
Amortisation	15	19.7	12.9
Loss on disposal of fixed assets	6	-	0.7
Exceptional operating expenses	7	7.9	6.7
Other income		(9.9)	(7.8)
Exceptional other income	7	(16.0)	(20.0)
Exceptional service credits	7	2.8	15.3
EBITDA		**309.4**	**337.2**

	Media & Broadcast £m	Smart Utilities Networks £m	Other* £m	Consolidated £m
Capital expenditure:				
For the year ended 30 June 2024	19.6	22.9	28.9	**71.4**
For the year ended 30 June 2023	33.5	11.4	19.8	**64.7**

*Includes maintenance capex which is managed centrally and not allocated to individual business functions.

Note: the above is presented on a cash basis and therefore cannot be agreed directly to the capital additions presented in notes 15 and 16. The total balance comprises property, plant and equipment of £70.8m (2023: £58.4m) and intangible assets of £0.6m (2023: £6.3m) as referred to in the cash flow statement.

Geographical information

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external customers in the UK. The geographic analysis of revenue is on the basis of the country of origin in which the customer is invoiced.

16 EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that do not reflect the underlying business performance.

The following revenue was generated from external customers:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
UK	639.7	607.0
Rest of European Economic Area (EEA)	4.8	5.5
Rest of World	0.7	0.8
Revenue	**645.2**	**613.3**

The Group holds non-current assets (excluding financial instruments, deferred tax assets and pension surplus) in the following geographical locations:

	30 June 2024 £m	30 June 2023 £m
UK	2,720.4	2,752.4
Rest of European Economic Area (EEA)	1.4	1.5
Rest of World	-	-
	2,721.8	**2,753.9**

Information about major customers
Included in the revenues arising from Media & Broadcast are revenues of £165.1m (2023: £150.3m) which arose from sales to a major customer.

No other single customers contributed 10% or more to the Group's revenue in the aforementioned financial years.

6 Operating profit

Operating profit for the year has been arrived at after charging / (crediting):

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Net foreign exchange losses	0.3	0.3
Research and development costs	2.4	2.8
Depreciation of property, plant and equipment (see note 16):		
Owned assets	69.2	69.1
Leased assets	18.8	22.6
Loss on disposal of property, plant and equipment and intangible assets	-	0.7
Net gain on disposal and sale and leaseback transaction	(2.0)	-
Amortisation of intangible assets (see note 15)	19.7	12.9
Grant income	(9.3)	(8.2)
Employee costs (see note 8)	88.5	79.7
Exceptional operating expenses (see note 7)	7.9	6.7
Exceptional other income (see note 7)	(16.0)	(20.0)
Exceptional service credits (see note 7)	2.8	15.3

Services provided by the Group's Auditors

During the year the Group obtained the following services from the Group's Auditors at costs as detailed below:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Fees payable to Company Auditors for the audit of parent company and consolidated financial statements	**0.1**	**0.1**
Fees payable for the audit of the Company's subsidiaries	**0.5**	**0.5**
Other audit fees	**0.1**	**0.4**
Non-audit services		
Other services	-	-
Total cost of services provided by the Group's Auditors	**0.7**	**1.0**

7 Exceptional items

The Group recognises exceptional items which are one-off and non-recurring in nature or material items which the Directors believe require disclosure by virtue of their size or incidence for the financial statements to give a true and fair view of the underlying performance of the business. Further information is provided in Note 3.

Loss before tax is stated after crediting/(charging):

	Year ended 30 June 2024 Total £m	Year ended 30 June 2023 Total £m
Revenue:		
Exceptional service credits	(2.8)	(15.3)
	(2.8)	**(15.3)**
Operating expenses:		
Reorganisation and severance	(2.7)	(2.1)
Corporate finance activities	-	(0.3)
Pension buy-in (Note 28)	(1.7)	-
Restoration costs	(3.5)	(4.3)
	(7.9)	**(6.7)**
Other exceptional items:		
Other income	16.0	20.0
	16.0	**20.0**
Total exceptional items	**5.3**	**(2.0)**

Reorganisation and severance expenses include costs relating to the disbanding of the Simplification Function, a program launched to streamline operational processes, reorganise the Technology function to adopt a more product-focused delivery, and adopt agile working methodologies. This was a follow on project after the Group's transformation programme.

Corporate finance activities figures relate to costs and accruals associated with one off projects, and corporate transactions including refinancing activities.

With the exception of the corporate finance activities the amounts included within exceptional operating expenses above and revenue are deductible for the purpose of taxation. The other income amount within other exceptional items is subject to corporation tax.

Pension buy-in

In April 2024, an insurer backed pension buy-in was completed whereby the plan assets were exchanged for a bulk annuity agreement, allowing cover to the Plan's liabilities by third party insurers while retaining management responsibility within the scheme. The Pension buy-in was intended to manage the Plan's exposure to market volatility in relation to its assets and enhance its funding resilience on future pension payments. Details of such are discussed in Note 28.

Bilsdale – Project Restore

The restoration costs relate to costs incurred to reinstate services at the Bilsdale transmitter site following a fire which broke out on 10 August 2021 and include £3.5m (2023: £4.3m) of predominantly community support activities. Following the construction of a permanent 300 metre mast at Bilsdale, television and radio services went live in May 2023 and January 2024 respectively. As a result, all broadcast services are now restored to the main Bilsdale mast.

Costs recognised are those which have been incurred to the year end, including £2.8m (2023: £15.3m) of customer service credits deducted from revenue during the year.

The exceptional loss on disposal of assets relates to the impairment and subsequent disposal of assets damaged by the Bilsdale transmitter site fire discussed above.

Exceptional other income relates to stage payments received from insurance claims related to the Bilsdale transmitter site fire. In August 2023 the final stage payment of £16.0m was received from the insurers, such that the settlement totalling £41.0m was received in full by 30 June 2024. No further insurance proceeds are expected. To date the Group has incurred total rectification costs of £54.9m (2023: £45.5m) including £37.1m (2023: £31.2m) in capital expenditure for the rebuild of the mast and a further £17.8m (2023: £14.3m) of exceptional operating expenses in respect of community support activities and restoration costs. All restoration activities had been completed during the year.

In August 2023 the final stage payment of £16.0m was received from the insurers, such that the settlement totalling £41.0m was received in full by 30 June 2024. No further insurance proceeds are expected. To date the Group has incurred total rectification costs of £54.9m (2023: £45.5m) including £37.1m (2023: £31.2m) in capital expenditure for the rebuild of the mast and a further £17.8m (2023: £14.3m) of exceptional operating expenses in respect of community support activities and restoration costs. All restoration activities had been completed during the year.

The overall financial impact of the fire at Bilsdale is summarised as follows:

As of and for the year ended 30 June 2024	P&L impact £m	Balance sheet impact £m
Restoration costs – within exceptional operating expenses	3.5	-
Insurance- stage payments – within exceptional other income	(16.0)	-
Revenue service credits – within exceptional revenue	2.8	-
Capital expenditure	-	5.9
Total	**(9.7)**	**5.9**

As of and for the year ended 30 June 2023	P&L Impact £m	Balance sheet impact £m
Internal labour – within other operating expenses	1.2	-
Restoration costs – within exceptional operating expenses	4.3	-
Insurance- stage payments– within exceptional other income	(20.0)	-
Revenue service credits – within exceptional revenue	15.3	-
Capital expenditure	-	16.8
Total	**0.8**	**16.8**

8 Employees

The average monthly number of persons (representing 'full-time equivalents') employed by the Group during the year was as follows:

	Year ended 30 June 2024 Number	Year ended 30 June 2023 Number
UK	1,300	1,265
Non-UK	19	19
Total employees	**1,319**	**1,284**

	Year ended 30 June 2024 Number	Year ended 30 June 2023 Number
Media & Broadcast	39	31
Smart Utilities Networks	29	21
Operations	551	565
Technology	493	376
Corporate	207	291
Total employees	**1,319**	**1,284**

Their aggregate remuneration comprised:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Wages and salaries	95.7	85.1
Social security costs	10.0	8.9
Other pension costs	6.5	5.9
Total staff costs	112.2	99.9
Capitalised staff costs	(23.7)	(20.2)
Income statement expense	**88.5**	**79.7**

9 Finance income

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Bank deposits	2.4	1.0
Other finance income	2.4	2.2
Total finance income	**4.8**	**3.2**

Other finance income includes £2.4m (2023: £2.4m) in relation to net finance income on the defined benefit pension scheme.

10 Finance costs

	Year ended 30 June 2024 Total £m	Year ended 30 June 2023 Total £m
Interest on bank overdrafts and loans	5.0	18.6
Other loan interest	62.5	36.0
Bank and other loan interest	**67.5**	**54.6**
Amortisation of debt issue costs	0.7	0.6
Interest on lease obligations (note 23)	4.4	5.4
Interest payable to other group entities	203.1	187.4
Other interest	18.1	17.8
Total interest payable	**293.8**	**265.8**
Unwinding of discount on provisions	5.8	5.4
Revaluation of decommissioning provision	(4.6)	-
Total finance costs	**295.0**	**271.2**

11 Other losses

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Foreign exchange loss on financing (a)		-	-
Fair value loss on derivative financial instruments	**24**	(6.6)	(25.1)
Other losses		(6.6)	(25.1)
Total other losses		**(6.6)**	**(25.1)**

a) This is the net position of foreign exchange losses in the year. This is made up of a £0.1m loss (2023: £1.8m gain) on loans denominated in foreign currency (US Dollar), offset by a £0.1m (2023: £1.8m) gain loss on the cross currency swap instrument. (See Note 24).

12 Tax

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
UK corporation tax:		
- Current year	4.1	5.2
- Adjustment in respect of prior years	(5.4)	(2.4)
Total current tax	(1.3)	2.8
Deferred tax (see note 19):		
- Origination and reversal of temporary differences	18.5	17.2
- Adjustment in respect of prior years	(29.3)	(23.0)
- Impact of rate change	-	(2.1)
Total deferred tax	(10.8)	(7.9)
Total tax credit for the year	**(12.1)**	**(5.1)**

UK corporation tax is calculated at a blended rate of 25.0% (2023: 20.5%) of the taxable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax credit for the year can be reconciled to the loss before tax in the income statement as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss before tax	(80.2)	(55.4)
Tax at the UK corporation tax rate of 25.0% (2023: 20.5%)	(20.0)	(11.4)
Tax effect of expenses that are not deductible in determining taxable loss	0.8	0.1
Deemed interest on intercompany balances (a)	11.6	(5.6)
Change in unrecognised deferred tax assets (b)	30.2	39.3
Adjustment in respect of prior years (c)	(34.7)	(25.4)
Impact of change in tax rate	-	(2.1)
Total tax credit for the year	**(12.1)**	**(5.1)**

The current year UK corporation tax credit (2023: charge) principally represents the receipt from (2023: payment made by) other Group companies for the provision of tax losses by way of group relief.

The average blended rate of UK corporation tax was 25.0% during the year (2023: 20.5%). In the Finance Act 2022 it was enacted that the main rate of UK corporation tax would be increased to 25.0% from 1 April 2023. UK deferred tax has been valued at 25% (30 June 2023: 25%).

(a) Deemed interest expense in respect of inter-company debt, deductible for corporation tax purposes.

(b) Change in unrecognised deferred tax assets principally relates to deferred interest expenses (see note 19).

(c) The adjustment in respect of prior years relates to refinements of estimates of taxable profits arising from the completion of the tax compliance process, a credit of £2.9m, and in the period to 30 June 2024 a tax credit of £31.8m (2023: £14.7m) relates to a change in judgement as described in Note 4.

In December 2021, the Organisation for Economic Cooperation and Development (OECD) released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750 million ("Pillar Two" rules). The UK substantively enacted legislation implementing these rules on 20 June 2023 and the rules apply to the Group as of 1 July 2024. Initial assessments determine that the jurisdictions in which the Group operates will fall within one of the transitional safe harbour regimes. This therefore indicates that Pillar Two income taxes will not have a significant impact upon the tax charge for the Group. Guidance and legislation continue to be issued and enacted in various territories where the Group operates and therefore the Pillar Two position continues to be the subject of assessment by the Group. The Group has applied the temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules.

Tax in Consolidated Statement of Comprehensive Income

There is a tax credit of £11.1m (2023: credit of £3.0m) in respect of the actuarial loss of £44.3m (2023: £12.2m) in the Consolidated Statement of Comprehensive Income.

13 Dividends

		Year ended 30 June 2024		**Year ended 30 June 2023**
	£ per share	**£m**	**£ per share**	**£m**
Now Digital (East Midlands) Limited	40.0	0.1	40.0	0.1
Total dividends payable to minority interests		**0.1**		**0.1**

The above amounts represent dividends declared to non-controlling interest shareholders by companies within the AGL Group.

No dividends were declared or paid to AGPL shareholders during the year (2023: £nil).

14 Goodwill

	£m
Cost:	
At 1 July 2022 and 30 June 2023	**1,458.4**
Accumulated impairment losses:	
At 1 July 2022 and 30 June 2023	**0.4**
Carrying amount:	
At 30 June 2023	1,458.0
At 30 June 2024	**1,458.0**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. The CGUs that have associated goodwill are Media & Broadcast and Smart Utilities Networks.

These are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets, and to which goodwill is allocated.

The carrying value of goodwill as at the balance sheet date by the principal CGUs is shown as follows:

	30 June 2024 £m	30 June 2023 £m
Media & Broadcast	1,340.2	1,340.2
Smart Utilities Networks	117.8	117.8
Total	**1,458.0**	**1,458.0**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations ('VIU').

The key assumptions for the VIU calculations are those regarding the discount rates, growth rates and expected changes to cash flows during the year for which management has detailed plans.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Growth rates are based on internal and external growth forecasts. Changes to cash flows are based on past practices and expectations of future changes in the market.

Projected cash flows and the 'recoverable amount'
The value in use of each CGU is determined from the cash flow forecasts derived from the most recent financial forecasts approved by the Board for the next five years. They reflect management's expectations of revenue, EBITDA growth, capital expenditure and working capital based on past experience and future expectations of performance.

Discount rate
The pre-tax discount rate applied to the Group's cash flow forecasts are derived using the capital asset pricing model for comparable businesses. For 2024, the two CGU have differing discount rates applied to them.

The assumptions used are benchmarked to externally available data. The pre-tax discount rate used for the Media & Broadcast CGU is 8.8% (2023: 8.7%). For Smart Utilities networks CGU the discount rate is 8.7% (2023: 9.1%).

This discount rate does not represent the weighted average cost of capital (WACC) for Arqiva, but instead is an industry and comparative company based capital asset pricing model (CAPM) derived discount rate, utilising current spot rates at the time of calculation.

Terminal growth rates
The terminal growth rate is determined based on the long-term growth rates of the markets in which the CGU operates (2024: 1.9%; 2023: 1.9%). The growth rate has been benchmarked against externally available data. This rate does not exceed the average long-term growth rate for the relevant markets.

Sensitivities
There is headroom in both CGUs. For Smart Utilities Networks, the value in use exceeds the carrying value of the CGU by approximately £17.9m. The following changes to key assumptions (in isolation) would result in the value in use being equal to the carrying value:

- An increase in the discount rate to 9.0% (2023: 9.7%); or
- A reduction in the terminal growth rate by 0.4% (2023: 1.2%).

For Media & Broadcast no reasonably possible changes in the key assumptions would cause the carrying amount of the CGUs to exceed the recoverable amount.

15 Other intangible assets

	Licences	Development costs	Access rights	Software	Assets under the course of construction (AUC)	Total
	£m	£m	£m	£m	£m	£m
Cost						
At 1 July 2022	**13.7**	**21.4**	**15.4**	**63.4**	**3.0**	**116.9**
Additions	-	2.0	-	-	4.3	6.3
Transfers from AUC (note 16)	1.2	(0.7)	-	26.5	0.2	27.2
Disposals	(8.1)	-	(11.1)	(15.4)	-	(34.6)
At 30 June 2023	**6.8**	**22.7**	**4.3**	**74.5**	**7.5**	**115.8**
Additions	-	-	-	-	-	
Transfers from AUC (note 16)	-	1.8	-	37.0	-	38.8
Reclassifications	-	-	-	7.5	(7.5)	-
At 30 June 2024	**6.8**	**24.5**	**4.3**	**119.0**	**-**	**154.6**
Accumulated amortisation						
At 1 July 2022	**9.2**	**10.7**	**15.4**	**45.2**	-	**80.5**
Amortisation	4.4	2.0	-	6.5	-	12.9
Disposals	(8.1)	-	(11.1)	(15.4)	-	(34.6)
At 30 June 2023	**5.5**	**12.7**	**4.3**	**36.3**	-	**58.8**
Amortisation	0.4	0.9	-	18.4	-	19.7
At 30 June 2024	**5.9**	**13.6**	**4.3**	**54.7**	-	**78.5**
Carrying amount						
At 30 June 2023	1.3	10.0	-	38.2	7.5	57.0
At 30 June 2024	**0.9**	**10.9**	**-**	**64.3**	-	**76.1**

Development costs in respect of products and services that are being developed by the Group are being capitalised in accordance with IAS 38. These are amortised over their expected useful life once the product or service has been commercially launched.

Development costs incurred to modify acquired assets in order to make them fit for purpose amounts to £11.9m (2023: £4.4m).

Under the terms of the Group's external debt facilities, the Group has provided security over substantially all of its assets by way of a Whole Business Securitisation structure.

Other intangible assets are recognised at cost and are amortised over their estimated useful lives.

At 30 June 2024, the Group had entered into contractual commitments for the acquisition of intangibles amounting to £1.6m (2023: £3.6m) see note 27 for further details.

16 Property, plant and equipment

	Freehold land and buildings	Leasehold buildings	Plant and equipment	Assets under the course of construction (AUC)	Total
	£m	£m	£m	£m	£m
Cost					
At 1 July 2022	**271.6**	**169.0**	**1,926.6**	**109.0**	**2,476.2**
Additions	-	3.6	7.2	61.5	72.3
Adjustments through PPE for provisions	-	(1.0)	(10.8)	-	(11.8)
Completion of AUC	2.4	1.2	40.0	(43.6)	-
Transfers to other intangibles (note 15)	-	-	-	(27.2)	(27.2)
Disposals	(3.1)	(4.9)	(43.7)	-	(51.7)
At 30 June 2023	**270.9**	**167.9**	**1,919.3**	**99.7**	**2,457.8**
Additions	-	7.8	5.5	69.6	82.9
Adjustments through PPE for provisions	-	0.1	(2.2)	-	(2.1)
Completion of AUC	1.2	0.5	38.3	(40.0)	-
Transfers to other intangibles (note 15)	-	-	-	(38.8)	(38.8)
Disposals	(0.2)	(3.3)	(16.3)	-	(19.8)
At 30 June 2024	**271.9**	**173.0**	**1,9**	**90.5**	**2,480.0**
Accumulated depreciation					
At 1 July 2022	**10.9**	**88.6**	**1,075.6**	**-**	**1,175.1**
Depreciation	5.8	12.1	73.8	-	91.7
Disposals	(2.3)	(3.3)	(42.2)	-	(47.8)
At 30 June 2023	**14.4**	**97.4**	**1,107.2**	**-**	**1,219.0**
Depreciation	5.7	12.5	70.1	-	88.3
Disposals	-	(1.8)	(15.6)	-	(17.4)
At 30 June 2024	**20.1**	**108.1**	**1,161.7**	**-**	**1,289.9**
Carrying amount					
At 30 June 2023	256.5	70.5	812.1	99.7	1,238.8
At 30 June 2024	**251.8**	**64.9**	**782.9**	**90.5**	**1,190.1**

Freehold land included above but not depreciated amounts to £155.0m (2023: £155.3m).

The Group's current and non-current assets have been pledged as security under the terms of the Group's external debt facilities (see note 22). In addition, the Group's lease obligations (see note 23) are secured by the lessors' title of the leased assets, which have a carrying amount of £2.8m (2023: £3.1m) included within leasehold buildings.

At 30 June 2024, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £9.1m (2023: £14.0m) – see note 27 for further details.

17 Interest in associates and joint ventures

In addition to the subsidiary undertakings (see note 3 to the Company financial statements on page 158) the Group holds the following interests in associates and joint ventures:

Company	Country of incorporation	Principal activities	Registered office	Year end	Percentage of ordinary shares held
Joint ventures					
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA	31-Dec	40.0%
Associate undertakings:					
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	Greenworks Dog And Duck Yard, Princeton Street, London, England, WC1R 4BH	31-Dec	25.0%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for radio	15 Alfred Place, London, England, WC1E 7EB	30-Jun	10.0%

Share of results of associates and joint ventures was £nil (2023: £nil) for the year with the interest in associates and joint ventures being £0.1m (2023: £0.1m).

There are no other associates or joint ventures that are considered material, either individually or in aggregate, to the Group's position or performance.

The joint venture and associate's financial information that are not co-terminus with the Group's year end are adopted by the Group at their respective financial statement dates as the Group does not hold control over these subsidiary undertakings. The Group does not have a representation on the board of these subsidiaries and the Group has no influence over their operating decisions.

Although the Group owns over 20% of Sound Digital Limited and Muxco Limited, the Group does not have the rights to direct the activities of the investees.

The Directors consider the carrying value of the Group's investments on an annual basis, or more frequently should indicators arise, and believe that the carrying values of the investments are supported by the underlying trade and net assets.

Transactions with associates and joint ventures in the year are disclosed in note 29.

18 Trade and other receivables

	30 June 2024	30 June 2023
	£m	£m
Trade and other receivables		
Trade receivables	59.3	65.2
Amounts receivable from other group entities	228.9	143.0
Taxation and Social Security	1.2	-
Other receivables	5.3	14.3
Prepayments	22.1	31.4
	316.8	**253.9**
Contract assets	**6.9**	**9.3**

The decrease in contract assets in the year is driven principally by regular business as usual movements within accrued income.

The ageing of the Group's net trade receivables which are past due but where no indication of non-recoverability has been identified is as follows:

	30 June 2024 £m	30 June 2023 £m
Up to 30 days overdue	3.8	4.8
Between 31 and 90 days overdue	1.7	2.0
Between 91 and 150 days overdue	0.9	0.4
More than 150 days overdue	3.0	2.5
	9.4	**9.7**

Trade receivables and contract assets are stated after deducting allowances for expected credit losses, as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Allowance at 1 July	6.4	4.7
Amounts utilised	(0.5)	(1.5)
Provided during the year	0.4	3.2
Allowance at 30 June	**6.3**	**6.4**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets.

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the five year period prior to the period end. The historical loss rates are then considered for current and forward-looking information on macroeconomic factors affecting the Group's customers. No adjustments were made to the expected loss rates applied for the current year.

The Group's expected loss rate for receivables is 0.4% (2023: 0.4%). At 30 June 2024, the lifetime expected loss provision for trade receivables and contract assets is as follows:

30 June 2024	**Current**	**Up to 30 days overdue**	**Between 31 and 90 days overdue**	**Between 91 and 150 days overdue**	**More than 150 days overdue**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Gross carrying amount						
- Trade receivables	50.6	3.9	1.9	1.4	7.7	65.5
- Contract assets	7.0	-	-	-	-	7.0
	57.6	3.9	1.9	1.4	7.7	72.5
Loss provision - Expected	0.2	-	-	-	-	0.2
Loss provision - Specific	2.1	0.5	1.3	0.4	1.8	6.1
	2.3	0.5	1.3	0.4	1.8	6.3

30 June 2023	**Current**	**Up to 30 days overdue**	**Between 31 and 90 days overdue**	**Between 91 and 150 days overdue**	**More than 150 days overdue**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Gross carrying amount						
- Trade receivables	44.3	5.4	3.3	0.8	4.5	58.3
- Contract assets	9.3	-	-	-	-	9.3
	53.6	5.4	3.3	0.8	4.5	67.6
Loss provision - Expected	0.2	-	-	-	-	0.2
Loss provision - Specific	2.1	0.5	1.3	0.3	2.0	6.2
	2.3	0.5	1.3	0.3	2.0	6.4

£0.1m (2023: £0.1m) of the £6.3m (2023: £6.4m) lifetime expected loss provision relates to the contract assets.

In addition to the expected credit loss model, the Group's policy is to also consider a specific provision for trade receivables outstanding for more than 30 days beyond the agreed terms, or where the business environment indicates a specific risk. Management will make an assessment of the level of provision based on the Group policy. Adjustments to the calculated level of provision will be made accordingly.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality. For further information on how the Group manages credit risk see note 24.

19 Deferred Tax

The balance of deferred tax recognised at 30 June 2024 is £221.0m (2023: £199.1m). The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Tax losses	Fixed asset temporary differences	Derivative financial instruments	Other temporary differences	Total
	£m	£m	£m	£m	£m
At 1 July 2022	**43.0**	**41.8**	**69.1**	**49.5**	**203.4**
Credited / (charged) to the income statement	4.3	22.2	(13.0)	(5.0)	8.5
At 30 June 2023	**47.3**	**64.0**	**56.1**	**44.5**	**211.9**
Credited / (charged) to the income statement	(1.9)	27.1	(10.6)	(3.2)	11.4
At 30 June 2024	**45.4**	**91.1**	**45.5**	**41.3**	**223.3**

Deferred tax liabilities	Retirement benefits	Total
	£m	£m
At 1 July 2022	**15.2**	**15.2**
Charged to the income statement	0.6	0.6
Credited to statement of comprehensive income	(3.0)	(3.0)
At 30 June 2023	**12.8**	**12.8**
Charged to the income statement	0.6	0.6
Credited to statement of comprehensive income	(11.1)	(11.1)
At 30 June 2024	**2.3**	**2.3**

The corporation tax rate was increased to 25% from 19% effective from 1 April 2023; the deferred tax asset is therefore recognised at the 25% tax rate.

Other temporary differences are comprised primarily of timing differences relating to deferred income and provisions that are tax deductible as utilised.

Temporary differences arising in connection with unremitted earnings of overseas subsidiaries and interests in associates are insignificant.

The overall net deferred tax position is a net asset of £221.0m, of this balance £30.1m is anticipated to reverse within 12 months of the balance sheet date, with the remaining balance anticipated to reverse after this period.

There is an unrecognised deferred tax asset of £263.0m (2023: £260.1m). This is in respect of tax losses of £40.1m (2023: £39.6m) and deferred interest expenses £222.9m (2023: £220.5m). These deferred tax assets may be carried forward indefinitely. These assets have not been recognised since it is not probable that these assets will be able to be utilised against future taxable profits of the Group.

The Group continues to recognise its deferred tax assets as supported by the same long-term group profit forecasts that are used for goodwill impairment testing (see note 14). No attributes have a time expiry and these forecasts show the deferred tax assets reversing to a net liability position by 30 June 2034. Due to the long-term stable nature of the business, with significant long term contracts, the recognised deferred tax asset is not considered to be materially exposed to the performance of the Group based on reasonably possible trading forecasts.

20 Cash and cash equivalents

	30 June 2024 £m	30 June 2023 £m
Cash at bank	3.9	15.3
Short term deposits	9.1	20.0
Total unrestricted cash	13.0	35.3
Cash in escrow account – restricted (note 28)	7.0	-
Total cash and cash equivalents	**20.0**	**35.3**

Cash in escrow account – restricted represents the amount intended to settle any remaining retirement obligations becoming due under a previous agreement to pay deficit contributions for the defined benefit retirement plan as discussed in Note 28.

21 Trade and other payables

	30 June 2024 £m	30 June 2023 £m
Current		
Trade and other payables		
Trade payables	48.9	30.6
Amounts payable to other group entities	1,783.3	1,561.1
Taxation and Social Security	-	0.8
Other payables	3.5	2.9
Accruals	56.4	63.1
	1,892.1	**1,658.5**
Corporation tax	**-**	**-**
Contract liabilities	**90.0**	**116.0**
Non-current		
Contract liabilities	**291.5**	**303.9**

Trade payables have increased in the year due to the finalization of a settlement agreement with several impacted customers related to the Bilsdale fire (refer to Note 7 for further details). The total settlements agreed is £20.4m. Arqiva have received invoices for the settlements prior to year-end, with these paid in July 2024.

22 Borrowings

	Denominated currency	30 June 2024	30 June 2023
		£m	£m
Within current liabilities:			
Lease liabilities	Sterling	16.9	18.3
Bank facilities	Sterling	-	15.0
Bank loans	Sterling		
- Senior debt	Sterling	-	262.0
- Issue costs	Sterling	-	(0.4)
Senior bonds, notes and private placements	Sterling	48.1	45.3
Accrued interest on junior and senior financing	Sterling	9.5	0.5
Borrowings due within one year		**74.5**	**340.7**
Within non-current liabilities:			
Other loans		**901.2**	**698.7**
- Senior bonds, notes and private placements	Sterling	813.6	611.7
- Senior bonds, notes and private placements	US Dollar	93.3	93.5
- Issue costs	Sterling	(5.7)	(6.5)
Amounts payable to other group entities	Sterling	**496.8**	**496.8**
Lease liabilities	Sterling	**43.8**	**50.7**
Borrowings due after more than one year		**1,441.8**	**1,246.2**
Analysis of total borrowings by currency:			
Sterling		1,422.8	1,493.4
USD		93.3	93.5
Total borrowings		**1,516.1**	**1,586.9**

Included within the £1,516.1m (2023: £1,586.9) are debt issue costs of £5.7m (2023: £6.9m). Total borrowings excluding these amounts are £1,521.8m (2023: £1,593.8m) which comprises debt principal and interest, the maturity of which is included in the table below.

	30 June 2024	30 June 2023
	£m	£m
Borrowings falling due within:		
One year	74.5	340.7
One to five years	617.3	314.7
More than five years	830.0	938.4
Total	**1,521.8**	**1,593.8**

The weighted average interest rate of borrowings (excluding shareholder interest as described above) is 6.9% (2023: 5.4%) **Bank loans** form part of the Group's **senior debt**. **Other loans** comprise the Group's **senior bonds and notes**. A summary of the movement in borrowings during the financial year is given below:

Borrowings:	Reference	At 1 July 2023	Lease movements	Amounts drawn	Amounts repaid	Foreign currency adjustment	At 30 June 2024
		£m	£m	£m	£m	£m	£m
Senior debt – institutional term loan	(a)	90.0	-	-	(90.0)	-	-
Senior debt – European Investment Bank	(b)	172.0	-	-	(172.0)	-	-
Bank facilities	(c)	15.0	-	-	(15.0)	-	-
Senior bonds, notes and US private placement	(d)	750.5	-	250.0	(45.3)	(0.2)	955.0
Total bank loans and private placements		**1,027.5**	**-**	**250.0**	**(322.3)**	**(0.2)**	**955.0**
Lease liabilities	(e)	69.0	(8.3)	-	-	-	60.7
Amounts payable to other group entities		496.8	-	-	-	-	496.8
Total borrowings excluding accrued interest		**1,593.3**	**(8.3)**	**250.0**	**(322.3)**	**(0.2)**	**1,512.5**

The Group's borrowings outlined in the table above incorporate:

(a) an institutional term loan (2024: £0.0m outstanding; 2023: £90.0m) fully repaid in July 2023.

(b) a loan from the European Investment Bank (2024: £0.0m outstanding; 2023: £172.0m) fully repaid in July 2023.

(c) Working capital facility was repaid in the current year (2024: £0.0m outstanding; 2023: £15.0m outstanding), which has an expected maturity date of July 2026. This facility is floating rate in nature with a margin over SONIA of 120 bps. Arqiva Financing No1 Limited ('AF1') is the borrower under all these arrangements.

The Group has £285.0m (2023: £270.0m) of undrawn senior debt facilities available. These facilities are at floating interest rates. For further information on the Group's liquidity risk management, see note 24.

(d) a combination of publicly listed bonds and US private placement notes.

As at 30 June 2024, the Group has £640.7m (2023: £417.3m) sterling denominated bonds outstanding with fixed interest rates ranging between 4.88% and 7.21% (2023: 4.88% and 5.34%). These bonds are repayable between December 2024 and December 2032 and are listed on the London Stock Exchange. Arqiva Financing Plc is the issuer of all the Group's senior listed bonds.

The remaining senior notes relate to a number of US private placement issues in sterling and US dollars with floating interest rates. The Group has £221.1m (2023: £239.7m) of sterling denominated floating rate US private placements that are amortising in nature with repayments due between December 2024 and December 2029. These instruments have a margin over SONIA of between 238 and 248 bps.

In addition, the Group also has of £93.3m (2023: £93.5) of US dollar denominated fixed rate US private placements. At the hedged rate these are valued at £95.1m (2023: £95.1m). These notes have fixed interest rates of 6.24% and have an amortising repayment profile commencing in December 2027 with a final maturity date of June 2031. Arqiva PP Financing Plc ('APPF') is the issuer of all the Group's private placement notes.

The fair value of the quoted senior bonds based upon observable market prices (fair value hierarchy level 1) was £646.3m (2023: £379.2m) whilst their carrying value was £640.7m (2023: £417.3m).

The directors consider the fair value of all other unquoted borrowings to be a close approximate to their carrying amount.

The Group continues to comply with all covenant requirements, including financial covenants as detailed on page 32.

(e) Obligations under leases are as defined within note 23.

23 Leases

Leases as lessee (IFRS 16)

The Group holds lease arrangements primarily relating to land and buildings, circuit contracts and vehicles.

Right-of-use assets

Right-of-use assets related to leased properties and land are presented as plant and equipment. Plant and equipment leases relate to the use of fibre, other fixed telecommunications lines, and IT equipment.

	Leasehold buildings £m	Plant and equipment £m	Total £m
As at 1 July 2022	**53.6**	**24.2**	**77.8**
Depreciation charge for the year	(8.8)	(13.8)	(22.6)
Additions to right-of-use assets	0.2	0.4	0.6
Effect of modification to lease terms	1.6	5.4	7.0
Derecognition of right-of-use assets	(0.3)	(1.4)	(1.7)
At 30 June 2023	**46.3**	**14.8**	**61.1**
Depreciation charge for the year	(9.8)	(9.0)	(18.8)
Additions to right-of-use assets	1.1	2.2	3.3
Effect of modification to lease terms	5.0	2.3	7.3
Derecognition of right-of-use assets	(0.3)	-	(0.3)
Balance at 30 June 2024	**42.3**	**10.3**	**52.6**

Amounts recognised in the Income Statement

Leases under IFRS 16	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Expense relating to variable lease payments not included in the measurement of lease liabilities	2.9	2.7
Interest on lease liabilities	4.4	5.4

Amounts recognised in the Cash flow Statement

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Repayment of capital element of lease rentals	20.6	21.1
Interest element of lease rentals	4.4	5.4

The Group's lease liabilities are disclosed in note 22 Borrowings. The maturity profile of the Group's lease liabilities is disclosed in note 24 Financial instruments and risk management.

24 Financial instruments and risk management

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (as set out in note 27; see note 20 for cash and cash equivalents and note 22 for borrowings) and equity of the Group (comprising issued capital and share premium, reserves, retained earnings and non-controlling interests).

Levels of debt are maintained on an ongoing basis to ensure that no breaches occur to our covenant levels and repayments can be and are made as necessary with refinancing carried out as required.

Significant accounting policies
Details of significant accounting policies and methods adopted (including criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in full in note 3.

The Group's derivatives (i.e. interest rate and inflation linked swaps) are measured on a fair value through profit and loss basis. Whilst the Group's derivatives act as an effective hedge in economic terms, hedge accounting principles are not applied. This means that the Group's derivatives are recognised at their risk-adjusted fair value (i.e. risk-adjusted Mark-to-Market value) at the date they are entered into and are revalued at each balance sheet date, with gains and losses being reported separately in the income statement within 'other losses'. Net amounts paid in the year (excluding termination amounts) on interest rate swaps (together with similar amounts under the index linked swaps) are reported as a component of net bank and other loan interest within finance costs.

Financial risk management
The Group's treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group using financial instruments wherever it is appropriate to do so.

The treasury function reports into the Group Finance Director and the Group's Board of Directors and the Audit and Risk Committee, an independent function with a scope that includes monitoring the risks and policies implemented to mitigate risk exposures. The main risks addressed by financial instruments are interest rate risk and foreign currency exchange risk. The Group's policies in respect of these risks remain unchanged throughout the year.

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- Interest rate swaps, including inflation-linked swaps, to mitigate the risk of movement in interest rates; and
- Cross currency swaps to mitigate the risk of currency exposures on foreign denominated borrowings; and
- Forward foreign exchange contracts to manage exchange risks arising from transactional foreign exchange exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management
The Group principally operates from UK sites and predominantly in the UK market, but has some overseas subsidiaries and transactions denominated in foreign currencies. While some customer and supplier contracts are denominated in other currencies (mainly US dollars ('USD') and Euro), the majority of the Group's revenue and costs are Sterling based and accordingly exposure to foreign exchange risk is limited.

Foreign currency exchange risk can be subdivided into two components, transactional risk and translation risk:

Transactional risk
The Group's policy is to hedge material transactional currency exposures via the use of forward foreign exchange contracts. The measurement and control of this risk is monitored on a Group–wide basis.

Translation risk

The Group translates overseas results and net assets in accordance with the accounting policy in note 3. Given the Group predominantly operates in the UK, there is a relatively small exposure with overseas entities accounting for only 0.0% (2023: 0.1%) of operating profit and 0.2% (2023: 0.2%) of total assets for the Group.

The Sterling equivalents of the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities (excluding hedged currency and US dollar-denominated borrowings) at the year-end were as follows:

	30 June 2024 £m	30 June 2023 £m
Monetary assets:		
- US Dollar	1.2	2.1
- Euro	9.8	12.2
- Other (including SGD*)	0.1	0.1
Total	**11.1**	**14.4**
Monetary liabilities:		
- US Dollar	(8.0)	(2.3)
- Euro	(2.9)	(4.5)
Total	**(10.9)**	**(6.8)**

* Refers to Singapore dollar, being the most frequently transacted currency within 'other monetary assets and liabilities'.

Currency risk management

The Group holds a cross currency swaps (nominal value 2024: USD 118.0m; 2023: USD 118.0m) to fix the exchange rate to $1.241/£1 in relation to US dollar denominated senior notes (nominal value 2024: USD 118.0m; 2023: USD 118.0m). This provides an effective economic hedge of the foreign currency impact on the Sterling cost of future interest and capital repayment obligations.

After taking into account our hedging activities, management does not consider there to be a material residual exposure to exchange rates. Accordingly no sensitivity analysis has been presented.

Interest rate risk management

The Group has variable rate bank and US private placement debt and uses interest rate swaps ('IRS') and inflation-linked swaps ('ILS') to hedge its exposure to rising interest rates. The Group maintains a hedging policy to manage interest rate risk and to ensure the certainty of future interest cash flows. The Group has fixed rate hedging, split between IRS and ILS. IRS convert variable rate interest costs to fixed rate interest costs while ILS convert fixed or variable rate interest costs to RPI-linked costs, which fluctuate in line with the RPI index as do a portion of the Group's revenue contracts. These swaps are entered into on terms (including maturity) that mirror the debt instrument they hedge, and therefore act as an effective economic hedge.

As the Group uses hedging to maintain fixed interest rates on the majority of its material borrowings (excluding revolving facilities), there is minimal exposure on the interest expense to interest rate movements. A rise or fall in interest rates would therefore not materially impact the interest expense payable by the Group.

Liquidity risk management

To ensure it has sufficient available funds for working capital requirements and planned growth, the Group maintains cash reserves and access to undrawn committed facilities to cover forecast requirements.

The Group is due to repay or refinance £639.2m of debt in the next 5 years to 30 June 2029. Regular reviews are performed to assess headroom between interest and capital repayments against forecast cash flows, thus monitoring the liquidity risk and the Group's ability to repay the debt.

Credit risk management

The Group carefully manages the counterparty credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions, which have credit ratings not lower than A- assigned by international credit rating agencies.

The levels of credit risk are monitored through the Group's ongoing risk management processes, which include a regular review of counterparty credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.

The Group is exposed to credit risk on customer receivables, which is managed through credit-checking procedures prior to taking on new customers and higher risk customers paying in advance of services being provided. Performance is closely monitored to ensure agreed service levels are maintained, reducing the level of queried payments and mitigating the risk of uncollectable debts. Expected impairment for trade receivables are calculated based on historical default rates. Details of this provision are shown in note 18.

The following tables set out the maturity profile of the Group's non-derivative financial liabilities and derivative financial liabilities.

The amounts presented in respect of the non-derivative financial liabilities represent the gross contractual cash flows on an undiscounted basis. Accordingly, these amounts may not reconcile directly with the amounts disclosed in the statement of financial position.

	Amounts falling due							
30 June 2024	**Within one year**	**Between one and two years**	**Between two and five years**	**After five years**	**Total**	**Effect of discounting**	**Interest to be incurred in future periods**	**Total financial liability per statement of financial position**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Valued at amortised cost								
Trade payables	48.9	-	-	-	48.9	-	-	**48.9**
Other payables	3.5	-	-	-	3.5	-	-	**3.5**
Accruals	56.4	-	-	-	56.4	-	-	**56.4**
Borrowings*	48.1	75.0	515.2	316.7	955.0	-	-	**955.0**
	156.9	**75.0**	**515.2**	**316.7**	**1,063.8**	**-**	**-**	**1,063.8**
Lease liabilities	16.9	12.1	15.1	16.6	60.7	-	-	**60.7**
Interest on borrowings	59.0	53.7	116.6	21.8	251.1	-	(241.6)	9.5
Valued at Fair Value through Profit or Loss								
Interest rate swaps	(8.9)	(6.3)	(8.6)	(0.1)	(23.9)	1.9	-	(22.0)
Inflation linked interest rate swaps	74.4	64.9	55.8	-	195.1	(23.1)	-	172.0
Cross-currency swaps	0.7	0.8	3.3	2.0	6.8	(0.6)	-	6.2
	142.1	125.2	182.2	40.3	489.8	(21.8)	(241.6)	**226.4**
Total financial liability	**299.0**	**200.2**	**697.4**	**357.0**	**1,553.6**	**(21.8)**	**(241.6)**	**1,290.2**

The amounts presented in respect of the Group's derivative financial instruments represent their fair value and are accordingly consistent with the amounts included in the statement of financial position.

*Borrowings are presented as per note 22 but excluding accrued interest and lease liabilities, which are presented separately in these tables.

	Amounts falling due							
30 June 2023	**Within one year**	**Between one and two years**	**Between two and five years**	**After five years**	**Total**	**Effect of discountin g**	**Interest to be incurred in future periods**	**Total financial liability per statement of financial position**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Valued at amortised cost								
Trade payables	30.6	-	-	-	30.6	-	-	**30.6**
Other payables	2.9	-	-	-	2.9	-	-	**2.9**
Accruals	63.1	-	-	-	63.1	-	-	**63.1**
Borrowings**	321.9	48.1	234.3	913.2	1,517.5	-	-	**1,517.5**
	418.5	**48.1**	**234.3**	**913.2**	**1,614.1**	**-**	**-**	**1,614.1**
Lease liabilities	18.3	13.4	18.6	18.7	69.0	-	-	**69.0**
Interest on borrowings	62.8	43.4	97.5	43.2	246.9	-	(246.4)	0.5
Valued at Fair Value through Profit or Loss								
Interest rate swaps	(11.0)	(10.6)	(15.7)	(1.6)	(38.9)	4.1	-	(34.8)
Inflation linked interest rate swaps	82.1	71.9	139.2	-	293.2	(57.4)	-	235.8
Cross-currency swaps	0.7	0.7	1.2	(0.8)	1.8	0.3	-	2.1
	71.8	**62.0**	**124.7**	**(2.4)**	**256.1**	**(53.0)**	**-**	**203.1**
Total financial liability	**571.4**	**166.9**	**475.1**	**972.7**	**2,186.1**	**(53.0)**	**(246.4)**	**1,886.7**

**Borrowings are presented as per note 22 but excluding accrued interest and lease liabilities, which are presented separately in these tables.

The table below outlines the additional financing facilities available to the Group:

	30 June 2024	**30 June 2023**
	£m	**£m**
Secured bank facilities:		
- Amount utilised	0.0	15.0
- Amount unutilised	285.0	270.0
Total	**285.0**	**285.0**

Financial instruments

With the exception of derivative financial instruments (which are recognised and measured at fair value through profit and loss) the Group’s financial assets and financial liabilities are recognised and measured following the financial assets measured at amortised cost recognition category.

The weighted average interest rate of fixed rate financial liabilities at 30 June 2024 for the next 12 months was 6.2% (2023: 5.6%) and the weighted average period of funding was 4.8 years (2023: 5.9 years). Within the Group’s financial liabilities were borrowings of £1,516.1m (2023: £1,586.9m) (see note 24), which includes £221.1m (2023: £239.7m) with floating rate interest and the remainder with fixed rate interest (prior to the hedging arrangements described previously).

The Group’s financial assets measured at amortised cost comprise cash and cash equivalents of £20.0m (2023: £35.3m) and other financial assets of £274.4m (2023: £222.4m) as presented in notes 20 and 18 respectively.

Derivative financial instruments

The Group seeks to manage the exposures of its debt payment obligations through a combination of index linked, interest rate swaps and cross currency swaps.

At the year end, the Group held senior interest rate swaps with notional amounts of £183.9m (2023: £197.5m) which hedge the senior interest obligations of the Group's floating rate debt. The average fixed rate on these instruments is 0.3% (2023: 0.3%). The swap contracts have termination dates that match the maturities of the underlying floating rate debt instruments (see note 24).

The Group has also entered into senior index linked swaps (notional amounts of £681.8m in 2024; 2023: £681.8m) where the Group receives floating and pays fixed linked to inflation interest obligations to an average rate of 2.9% indexed with RPI. The notional amounts of these swaps increase with RPI and these accretion amounts are cash settled annually in most recently June, based on the March index. The 2024 financial year accretion settlement amounted to £53.4m (2023: £146.9m).

All of these instruments have a maturity date of April 2027. These instruments were established to hedge the Group's fixed or floating rate debt and in order to ensure that the cash flow characteristics align with these instruments, the Group has entered into £642.1m (2023: £470.4m) of fixed to floating rate interest rate swaps to match the cash flows on both the fixed rate debt instruments and the index linked swaps set out above.

The Group also holds USD 118.0m (2023: USD 118.0m) of cross-currency swaps to fix the Sterling costs of future interest and capital repayment obligations relating to the US dollar denominated private placement issue at and exchange rate of $1.241/£1.

In June 2024 Arqiva has agreed to close out a set of interest rate swaps with £9.7m settlement paid to the Group on 6 July 2024. These were terminated as the underlying floating rate debt was refinanced prior to its maturity in FY24 with the fixed rate debt and these derivative instruments became surplus to Group's hedging requirements.

The fair value of the interest rate, inflation linked swaps and cross currency swaps at 30 June 2024 is a liability of 156.2m (2023: £203.1m). This fair value is calculated using a risk-adjusted discount rate.

The following table details the fair value of financial instruments recognised on the statement of financial position within non-current liabilities:

	30 June 2024	30 June 2023
	£m	£m
Within non-current assets		
Interest rate swaps	22.0	34.8
	22.0	34.8
Within non-current liabilities		
Interest rate swaps	-	-
Inflation-linked interest rate swaps	(172.0)	(235.8)
Cross-currency swaps	(6.2)	(2.1)
	(178.2)	(237.9)
Total	**(156.2)**	**(203.1)**
Change in fair value recognised in the income statement:		
- Attributable to changes in market conditions	5.9	(28.3)
- Attributable to changes in perceived credit risk	(8.5)	3.4
Change in fair value of the cross currency swap (a)	(4.1)	(1.8)
Total loss recognised in the income statement	**(6.7)**	**(26.7)**
Cash settlement of principal accretion on inflation-linked swaps	53.4	146.9
Accrued settlement on close out of interest rate swaps	-	(9.7)
Total change in fair value	**46.7**	**110.5**

a) £0.1m of the change in fair value is attributable to foreign exchange movements on the USD denominated swap

Where possible, the Group seeks to match the maturity of any derivative contracts with that of debt instruments that it has issued. In some of the Group's derivative instruments, break clauses have been included to both match underlying facility maturities and to optimise the availability and cost of hedging lines with the Group's derivative counterparties.

The fair value of all other financial assets and liabilities is considered to be a close approximation to their carrying amount.

Fair value hierarchy
Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,
Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest rate swaps, inflation linked swaps and cross currency swaps are all classed as level 2 on the fair value hierarchy. In each case the items are valued based upon discounted cash flow. Future cash flows are estimated based on forward (interest/ inflation/ exchange) rates observable from rates and yield curves at the end of the reporting period, and contract rates, discounted at a risk-adjusted rate.

25 Provisions

	Decommissioning	Restructuring	Remediation	Other	Total
	£m	£m	£m	£m	£m
At 1 July 2023	**71.6**	**0.4**	**4.0**	**5.2**	**81.2**
Income statement expense	0.4	-	0.3	0.5	1.2
Revaluation of decommission provision through property, plant and equipment	(2.1)	-	-	-	(2.1)
Revaluation of decommission provision through income statement	(4.5)	-	-	-	(4.5)
Unwind of discount	5.4	-	0.4	-	5.8
Utilised	(0.2)	-	-	-	(0.2)
At 30 June 2024	**70.6**	**0.4**	**4.7**	**5.7**	**81.4**

Management have assessed the expected timing of the resulting outflows of economic benefits:

	Decommissioning	Restructuring	Remediation	Other	Total
	£m	£m	£m	£m	£m
Current	2.9	0.4	0.4	-	3.7
Non-current	67.7	-	4.3	5.7	77.7

Provisions are made for decommissioning costs where the Group has an obligation to restore sites and the cost of restoration is not recoverable from third parties. The decommissioning provisions are reviewed annually and calculated using expected costs as determined by site and project management. The provision is in relation to assets for which the remaining useful economic life ranges up to 20 years, with the majority of the provision relating to TV and Radio products for which there is no material decommissioning expected before 2040 assuming the assets will be in good operating order throughout their estimated useful lives. A discount rate of 7.99% has been applied in calculating the decommissioning provision (2023: 7.2%) based on the Group's weighted average cost of capital. Due to this discount rate increase we have had a decrease in PPE of £2.1m as disclosed in note 16. (2023: £11.8m decrease)

The restructuring provision relates to the costs of exceptional activities to reorganise the Group.

The remediation provision represents the cost of works identified as being required across a number of the Group's sites and is expected to be utilised over the next one to ten years.

Other provisions represent a variety of smaller items which are expected to be utilised over the next one to ten years.

26 Notes to the cash flow statement

Reconciliation from operating profit to net cash from operating activities:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Operating profit	216.6	237.7
Adjustments for:		
Depreciation of property, plant and equipment	88.3	91.7
Amortisation of intangible assets	19.7	12.9
(Profit) / Loss on disposal of property, plant and equipment	(0.5)	0.7
Gain on lease modifications	(1.0)	(1.6)
Gain on leaseback of sold asset	(1.9)	-
Non- refundable deposit for conditional sale	(0.2)	-
Other income	(7.9)	(7.8)
Revenue service credits	2.8	15.3
Receipt of insurance stage payments	(16.0)	(20.0)
Operating cash flows before movements in working capital	299.9	328.9
Decrease in receivables	25.9	2.8
Decrease in payables	(44.0)	(54.5)
Increase in provisions	1.2	0.7
Cash generated from operating activities	283.0	277.9
Taxes paid	-	-
Net cash from operating activities	**283.0**	**277.9**

Analysis of changes in financial liabilities:

	At 1 July 2023 £m	Changes in financing cash flows (Cash) £m	Changes in foreign exchange (non-cash) £m	Changes in fair value (non-cash) £m	Other changes including accrued interest (non-cash) £m	At 30 June 2024 £m
Current borrowings (Note 22)	340.6	(343.0)	-	-	67.4	65.0
Non-current borrowings (Note 22)	1,252.7	250.0	0.2	-	(55.0)	1,447.9
Accrued interest on borrowings (Note 22)	0.5	(59.4)	-	-	68.4	9.5
Derivative financial instruments (Note 24)	203.1	(53.4)	(0.1)	6.7	(0.2)	156.1
Total	**1,796.9**	**(205.8)**	**0.1**	**6.7**	**80.6**	**1,678.5**

The movements above do not include issue costs associated with entering the borrowing arrangements (see note 22).

27 Financial commitments and contingent liabilities

Financing commitments
Under the terms of the Group's external debt facilities, the Group has provided security over substantially all of its assets by way of a Whole Business Securitisation structure.

Capital commitments
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as a liability are payable as follows:

	30 June 2024 £m	30 June 2023 £m
Within one year	4.7	7.3
Within two to five years	6.0	10.3
Total capital commitments	**10.7**	**17.6**

There are no capital commitments payable in more than five years.

Contingent liabilities

Defined Benefit Pension Scheme

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated Section 37 certificate necessary. The High Court's decision has wide ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016.

The Arqiva Defined Benefit Pension Plan was contracted out until 31 January 2016 and it has been identified that two minor corrective amendments were made during the relevant period that could be impacted by this

The Court of Appeal upheld the 2023 High Court ruling in July 2024 and there are plans to progress investigations into any potential impact for the Plan.

As detailed investigations are yet to be progressed, the Company considers that the amount of any potential impact on the Defined Benefit Obligation cannot be confirmed and/or measured with sufficient reliability at the 30 June 2024 year end. We are therefore disclosing this issue as a potential contingent liability at the 30 June 2024 year end and will review again at the 30 June 2025 year end when we expect further clarity to be available.

28 Retirement benefits

Defined contribution scheme
The Group has operated a Defined Contribution Scheme during the year. Contributions payable in respect of this Scheme for the year were £6.4m (2023: £5.4m). The assets of the Scheme are held outside of the Group.

An amount of £1.0m (2023: £0.9m) is included in accruals being the outstanding contributions to the Defined Contribution Scheme.

Defined benefit plan

In the year to 30 June 2024, the Group operated one Defined Benefit Plan, sponsored by Arqiva Limited. The Defined Benefit Plan is administered by a separate entity that is legally separated from the Group, and therefore the Plan assets are held separately from those of Arqiva Limited. The Trustees of the Plan are required by law to act in the interests of the Plan and of all relevant stakeholders in the Plan. The Trustees are responsible for the investment policy with regards to the assets of the Plan.

In April 2024, an insurer backed Pension buy-in was completed whereby the Plan assets were exchanged for a bulk annuity agreement, allowing cover to the Plan's liabilities by third party insurers while retaining management responsibility within the scheme. The Pension buy-in is intended to manage the Plan's exposure to market volatility in relation to its assets and enhance its funding resilience on future pension payments.

Plan assets held in the fund are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the plan including investment decisions and contribution schedules lies jointly with the company and the board of trustees of the fund.

The Plan typically exposes the Group to risks such as: investment risk, interest rate risk, and longevity risk. However, following the insurance buy-in in 2024, these risks have been largely mitigated as changes in the IAS19 liability are offset by changes in the IAS19 value of the buy-in, and salary risk.

Investment risk	The Plan invested in an insurance buy-in in 2024 which largely removed investment risk. The investment risk for the Plan is limited to the Plan’s other assets which are invested in cash and money market funds.
Interest risk	A decrease in the bond interest rate will increase the valuation of the Plan’s IAS19 liability but this change will be fully offset by an increase in the value of the Plan’s buy-in asset.
Longevity risk	The present value of the defined benefit Plan liability is calculated by reference to a best estimate of the mortality of Plan participants both during and after their retirement. An increase in the life expectancy of the Plan participants will increase the Plan’s assessed liability. However, following the purchase of the Plan’s insurance buy-in in 2024, this increase in liability will be directly offset by an increase the value of the Plan’s assets.

The Plan closed to the future accrual of benefits on 31 January 2016. The weighted average duration of the expected benefit payments from the Plan is around 15 years.

The 2023 valuation has been used for the present value measurement of the defined benefit liability. This was carried out by an independent firm of consulting actuaries. The next valuation is due 30 September. The present value of the IAS19 defined benefit liability, and the related current service cost and past service cost, have been measured using the projected unit credit method based on roll-forward updates to the latest triennial valuation figures.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	30 June 2024	30 June 2023
Key assumptions		
Discount rate	5.20%	5.20%
Price inflation (RPI)	3.20%	3.30%
Life expectancy of a male / female age 60 (current pensioner)	25.6/28.5yrs	25.8/28.7yrs
Life expectancy of a male / female age 60 (future pensioner)	27.4/30.2yrs	27.6/30.4yrs
Other linked assumptions		
Price inflation (CPI)	2.60%	2.60%
Pension increases (RPI with a minimum of 3% and maximum of 5%)	3.70%	3.70%
Pension increases (RPI with a maximum of 10%)	3.20%	3.30%

Amounts recognised in the consolidated income statement in respect of the defined benefit plan were as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Net interest on the defined benefit asset	2.4	2.4
	2.4	2.4

The net interest item above has been included within finance income (see note 9). The re-measurement of the net defined benefit liability is included in the statement of comprehensive income.

Amounts recognised in the statement of comprehensive income in respect of the defined benefit plan were as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss on Plan assets excluding Interest Income	(38.6)	(38.6)
Experience (losses) arising on the Plan's liabilities	(8.7)	(9.5)
Actuarial gains arising from changes in financial assumptions	1.3	34.9
Actuarial gains arising from changes in demographic assumptions	1.7	1.0
	(44.3)	**(12.2)**

In view of the Pension buy-in, a remeasurement of the Plan's net assets was completed. The resulting actuarial losses were reflected in the valuation exercise of Plan assets and liabilities. Costs incurred during the year to facilitate the transaction amounting to £1.7m for legal and professional fees were presented in the income statement under Exceptional operating expenses and are further discussed in Note 7. These costs were borne by the Group and not the Trustees of the Plan.

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit plan was as follows:

	30 June 2024 £m	30 June 2023 £m
Fair value of Plan assets	174.9	210.1
Present value of defined benefit Plan liabilities	(165.6)	(158.9)
Surplus at 30 June	**9.3**	**51.2**

The Group has considered the impact of IFRIC14 and in line with the Plan's Rules, the Group is able to recognise the Plan's surplus in its entirety.

The reconciliation of the statement of financial position over the year is as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Surplus at 1 July	51.2	61.0
Amount recognised in profit or loss	2.4	2.4
Amount recognised in Other Comprehensive Income	(44.3)	(12.2)
Company contributions	-	-
Surplus at 30 June	**9.3**	**51.2**

The present value of the plan liabilities has moved over the year as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
At 1 July	(158.9)	(184.6)
Contributions by employees	-	-
Interest cost	(8.2)	(7.1)
Benefits paid	7.1	6.3
Expenses paid	0.1	0.1
Experience (losses) / gains arising on the Plan's liabilities	(8.7)	(9.5)
Actuarial gains arising from changes in financial assumptions	1.3	34.9
Actuarial gains arising from changes in demographic assumptions	1.7	1.0
Loss on curtailments	-	-
At 30 June	**(165.6)**	**(158.9)**

The fair value of the plan assets has moved over the year as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
At 1 July	210.1	245.6
Interest income	10.6	9.5
Loss on Plan assets excluding interest income	(38.6)	(38.6)
Contributions by employer	-	-
Contributions by employees	-	-
Benefits paid	(7.1)	(6.3)
Expenses paid	(0.1)	(0.1)
At 30 June	**174.9**	**210.1**

The major categories and fair values of Plan assets at the end of the reporting year for each category are as follows:

	30 June 2024 £m	30 June 2023 £m
Equity instruments	-	25.9
Diversified growth funds	-	11.2
Corporate bonds	-	70.4
Multi asset credit	-	16.8
Government bonds	8.0	85.6
Cash and equivalents	0.3	0.2
Insurance Policies	166.6	-
Total	**174.9**	**210.1**

As of 30 June 2024, the Plan's assets comprise mainly of insurance policies valued at the quoted underlying assets of the plan as a result of the Pension buy-in which was completed in April 2024. As at 30 June 2023, none of the Plan's corporate bonds were unquoted. All equity and debt assets have quoted prices in active markets. While not themselves quoted, the funds are considered to be quoted because they are invested in underlying items that are quoted.

No amounts within the fair value of the Plan assets are in respect of the Group's own financial instruments or any property occupied by, or assets used by, the Group.

The 2023 valuation has been used for the purposes of measuring the plan assets and the present value of the defined benefit liability. This was carried out by an independent firm of consulting actuaries. The present value of the IAS19 defined benefit liability, and the related current service cost and past service cost, have been measured using the projected unit credit method based on roll-forward updates to the latest triennial valuation figures. Following completion of the valuation as at 30 June 2020, Arqiva Limited agreed to pay deficit contributions of £5.4m in July 2020, £5.0m in March 2022, and £7.0m in June 2023. An updated agreement during FY23 meant that £nil contributions were paid in FY23, the £7.0m originally set to be paid in June 2023, was settled in September 2023.

An amount of £7m was placed in an escrow account in September 2023 intended to settle any remaining obligations becoming due under the previous agreement to pay deficit contributions.

Sensitivity Analysis

The assumptions considered to be the most significant are the discount rate adopted, inflation represented by RPI, and the longevity assumptions.

The sensitivity of the 2024 year end results to changes in the three key assumptions is shown below:

Funding Position	**Discount rate decrease of 0.1%**	**RPI increase of 0.1%**	**Longevity assumption increase of 1 year**
Increase in Plan liabilities	£2.3m	£1.4m	£5.5m

The sensitivity of the 2023 year end results to changes in the three key assumptions is shown below:

Funding Position	**Discount rate decrease of 0.1%**	**RPI increase of 0.1%**	**Longevity assumption increase of 1 year**
Increase in Plan liabilities	£2.3m	£1.7m	£4.4m

This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

29 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with the Group's pension scheme are disclosed in note 28. Transactions between the Group and its associates, joint ventures and entities under common influence are disclosed below.

The disclosure of transactions with related parties reflects the periods in which the related party relationships exist. The disclosure of amounts outstanding to/from related parties at the reporting date reflects related party relationships at that date.

Trading transactions

During the year ended 30 June 2024 and 30 June 2023 the Group entered into the following transactions with related parties who are not members of the Group:

	Sale of goods and services		**Purchase of goods and services**	
	Year ended 30 June 2024 £m	**Year ended 30 June 2023 £m**	**Year ended 30 June 2024 £m**	**Year ended 30 June 2023 £m**
Associates	0.2	-	-	-
Joint ventures	5.3	4.8	2.6	2.8
Entities under common influence	37.3	20.1	-	-
Other group entities	65.3	75.4	-	-
	108.1	**100.3**	**2.6**	**2.8**

All transactions are on third-party terms and all outstanding balances, are interest free, unsecured and are not subject to any financial guarantee by either party.

As at 30 June 2024, the amount receivable from associates was £nil (2023: £nil) and the amount payable to associates was £nil (2023: £nil). As at 30 June 2024 the amount payable to joint ventures was £0.2m (2023: £0.3m).

As at 30 June 2024, the amount receivable from entities under common influence was £4.6m (2023: £5.3m). As at 30 June 2024, the amounts receivable from and payable to other group entities are disclosed in notes 18 and 21 respectively.

Remuneration of Directors and key management personnel

The remuneration of the Directors and key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 30 June 2024 £m	**Year ended 30 June 2023 £m**
Short-term employee benefits	6.2	6.9
Termination benefits	0.2	0.4
Post-employment benefits	0.2	0.1
	6.6	**7.4**

There are no members of the Directors and key management personnel (2023: none) who are members of the Group's defined benefit pension scheme (see note 28).

The members of the Directors and key management personnel had no material transactions with the Group during the year, other than in connection with their service agreements.

Further information in respect of the remuneration of the Company's statutory Directors, including the highest paid Director, has been provided on page 157.

30 Events after the reporting period

As at the reporting date, management was not aware of any events, within the business or external to the business but which may have an impact on the business, or any unrecognised liabilities, that could have a material impact on the business, its financial position or performance.

31 Controlling parties

The Company's immediate parent is Arqiva Broadcast Intermediate Limited ('ABIL'). Copies of the ABIL financial statements can be obtained from the Company Secretary at Crawley Court, Winchester, Hampshire, SO21 2QA.

The ultimate UK parent undertaking is Arqiva Group Limited ('AGL') which is the parent undertaking of the largest group to consolidate these financial statements.

Copies of the AGL consolidated financial statements can be obtained from the Arqiva website www.arqiva.com or from Company Secretary of each Company at Crawley Court, Winchester, Hampshire, SO21 2QA.

AGL is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities. There is no ultimate controlling party of the Company.

Directors' report for Arqiva Group Parent Limited ('the Company')

The Directors of Arqiva Group Parent Limited, registered company number 08085794, ('the Company') submit the following annual report and financial statements in respect of the year ended 30 June 2024.

The Directors are responsible for the preparation of the financial statements as explained in the Statement of Directors' Responsibilities, set out on page 82.

Business review and principal activities
The Company acts as a holding company with investments in a group of operating companies, financing companies and other holding companies ('the Group').

The Company made a loss for the financial year of £74.0m (2023: £972.0m) and has net assets of £2,447.3m (2023: £2,521.3m).

Principal risks and uncertainties and key performance indicators ('KPIs')
From the perspective of the Company, the principal risks and uncertainties arising from its activities are integrated with the principal risks and uncertainties of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 54 to 59.

Given the straightforward nature of the Company's activities, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The KPIs of the Group are discussed on pages 25 to 34.

Overseas Branches
There are no overseas branches related to Arqiva Group Parent Limited.

Dividends and transfers to reserves
The Directors do not propose to pay a dividend (2023: nil).

The loss for the financial year of £74.0m (2023: £972.0m) was charged to reserves.

Financial risk management
Due to the straightforward nature of the Company's operations, it is exposed to limited financial risks. The Group's financial risk management programme is detailed on pages 76 to 78.

Future developments and going concern
It is the intention of the Company to continue to act as the Group's ultimate holding company.

The Company adopts the going concern basis in preparing its financial statements on the basis of the future profit, cash flows and available resources of the Group which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence for the foreseeable future.

Directors
The following held office as directors of the Company during the year and up to the date of this report:

Shuja Khan
Michael Darcey
Susana Leith-Smith
Paul Donovan
Matthew Postgate
Maximilian Fieguth
Scott Longhurst
David Stirton
Andrew Macleod
Jackie Sarpong

Diego Massidda (appointed 16 November 2023)
Arnaud Jaguin (resigned 16 November 2023, reappointed 6 December 2023)

Sean West resigned from his position as Company Secretary on 28 July 2023. Nicola Phillips was appointed as Company Secretary on 28 July 2023.

Directors' indemnities
The Company has provided an indemnity for its Directors and the Company Secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in place throughout the year ended 30 June 2024 and up to the date the financial statements are signed.

Disclosure of information to the independent auditors
The Directors of the Company in office at the date of approval of this report confirm that:
- As far as the Directors are aware there is no relevant audit information of which the Auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Signed for and on behalf of the Board by:

Scott Longhurst - Director
25 September 2024

Company statement of financial position

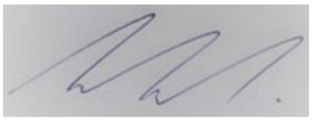
	Note	30 June 2024 £m	30 June 2023 £m
Non-current assets			
Investments	3	2,447.3	2,521.3
Other receivables	4	2,217.8	2,061.9
		4,665.1	**4,583.2**
Current assets			
Other receivables	4	-	-
Total current assets		**-**	**-**
Current liabilities			
Other payables	5	(1,721.0)	(1,565.1)
Net current liabilities		**(1,721.0)**	**(1,565.1)**
Non-current liabilities			
Borrowings		(496.8)	(496.8)
Net assets		**2,447.3**	**2,521.3**
Equity			
Share capital		0.1	0.1
Accumulated losses		(1,046.0)	(972.0)
Capital contribution reserve		3,493.2	3,493.2
Total equity		**2,447.3**	**2,521.3**

The accounting policies and notes on page 155 form part of these financial statements.

The loss for the financial year for the Company was £74.0m (2023: £972.0m).

During the year the Company incurred an impairment charge of £74.0m relating to a direct subsidiary of the Company, Arqiva Group Intermediate Limited, as disclosed in note 3 to the financial statements.

These financial statements on pages 153 to 161 were approved by the Board of Directors on 25 September 2024 and were signed on its behalf by:



Scott Longhurst - Director

Company statement of changes in equity

	Share capital*	Accumulated losses	Capital contribution reserve	Total equity
	£m	£m	£m	£m
Balance at 1 July 2022	**0.1**	**-**	**3,493.2**	**3,493.3**
Result for the financial year	-	(972.0)	-	(972.0)
Balance at 30 June 2023	**0.1**	**(972.0)**	**3,493.2**	**2,521.3**
Loss for the financial year	-	(74.0)	-	(74.0)
Balance at 30 June 2024	**0.1**	**(1,046.0)**	**3,493.2**	**2,447.3**

*Comprises 50,001 (2022:50,001) authorised, issued and fully paid ordinary shares of £1 each.

Notes to the Company financial statements

1 Arqiva Group Parent Limited accounting policies and other information

Basis of preparation
As used in these financial statements and associated notes, the term ‘Company’ refers to Arqiva Group Parent Limited.

Arqiva Group Parent Limited is a private company limited by shares incorporated in the United Kingdom. The registered address of the Company is Crawley Court, Winchester, Hampshire, SO21 2QA.

The Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006. The Group’s financial statements (Arqiva Group Limited and its subsidiaries) are available online at www.arqiva.com.

The financial statements have been prepared in accordance with The Companies Act 2006 as applicable using FRS 101. As permitted by Section 408(3) of the Companies Act 2006, the Company’s income statement has not been presented.

Accounting policies have been applied consistently throughout.

New and revised Standards and Interpretations have been adopted in the current year, a list of which can be found in note 2 of the Group financial statements. There is no material impact on the Company. The following disclosure exemptions, as permitted by paragraph 8 of FRS 101, have been taken in these Company financial statements and note.

UK-adopted IFRS	Relevant disclosure exemptions
IAS 1 Presentation of financial statements	The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136
IAS 7 Statement of Cash Flows	All disclosure requirements.
IAS 24 Related Party Disclosures	The requirements of paragraph 17; the requirement to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary party to the transaction is wholly owned by such a member.
IFRS 7 – Financial instruments	All disclosure requirements.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios.

The Company adopts the going concern basis in preparing its financial statements, based on the support from its ultimate parent undertaking, the future cash flow forecasts of the Group and Company and available facilities, which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence and continue to meet debt and interest payments as they fall due.

Accounting policies

Investments
Investments in subsidiaries and associates are shown at cost less provision for impairment.

Cash and cash equivalents
Cash includes cash at bank and in hand and bank deposits repayable on demand.

Other payables
Other payables are not interest bearing and are recorded at fair value. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are classified as non-current liabilities.

Dividends
Dividend distributions are recognised as a liability in the year in which the dividends are approved by the Company's shareholders.

Share capital
Ordinary shares are classified as equity.

Other information
Employees
The Company had no employees during the year (2023: none). None of the Directors (2023: none) were remunerated by the Company. Their individual remuneration reflects the services they provide to the Company, its subsidiaries and a number of other entities outside of the Group. It is therefore not possible to make an accurate apportionment of each Director's remuneration in respect of their service to the Company except where sums are paid to third parties in respect of their services. There were no such sums paid in the year (2023: none).

Audit fees
The audit fee in respect of the Company and fees payable to PricewaterhouseCoopers LLP for non-audit services were not specific to the Company and are disclosed in the notes to the Group financial statements (see note 6).

Critical accounting estimates and judgements

Impairment of Investments
The calculation of impairment of investments held is considered to be a critical accounting estimate, as the value of the Company's investment in Arqiva Group Intermediate Limited is sensitive to future cash flow projections, specifically in relation to the debt financing operations of Arqiva Group Parent Limited. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment. An impairment of £74.0m (2023: £972.0m) has been recognised in the year. See note 3 for further information.

2 Directors' remuneration

The aggregate of the amount paid to the Directors in respect of their services as a Director of the Group are set out below:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Aggregate remuneration	2.0	2.8
Amounts due under long term incentive plans - accrued	0.5	0.3
Amounts due under long term incentive plans - reversed	-	(0.4)
Amounts due under long term incentive plans - total	0.5	(0.1)
Termination benefits	-	-
Total remuneration	**2.5**	**2.7**

Certain of the Directors were representatives of the Company's shareholders and their individual remuneration reflects the services they provide to the Company, its subsidiaries and a number of other entities outside of the Group. It is not possible to make an accurate apportionment of each Director's remuneration in respect of their service to the Company and the Group except where sums are paid to third parties in respect of their services, of which there were £nil (2023: £nil) in relation to the Company. Accordingly, no remuneration in respect of these Directors is recognised in the Company.

There are no directors to whom retirement benefits accrued in respect of qualifying services (2023: none).

Highest paid director

Included in the above table is remuneration in respect of the highest paid Director of:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Aggregate remuneration	1.3	1.3
Amount due under long term incentive plans	0.1	0.3
Total remuneration	**1.4**	**1.6**
Number of directors included in the scheme	-	-

3 Investments

The Company's subsidiary investments (held indirectly unless stated) are shown below:

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
ABHL Digital Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Digital Radio Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Multiplex Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Muxco Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva (Scotland) Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Defined Benefit Pension Plan Trustees Limited	United Kingdom	Pension company	30-Jun	100%
Arqiva Financing No1 Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Group Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Group Intermediate Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Group Parent Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Inc.	USA	Satellite transmission services	30-Jun	100%
Arqiva Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva Limited	Ireland	Transmission services	30-Jun	100%
Arqiva Media Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile TV Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 10 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 11 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Pension Trust Limited	United Kingdom	Dormant company	31-Mar	100%
Arqiva PP Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Pte Limited	Singapore	Satellite transmission services	30-Jun	100%
Arqiva Public Safety Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva SAS	France	Satellite transmission services	30-Jun	100%
Arqiva Satellite Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Senior Finance Ltd	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva SRL	Italy	Satellite transmission services	30-Jun	100%
Arqiva Telecoms Investment Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva UK Broadcast Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Capablue Limited	United Kingdom	Dormant company	30-Jun	100%
Cast Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV (Scotland) Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV Limited	United Kingdom	Dormant company	30-Jun	100%
Digital One Limited	United Kingdom	Transmission services	30-Jun	100%
Inmedia Communications (Holdings) Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Group Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Limited	United Kingdom	Dormant company	30-Jun	100%
J F M G Limited	United Kingdom	Dormant company	30-Jun	100%
Macropolitan Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (East Midlands) Limited	United Kingdom	Transmission services	30-Jun	80.0%

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
Now Digital (Oxford) Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (Southern) Limited	United Kingdom	Transmission services	30-Jun	100%
Now Digital Limited	United Kingdom	Transmission services	30-Jun	100%
NWP Spectrum Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Scanners (Europe) Limited	United Kingdom	Dormant company	30-Jun	100%
Scanners Television Outside Broadcasts Limited	United Kingdom	Dormant company	30-Jun	100%
Selective Media Limited	United Kingdom	Dormant company	30-Jun	100%
South West Digital Radio Limited	United Kingdom	Transmission services	30-Jun	66.67%
Spectrum Interactive (UK) Limited	United Kingdom	Dormant company	30-Jun	100%
Spectrum Interactive Limited	United Kingdom	Holding company	30-Jun	100%

With the following exceptions, the registered office of each of the subsidiary companies listed was Crawley Court, Winchester, Hampshire, SO21 2QA:

Company	Registered office
Arqiva Inc.	c/o The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE19801, United States of America.
Arqiva Pte Limited	8 Marina Boulevard #05-02, Marina Bay Financial Centre, 018981, Singapore.
Arqiva SAS	Tour Vendome 204, Rond Point du Pont De Sevres, 92100, Boulogne, France.
Arqiva SRL	c/o Studio Bandini & Associati, Via Calabria 32, Rome, Italy.
Arqiva (Ireland) Limited	Unit 9 Willborough, Clonshaugh Industrial Estate, Dublin 17, Co. Dublin, Ireland.
Arqiva (Scotland) Limited	c/o Morton Fraser, Quartermile 2, 2 Lister Square, Edinburgh, EH3 9GL, Scotland.

In addition to the subsidiary undertakings the Company indirectly holds the following interests in associates and joint ventures:

Company	Country of incorporation	Principal activities	Registered office	Year end	Percentage of ordinary shares held
Joint ventures					
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA	31-Dec	40.0%
Associate undertakings:					
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	Greenworks Dog And Duck Yard, Princeton Street, London, England, WC1R 4BH	31-Dec	25.0%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for radio	15 Alfred Place, London, England, WC1E 7EB	30-Jun	10.0%

The Company held the following investments in subsidiaries:

	Total £m
Cost	
At 1 July 2023 and 30 June 2024	3,493.3
Accumulated Impairment losses	
At 1 July 2023	(972.0)
Impairment	(74.0)
At 30 June 2024	**(1,046.0)**
Carrying value	
At 30 June 2024	**2,447.3**
At 30 June 2023	**2,521.3**

The Directors consider the carrying value of the Company's investments in its subsidiaries on an annual basis, or more frequently should indicators arise, and believe that the carrying values of the investments are supported by the underlying trade and net assets.

During the year the Company incurred an impairment charge of £74.0m (2023: £972.0m) relating to a direct subsidiary of the Company, Arqiva Group Intermediate Limited. This calculation is considered to be a critical accounting estimate, as the value of the Company's investment in Arqiva Group Intermediate Limited is sensitive to future cash flow projections, specifically in relation to the debt financing operations of Arqiva Group Parent Limited. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment.

4 Other receivables

	30 June 2024	30 June 2023
	£m	£m
Within non-current assets		
Amounts receivable from other Group entities	2,217.8	2,061.9
Total	**2,217.8**	**2,061.9**

Amounts receivable from other Group entities are unsecured, repayable on demand and interest has been charged at 9.5%.

5 Other payables

	30 June 2024	30 June 2023
	£m	£m
Within current liabilities		
Amounts payable to other Group entities	1,721.0	1,565.1
Total	**1,721.0**	**1,565.1**

Amounts payable to other Group entities are unsecured, repayable on demand and interest has been charged at 9.5%.

6 Related parties

The Company has applied the provisions within FRS 101 to be exempt from the disclosure of transactions entered into, and

balances outstanding, with a Group entity which is wholly-owned by another Group entity.

7 Controlling parties

The Company's immediate parent is Arqiva Financing No3 Plc ('AF3'). Copies of the AF3 financial statements can be obtained from the Company Secretary at Crawley Court, Winchester, Hampshire, SO21 2QA.

The ultimate UK parent undertaking is Arqiva Group Limited ('AGL') which is the parent undertaking of the largest group to consolidate these financial statements.

Copies of the AGL consolidated financial statements can be obtained from the Company Secretary of each Company at Crawley Court, Winchester, Hampshire, SO21 2QA.

AGL is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities. There is no ultimate controlling party of the Company.