Arqiva Broadcast Parent Limited

Registered number 08085823

Annual Report and Financial Statements

For the year ended 30 June 2023

Contents

Corporate Information

As at the date of this report (21 September 2023):

Group Board of Directors

Mike Darcey	(Chairman)
Paul Donovan	
Max Fieguth	
Arnaud Jaguin	
Shuja Khan	(Chief Executive Officer)
Susana Leith-Smith	
Scott Longhurst	
Andrew Macleod	
Matthew Postgate	
David Stirton	
Sean West	(Chief Financial Officer)

Company Secretary
Nicola Phillips

Group website:
www.arqiva.com

Registered Office
Crawley Court
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Hampshire
SO21 2QA

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
Charing Cross
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, are intended 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 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.

Arqiva Smart Metering Limited ('ASML') is the legal entity that won the contract for smart energy metering and, whilst it sits within the ultimate parent group, it is external to the ABPL financing group. ASML has contracted with Arqiva Limited (a company within the ABPL financing group) for the provision of the core network, sites and spectrum that will support the delivery of this contract. The procurement and financing of the communications hubs (which allow information to be sent to and from the network) will be performed by ASML. Accordingly, the ABPL group is expected to benefit from the substantial majority, but not all, of the smart metering charges levied to ASML.

A reference to a year expressed as 2023 is to the financial year ended 30 June 2023. 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 2023. References to the 'prior year' and 'last year' are to the financial year ended 30 June 2022.

Arqiva at a glance - 2023

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 companies and utilities to their customers, and the content, data, information, and entertainment they want.

Our Infrastructure

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
10 million premises can connect to our smart meter networks	**50 million data points** delivered on our smart metering networks every day

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

What we do

In today's ever-evolving world, the demand for information, content and entertainment is greater than ever. We all want to be connected 24/7. This is the challenge that our media and broadcast 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.

The Group is the UK's pre-eminent national provider of television and radio broadcast infrastructure and provides end-to-end connectivity solutions in the media and utility industries. 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 DTH satellite broadcast. The Group has been an early and leading participant in the development of smart utility infrastructure in the UK through its smart water and energy metering services and provides satellite connectivity services for electricity networks.

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

Key Strategic ambitions

Undisputed leader in UK TV and radio broadcast

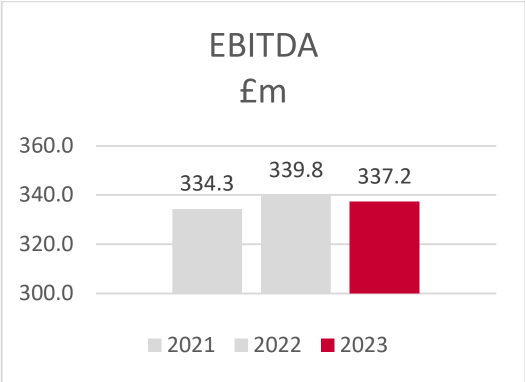
Transition global media to cloud solutions

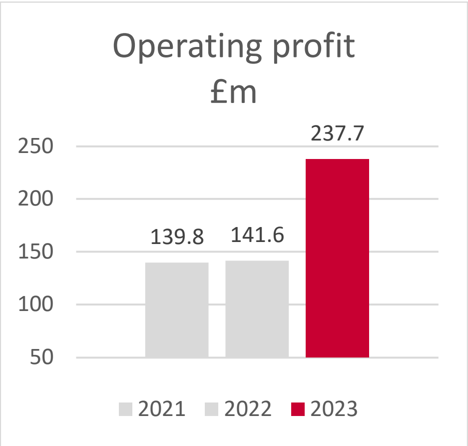
UK's leading smart utilities platform

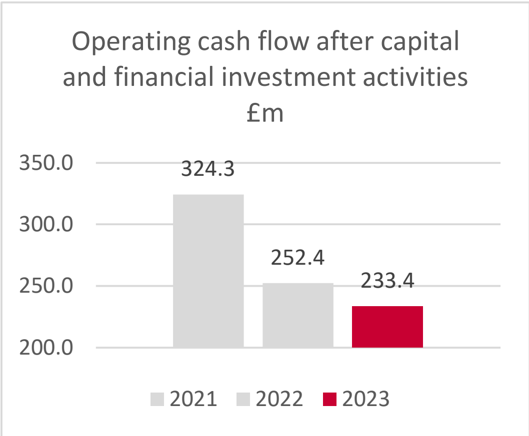
Innovator of scalable solutions for new connectivity sectors

Highlights

Media and broadcast have benefited from RPI-linked contract increases, offsetting decreases in DTT multiplexes and managed broadcast services due to the full year effect of lower pricing on renewals. Growth in water metering products revenues is driven by strong energy device sales across our smart utilities networks. Further revenue increases in the year due to one-off receipts following Cellnex transactions on sites linked to the former telecoms business. With the transformation programme now complete the Group is focused on driving simplification to building a sustainable business with a focus on diversification into new products to better support our customers.



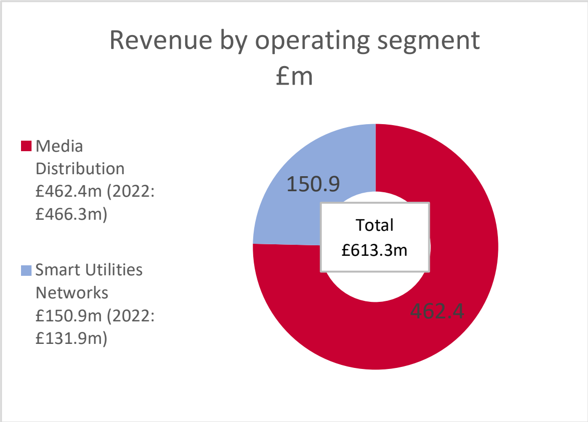


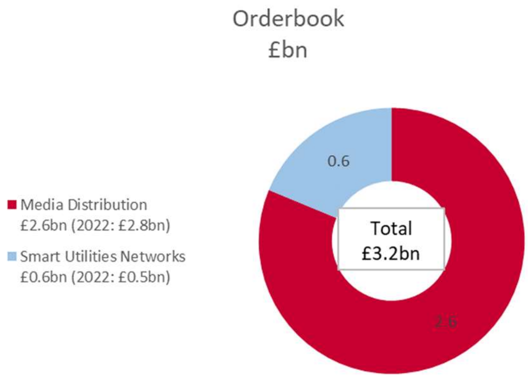


EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that are not considered to reflect the underlying performance of the business. A reconciliation of EBITDA to operating profit is presented on page 29.
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.

Key financials in the year:

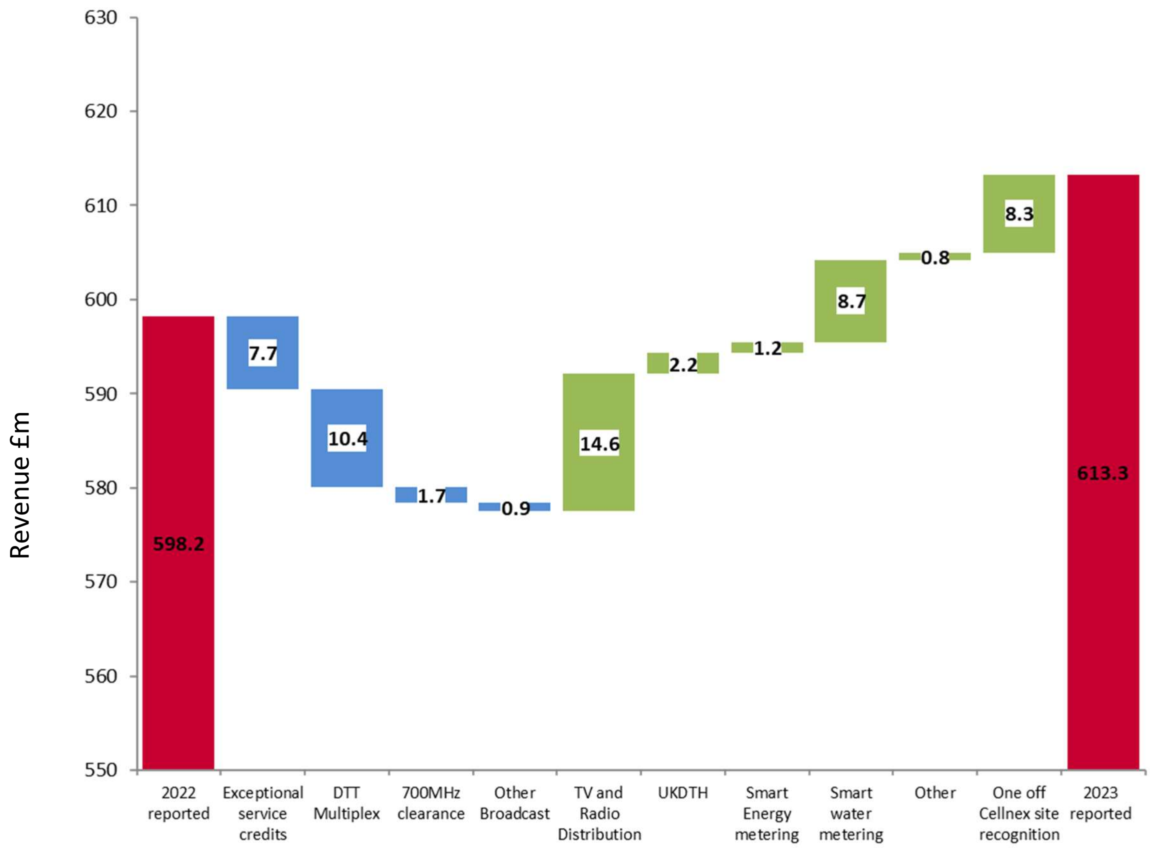
- Revenue increase of 2.5%, but with lower margins resulting in an EBITDA reduction of 0.8% compared to the prior year however operating profit has increased 67.9%
- Increases in revenue, EBITDA and operating profit from broadcast TV and radio distribution products with RPI-linked contracts
- Decreased revenue due to the lower renewal pricing on the main DTT multiplexes. Channel utilisation remains strong returning to 100% at 30 June 2023
- Increase in customer services credits arising from the fire on the Bilsdale site negatively impacting revenue (2023: £15.3m; 2022: £7.6m)
- Continued delivery of the smart energy metering contracts across the North of England and Scotland with fully rolled out network coverage of 99.5%
- Increase in revenue from the continued ramp-up of activity on smart water metering networks and increased water device sales.
- One-off revenue and cash receipt following Cellnex transactions on former telecoms sites





Key influences on revenue

Group revenue has increased 2.5% year on year. These movements are demonstrated in the following waterfall revenue chart:



Key

Decrease in revenue

Increase in revenue

Key Influences on EBITDA

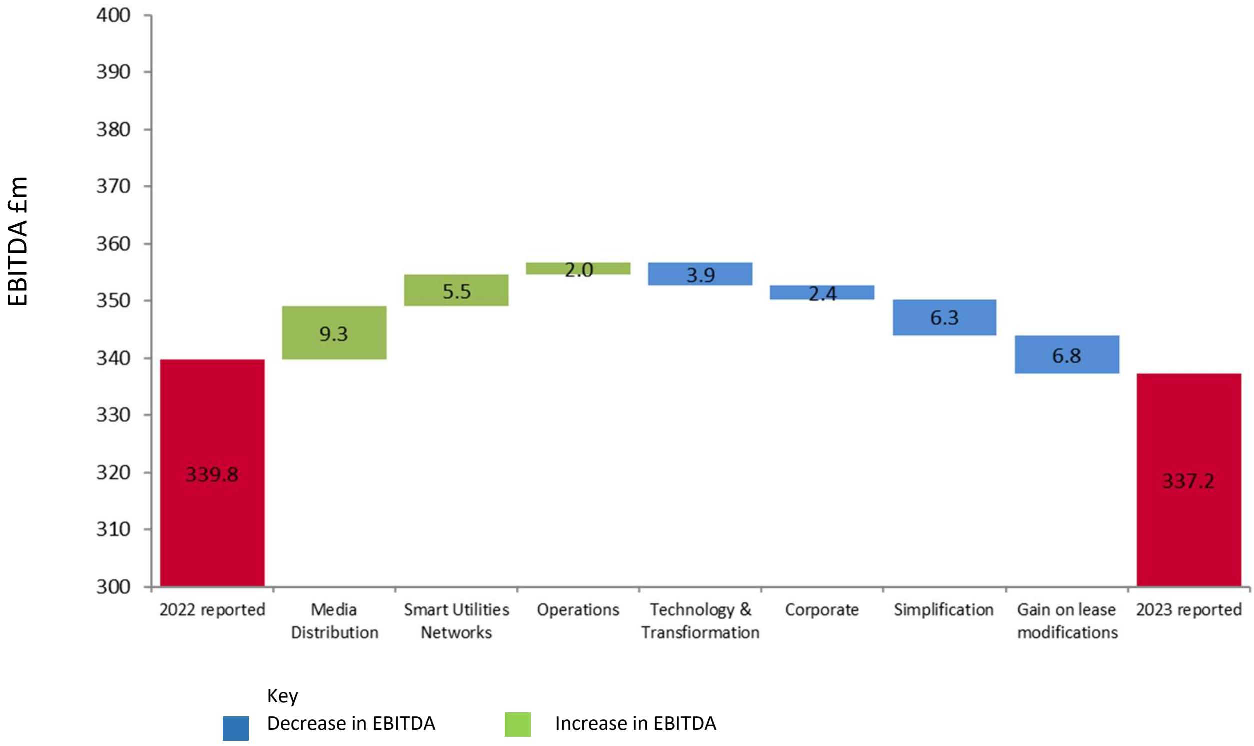
The following waterfall chart demonstrates the year-on-year impact of total EBITDA for the Group reflecting the key financial factors:

Commercial:

- Media and Broadcast: Improved financial performance in core TV and radio products arising from RPI-linked contracts partially offset by pricing pressures on the main DTT multiplexes. EBITDA margins have also been impacted by increased power costs reflecting market volatility of power prices.
- Smart Utilities Networks: Increased activity across both energy metering and growth in water metering device sales as well as one-offs from the Cellnex transaction.

Other functions:

- Increased costs and expense recoveries due to a greater mix of expense project activity being worked on by the teams.
- Further increases in costs driven by investment in the simplification team as we move to the next stage of our cost improvement journey following the completion of the transformation programme. Much of these staff costs would previously have been included in other teams across the business.
- Lower gain year on year from modifications on lease contracts under IFRS 16 accounting



Chairman's Introduction

Overview

Arqiva has delivered a strong performance in 2023, despite the global challenges and continued economic uncertainties being faced, particularly inflation and elevated power costs.

During the year, Arqiva completed the delivery of its system transformation programme and now moves on to focus on simplifying its processes for efficient operations and being able to meet the changing demands and needs of its customers.

On behalf of the Board, I would like to thank all our people for their continued dedication and hard work in the provision of our services.

Change in Shareholder

In October 2022, Digital 9 Infrastructure ("D9") completed its acquisition of Canada Pension Plan Investment Board's (CPPIB) entire 48% stake in Arqiva. D9 is a dedicated infrastructure investor, headquartered in the UK with significant experience in the infrastructure industry and holds sustainability at the centre of its investment strategy. This change in shareholder has not impacted the day-to-day operations of the business as the Group continues to focus on its Vision 2031 Strategy.

Changes in the Board of Directors

The Board of Directors has undergone significant change in the year. Following the D9 purchase, they have elected representatives to the Board, with the CPPIB appointed directors resigning at the same time. Having been a member of the Board since 2018, I am delighted to have been appointed Chairman in February 2023. I would like to take this opportunity to thank our previous Chairman, Mike Parton, who stepped down in February, for his work in this role.

With D9 joining as a shareholder and the growth priorities of the business, the Board has taken the opportunity to look at the skills and experience required from the directors with many new appointments as a result. Joining me on the Board are Arnaud Jaguin, Andy Macleod and Matthew Postgate as representatives for D9, and Scott Longhurst for IFM, who joins as our Audit and Risk Committee Chair.

Sustainability

At a Board level, we are keen to truly understand our climate and sustainability risks, opportunities and strategy and build this into the day-to-day operations of the business.

To achieve our sustainability targets, this year the Board approved an Environmental Sustainability Policy (https://arqiva.com/documentation/safety-health-and-environment/SHE-PY-004%20Environmental%20Sustainability%20Policy.pdf), and our sustainability charter (set out on page 25) to establish information flows and responsibilities across the organisation, including tracking climate-related risks and opportunities ensuring sustainability principles and goals are embedded into the business processes. Arqiva has also established a series of possible initiatives with the potential to deliver Scope 1 and 2 carbon emissions reductions over the medium term, along with outline funding provisions.

The approved Sustainability Programme is guiding and directing Arqiva's sustainability plans and has established the information flows and responsibilities across the organisation, including tracking climate-related risks and opportunities in order to ensure sustainability principles and goals are embedded into business processes. For more details on the Sustainability Programme see information on page 25.

The Operational Resilience sub-committee has the key oversight of the sustainability programmes, with a sustainability working group reporting their findings.

Refinancing

During the year the Group has completed the refinancing of its £625m junior bond as well as issuing a new US private placement of $118m. The Group also completed the issue of £250m public bond post year end in July, with proceeds utilised to repay existing term debt. This refinancing of nearly £1bn continues to underpin the strength of the business and extends debt maturity with the earliest debt maturity now due in 2028.

Market Outlook

The business is operating in ever-changing markets, providing opportunities for diversification as well as changes to the core markets in which the business is working to secure the longevity of Broadcast. During the year the business secured an extension to its DAB licences with Ofcom extending these to 2035. By continuing to engage with key stakeholders, the business is working to secure long-term solutions for the industry. This includes collaboration with 30 other organisations including charities, membership organisations and broadcasters on the Broadcast 2040+ campaign in efforts to safeguard DTT and broadcast radio to 2040 and beyond. The upcoming World Radiocommunication Conference in November 2023 will also have an impact on the future allocation of spectrum to different technologies and services, although no change is expected for the existing Broadcast spectrum.

The business has also actively participated in the consultations with water companies for the price review 2024 methodology which underpins the accelerated investment in smart meters and draft water resource management plans which support our utilities business growth plans and the sustainability plans of our customers.

These initiatives along with contracts achieved in new products that diversify the core business continue to demonstrate Arqiva's importance in the market and growth opportunities going forward. Arqiva is at the heart of these industries and will continue to strive to support customers to achieve a sustainable future.

Mike Darcey

Chairman

September 2023

Strategic Report

Page

Chief Executive's Statement

Over recent years, we have faced a lot of change both within our business and the industries in which we operate. During 2023, we completed our multi-year system transformation, embed a more agile operating model enabled by a new organisation design and leadership capability focusing on new market opportunities. Delivering on this is a step-change for the business and provides us with the best foundation to ensure both resilience and growth.

Strategy and Performance
With strong fundamentals, and the resilience demonstrated in recent years despite the tough economic backdrop, we remain on course for our Vision 2031 strategic journey. Our priorities for the 2023 year have been to continue investing in growth capabilities whilst simplifying our processes to increase our speed-to-market and be as efficient as possible. The execution of this is enabled by the strengthening of our culture; engaging and empowering our people; using technology to transition to a more data-oriented company; investing in compelling products and building partnerships to access new and growing markets.

Total revenue for the business increased by 2.5%. Whilst some of this is driven by the RPI indexation on some of our TV and radio broadcast products, there has been growth in other areas, particularly in devices on our Utilities contracts across both energy and water. To date over 1.5million devices have been delivered on water contracts and 2.6million communications hubs for energy metering.

We continue to deliver on our core transmission and utility network markets with strong operational performance enabled by the investment in new systems. Alongside this, diversification of our product offering is a real focus.

The recent launch of products like Arqade and Arqplex demonstrates how we are building on our existing capabilities with a wider product range to better support customers and their needs. Arqade is a cloud-based video content exchange product that enables media customers to send their channels to multiple platforms across the world efficiently through cloud technology. This platform has commenced delivering feeds for NBC Universal group and a further pipeline of opportunities is being built with other linear channel operators. Arqplex, the Group's first customer cloud multiplexing deployment, is also now launched and already supporting disaster recovery systems for ITV.

In the Utilities market, we have continued proof of concepts in Leakage Detection with several customers as well as developments in Sewage Level Monitoring with initial deployments utilising position in smart meter deployment.

A refresh of the executive team is now complete with a much greater growth orientation in both skills and experience. We welcomed Gaurav Jandwani and Mike Smith into the Executive Director roles for Media & Broadcast and Smart Utilities Networks respectively. These appointments align with the repositioning of the commercial team to set us up for future success in existing as well as new markets. They were joined in the summer by Dom Wedgwood as Chief Technology Officer and Nicola Phillips as Chief Legal Officer. All four come with extensive and broad experience of driving digital technology transition.

We also de-risked the impact of macro headwinds for the medium term. Firstly, by establishing a strong hedging strategy for energy and narrowing the downside exposure to high inflation by entering a collar for the swaps. We then re-financed £345m of our debt during June and July in some of the most challenging macro conditions in recent memory. By getting all this done now, it means we can focus on delivering the commercial strategy over the next couple of years with fewer distractions.

Bilsdale
The fire at the Bilsdale transmitter mast on the North York Moor in August 2021 was a seminal moment for the business. Alongside the activities to restore services in the area, we supported those who had been impacted. This included setting up a call centre for the community and working with local charitable organisations to assist those most vulnerable. We completed the rebuild of a permanent mast at the site and began TV transmission

services on 22 May 2023 with additional radio and mobile network services expected to go live in the coming months. This new mast with a height of more than 300m (the 9th tallest structure in the UK) was a substantial feat of engineering built in record time despite the challenging conditions.

As previously reported, our insurers have concluded their investigations. Precise findings have not been shared and we are unable to comment in detail on these findings while the claims process is ongoing. By 30 June 2023, we had received £25m interim insurance proceeds. Post year end a final total settlement of £41m was agreed with the final £16m received in August.

Sustainability
Given ambitions around sustainability and a drive to net zero, energy consumption is a key factor for us. With current volatility and increases in the energy pricing markets, this also impacts Arqiva's cost base - something we expect will continue in the coming years. In March 2023, our existing forward purchase energy contracts ended, leaving us exposed to higher market prices. I am pleased that we have now entered a revised power contract and trading approach securing 95% of our power requirements to March 2024 thereby mitigating exposure to price volatility over this period, albeit at pricing levels that are 230% per unit cost higher than those of 2023.

Arqiva plays a critical role in the everyday lives of millions of households. It is important that we operate our business and deliver our services in a sustainable way, especially given the environmental challenges we face as a society. Everyone at Arqiva has a role to play individually and collectively. That is why we have set out a clear set of commitments to reduce our greenhouse gas emissions, preserve our natural resources and provide opportunities for biodiversity to flourish. See page 21 for further information on our sustainability targets.

Industry Outlook
Last year saw the launch of the Broadcast 2040+ campaign, a coalition of organisations including Arqiva, with the aim of engaging with decision makers including Government, Ofcom and other key stakeholders across the media sector. The objective was to secure a commitment that DTT and broadcast radio will be safeguarded to 2040 and beyond. The campaign provides a platform for supporting organisations to collaborate on policy developments. During the year, this campaign has expanded to include 30 organisations including charities, membership organisations, and broadcasters and highlights the criticality of terrestrial TV and radio to our societies.

The World Radiocommunication Conference in November 2023 (WRC-23) allows for nations to come together to agree how spectrum is allocated to different technologies and services. Ahead of this, the Government has reiterated its view that millions of households rely on Digital Terrestrial TV and it expects this to continue over the next decade stating its preference for 'no change' to broadcasting's spectrum allocation.

In the Utilities sector, Ofwat has finalised its price review 2024 methodology, which sets out expectations for water companies' 2025-2030 business plans. The Government has indicated support for smart metering, outlining in its Environmental Improvement Plan 2023 where it will be exploring policy options to increase smart metering through accelerated investment through to 2030. In addition, the Environment Agency has asked water companies to roll-out smart meters more quickly and replace manual read meters in its review of draft regional and water resources management plans. Arqiva has taken an active role in consultation processes providing compelling empirical evidence for how smart meters can materially reduce both consumption and leakage.

In the coming year, growth of the business continues to be a top priority. In a fast-evolving technological world, we will strive to continue delivering seamless connectivity in our core services whilst also working on the diversification of our offerings by launching new products. We will continue working with customers to understand their requirements given the rapid change they are facing. This will be in conjunction with creating a dialogue with policymakers to ensure there is the right environment to encourage long-term investment in supporting our core industries in a sustainable way which provide a lifeline to millions of people around the country.

Shuja Khan
Chief Executive Officer

Business Overview

Enabling a switched-on world to flow

At the heart of Media and Broadcast and Smart Utilities Networks in the UK and abroad, Arqiva provides critical data, network, and communications services.

Arqiva works in partnership with our customers, in the UK and around the world, delivering critical 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 is the only national provider of terrestrial television and radio broadcasting and provides machine-to-machine connectivity for smart metering within the utilities sector. Arqiva has invested significantly allowing it to develop its communications infrastructure and technology as markets evolve.

Arqiva earns network access and transmission service revenues from its customers, as well as fees for engineering services and new projects. Arqiva's services tend to be mission-critical for its customers, as well as providing the network coverage necessary for the fulfilment of the universal service obligations ('USOs') for terrestrial broadcast customers as set out in their operating licences from the UK government.

Whilst we have a small overseas footprint, Arqiva's assets, operations and markets are predominantly within the UK and our business is driven from this region; therefore, we have minimal exposure to international markets and foreign exchange.

Arqiva has invested significantly into capital infrastructure and has £1.2bn of property, plant, and equipment at 30 June 2023. The business 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 has an investment grade (BBB+) rating from Standard and Poor's and BBB from Fitch.

Attractive UK communications infrastructure market

DTT (Freeview) TV platform covering 98.5% of the UK population

Analogue and DAB transmitters on radio sites provide coverage for up to 99% of the UK population

Smart networks deliver around 50 million data points every day

A market leader

Sole provider of terrestrial television network access (Freeview)

Owner of 2 of the 3 national commercial multiplexes

Shareholder in, and operator for both commercial national DAB radio multiplexes and it is the service provider for the BBC national DAB radio multiplex

One of only two communication service providers for smart energy meter connectivity in the UK

High barriers to entry

Owner of critical national UK infrastructure that enables Public Service Broadcasters (PSBs) to meet their government mandated universal coverage obligations

Unique and long-life asset base underpins the market leading positions that would not be economically feasible to replicate

Long established relationships with its customers spanning more than 80 years

Our history

Since 1922, Arqiva has been enabling a switched-on world to flow.

We delivered the world's first TV broadcast for the BBC from the tower at London's Alexandra Palace in 1936.

We also developed satellite TV in the 1970s, Teletext, and launched the UK's national DAB radio and digital television networks in the 2000s.

There's no resting on our laurels though. We are currently working with our broadcast partners to develop new ways to reach their viewers and listeners via the Cloud.

We have moved into new sectors, like Utilities. 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. More recently we have launched our dual band communications device for further improved connection capabilities for gas and electricity metering and our smart water metering network has now connected more than 2 million meters in total.

The Group's technology and infrastructure, combined with our history and experience, enable us to work with everyone from major broadcasters (such as the BBC, ITV, Sky and Canal+) to independent radio groups and utility companies (such as Thames Water and Anglian Water) to the Data Communications Company (DCC).

More recently, we launched new products such as Arqade, a cloud-based channel and live event interchange as well as our Hybrid Connectivity service, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies.

Business model

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

The UK's only supplier of national terrestrial television and radio broadcasting services and our DTT network allows more than 24 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 79% 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 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

From the earliest days of radio and television, through the birth of digital broadcasting to the emergence of video over the internet, Arqiva has been at the heart of the industry for nearly 100 years, trusted by broadcast and media brands across the globe. Now, in today's ever-evolving world, that experience combines with a proven portfolio of broadcast infrastructure, end-to-end networks, next generation media processing and connectivity solutions to help our customers innovate, compete and grow.

The Group benefits from a regulated position as the sole UK national provider of transmission services for digital terrestrial television ("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 36 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 "over the top" (OTT) services, popularly known as streaming services, free-to-air ("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 also 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 Digital Audio Broadcast ("DAB"). The Group has radio network infrastructure comprising approximately 1,700 analogue transmitters and 1,020 DAB transmitters over 700 radio sites providing coverage of up to 99% of the UK population. The Group is also the operator of 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 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 25% 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. The Group also 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, uplinking 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. The Group also 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 contracted, substantially RPI-linked order book of £2.6bn (2022: £2.8bn) which includes established, major contracts running as far as 2035.

Smart Utilities Networks

Exclusive metering connectivity provider to electricity and gas companies in the North of England and Scotland

Provider of metering monitoring systems to help reduce water wastage and supporting sustainability

Sector snapshot

Ambitious environmental and sustainability agendas from regulators are driving change across 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 leaks, our water customers are focused on reducing them and 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, military 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, for which we utilise our Flex-net network 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, of which over 2 million have been installed by Arqiva through the Communications Service Provider (North) contract with the DCC. Arqiva has invested substantially in infrastructure as a result of these contracts which now result 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 and is a key strategic priority for growth with the potential to become the UK's leading smart utilities platform. In this area we are supporting our customers in being able to achieve their net zero carbon sustainability agendas including in the water market. With the adoption of Advanced Metering Infrastructure ("AMI") by major water companies in the UK due to regulatory and societal pressures on reducing customer-end leakage and domestic consumption, the Group has a significant proportion of the addressable AMI market. Arqiva has installed over 1,500,000 AMI meters for Thames Water, Anglian Water and Northumbrian Water, and had commenced trials for a water company in the Midlands and SES. The Group is the market leading provider of AMI metering networks at scale. The Group also offers satellite data communications for electricity distribution networks.

Utilities revenues also include site share revenues relating to the utilisation of broadcast sites for telecommunications equipment and transitional services provided following the sale of the telecoms business to Cellnex.

The smart utilities network products have an order book of £0.6bn (2022: £0.5bn), with contracts running as far as 2050.

OPERATIONS

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

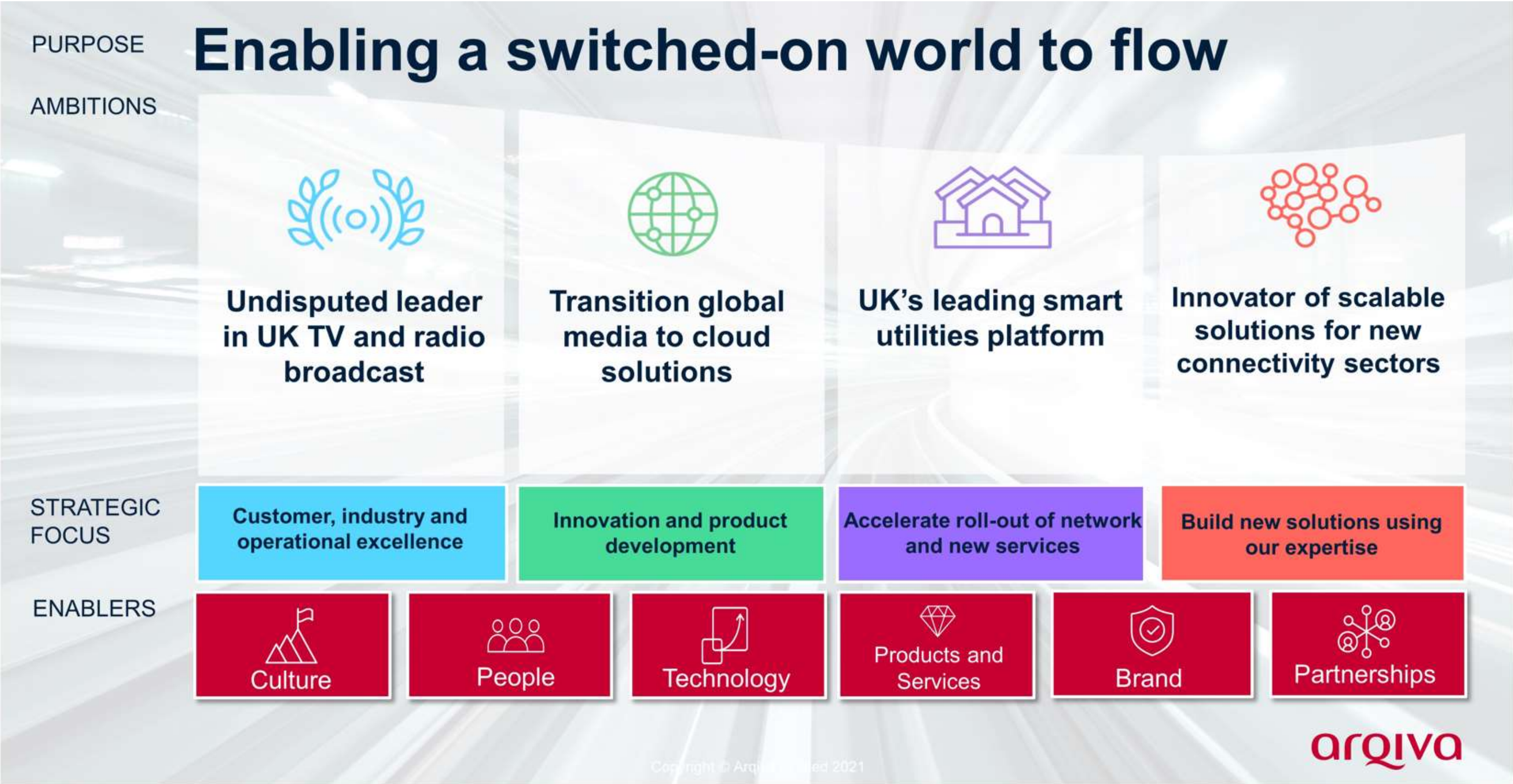
Our technology function operates across the business comprising engineering, product management, product marketing, information security, data and insight and transformation.

CORPORATE

Corporate functions at Arqiva comprise Finance, Procurement, Strategy & Regulatory, Legal and People and Culture providing support services across the business. Corporate also now includes the newly established Simplification function, responsible for the internal change and programme delivery activities following the completion of the Group's transformation programme, a multi-year programme to replace core IT systems, in the year.

Strategic Overview

Vision 2031 is our strategic focus. We have four key ambitions with strategies on how to deliver them.



The below priorities set out how we plan to achieve our four key ambitions:

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 and 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 those that make the most of our infrastructure, spectrum, and satellite expertise

Progress in 2023

Growing the business: Through the year, alongside our core product offerings of TV and radio broadcast and Utilities networks, Media & Broadcast diversified its services by directly tackling the challenges faced by broadcasters, content owners and platform operators by investing in Cloud and IP technologies to provide new services to support their global distribution strategies, reducing the complexity and cost of managing content delivery. These services include our new Arqade and Arqplex technologies.

Within the Smart Utilities 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 and data analytics services to interpret the data from both meters and sensors to identify domestic leaks.

See our business updates on page 23 for further detail on our new products and live contracts in these areas which underpin the future diversification of the business.

Simplification: During 2023, we have completed our transformation programme and shifted focus to how we can continue to simplify our processes and embed continuous improvement to improve both internal ways of working and drive customer experience. The simplification team has therefore been established with the aim of navigating organisation-wide programmes, prioritisation, and resource allocation in order to streamline our processes and improve our technology.

Culture: Our growth and simplification 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.

Sustainability Strategy

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

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 sustainability goals are individually explored in more detail in the Corporate Responsibility (Environment) section on page 36.

Our approach to these goals is centred on several industry leadership principles;

- Establishing and maintaining all Arqiva's carbon emissions to create transparency, establishing a dedicated Sustainability Programme with governance to coordinate delivery of our sustainability plans across the business, identifying environmental risks and developing strategic and operational plans to mitigate them
- Active engagement with customers to drive the carbon reduction agenda, working collaboratively with our customers and suppliers on strategies, mitigations, and negotiating renewals with carbon investment in mind
- Actively assessing the market and our own products for future decarbonization opportunities using new technology and innovation
- Active engagement with regulators and government to support carbon reduction plans, priorities, and investment
- Establish information flows and responsibilities across the organisation to ensure that sustainable principles are embedded in all our business processes and form part of the framework used for decision-making

Our services are at the heart of broadcast and utilities in the UK, and our sustainability plans have the capacity for industry-wide impacts that extend all the way into essential household services. Reducing our carbon emissions and creating energy efficiencies under our Net zero plans therefore supports our strategic ambitions to be the undisputed leader in UK TV and radio broadcast as well as the UK's leading smart utilities platform provider, examples include:

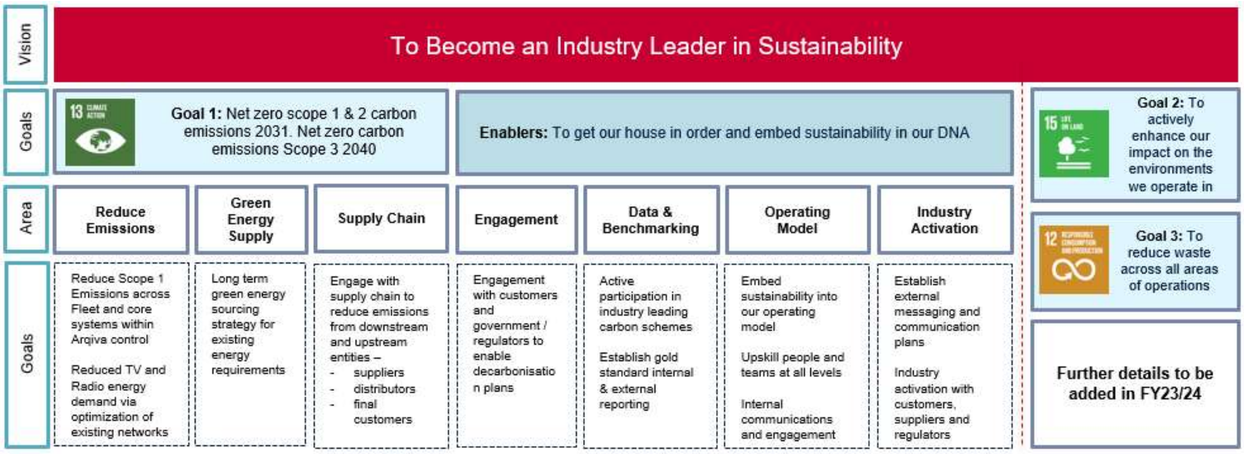
- Reducing energy demand at a time of high energy prices and market volatility in high areas of consumption for essential TV and radio platforms. Reducing consumption in the short term on AM radio, while reshaping our FM and DAB infrastructure
- Participation in renewable purchase energy programs to lower our energy carbon emissions and therefore those of the industries we serve.
- Championing sustainable procurement and innovation in our supply chain to make our products more carbon-efficient and sustainable.

Our smart utilities propositions inherently promote the responsible use of natural resources. Expanding Arqiva's smart utility network solutions business supports ambitious environmental agendas from regulators to improve consumption and waste management, reduction of waste, greenhouse gas emissions and UK water leakage. It also supports our strategic ambitions to be the UK's leading smart utilities platform provider, and to optimise the use of natural resources across the utilities sector

Our strategic ambitions to transition global media to cloud-based solutions are leading to the introduction of next generation IP and cloud-based broadcast and transmission solutions that enable carbon reduction in our industry through improved scalability, enriched service aggregation, improved energy consumption, and reductions in maintaining a traditional fixed asset base. It also future-proofs our key services and supports the future of digital terrestrial TV and radio.

Engaging our customers and suppliers in the quest for sustainable and efficient products and designs supports our desire to innovate in the development of our products and as a potential enabler for our ambition to be an innovator of scalable solutions for new connectivity sectors.

To achieve our sustainability targets, this year the Board approved an Environmental Sustainability Policy (*https://arqiva.com/documentation*), and our sustainability charter (below). Arqiva has also established a series of possible initiatives with the potential to deliver Scope 1 and 2 carbon emissions reductions over the medium term, along with outline funding provisions.



The Board approved the Group's sustainability targets in December 2022 and established Arqiva's Sustainability Programme in May 2023 with a small core team and a wider team of specialists across the group to deliver our charter together. The programme has started to refine Arqiva's net zero plans and deliver on Arqiva's sustainability ambitions working collaboratively with our suppliers and customers to formalise our medium-term plans and targets, to describe and track climate-related risks and opportunities, and to establish enhanced reporting capabilities. It is working across the business to develop Arqiva's operating model - establishing and embedding capabilities across the Group to ensure that we can operate and grow our business sustainably. The Programme has established and will provide updates on any climate-related risks to the Executive Committee as required, as well as reporting on progress toward the sustainability goals overall. The Programme also manages Arqiva's sustainability reporting obligations including regular key stakeholder updates.

For more information on the Programme governance see page 58, our goals and progress are described on page 36, and for details on our emissions metrics see page 72 in the Directors' report.

Business Update

The Group's contracted order book value for continuing operations at 30 June 2023 was £3.2bn (2022: £3.3bn). A significant proportion of the value of this 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 Group remains focused on growth opportunities in targeted core infrastructure areas as well as diversification from its new product launches.

Media and Broadcast

DTT Multiplexes

The platform remained fully utilised at 30 June 2023 following the launch of That's 60s which replaced a channel which left the UK market earlier in the year and a contract for the channel Great! Romance which replaced a channel QVC Style which moved multiplexes to our competitor SDN. While we continue to see high utilisation of our multiplexes in the future, current macroeconomic factors are impacting some customers with whom we maintain regular contact. Ideal World entered administration as the year end and ceased transmission, we remain in active dialogue with the administrators and potential bidders to secure a new contract.

Radio

Both Sound Digital ("SDL") and Digital One ("D1") multiplexes, whilst having been fully contracted since last June 2022, now have all services launched, meaning these are fully utilised. The local radio multiplexes Arqiva operates have risen to an average 83% occupancy with significant long-term renewal activity with the BBC, Global and Bauer ongoing. Arqiva also continues to onboard new services to various multiplexes, the latest being Amber radio. The DAB platform remains the dominant listening platform delivering 40% of all listening hours.

The industry continues to move towards AM switch-off, diverting investment to either DAB or FM as this occurs. FM revenues hold strong with long-term contracts in place but are relatively static as all spectrum is already. Investment in the FM platform continues with Arqiva finishing some re-engineering projects for both Bauer and Global in the year.

Direct to Home (DTH)

Earlier this year Arqiva signed a multi-year deal with a UK Public Service Broadcaster ('PSB'), representing the first DTH deal (including satellite capacity) that has been signed with a PSB, demonstrating Arqiva's strategy of increasing its market share in the UK TV broadcast market. The services are scheduled to launch in 2024.

During the year, Arqiva signed 2 new HD channels with DAZN which launched in April 2023. This means that Arqiva has successfully secured all 5 HD channels that have launched into the market in the last 12 months, bringing the platform to full utilisation. Arqiva also launched India Today, a new SD channel in the market. There is also a strong pipeline of opportunities to fill up capacity when it is freed up following the multiplex upgrade planned for 2024.

Media Management Products

Arqplex, (the Group's first customer cloud multiplexing deployment) is live, supporting 5 disaster recovery systems for ITV. The automation and orchestration services at the heart of this solution were demonstrated at NAB in Las Vegas with very positive feedback from international broadcasters and platform operators. A second customer deployment with Paramount has been agreed and will be live in the next 12 months and should lead to more systems for the same customer.

Arqade, (Arqiva's cloud-based television content exchange product) launched in 2022. Arqade enables media companies to interchange their content with multiple platforms efficiently across the world through cloud technology. During the year, Arqade has been continuing to gain traction in the market. Notable success was achieved with a contract with NBC Universal, delivering channels into New Zealand and Australia.

Government (DCMS) updates
In June 2022, the 'Broadcast 2040+' campaign was launched by a coalition of organisations including Arqiva, with the aim of securing a long-term commitment from the Government to the future of broadcast services. The campaign provides a channel for supporting organisations to collaborate on policy developments and has attracted media coverage and engagement from members of parliament. In May 2023, the Broadcast 2040+ campaign expanded to include 30 organisations including charities, membership organisations, and broadcasters.

The Government has reiterated its view that millions of households rely on DTT and it expects this to continue over the next decade. The Government has also stated its preference for 'no change' to broadcasting's spectrum allocation ahead of the next World Radiocommunication Conference in November 2023, where nations come together to agree how spectrum is allocated to different technologies and services.

The Government released a draft Media Bill in March 2023, which is undergoing pre-legislative scrutiny. The draft Bill includes provisions intended to simplify the remit for PSBs, provide flexibility across the platforms public service broadcasters can use to fulfil public service remit and certain content quota requirements, provide prominence for PSBs on connected devices, introduce stricter regulatory requirements for video-on-demand platforms, reduce regulatory burdens from commercial radio stations, and protect radio's position on voice-activated smart speakers. The pre-legislative scrutiny process for the draft Bill is ongoing.

Smart Utilities Networks

Regulatory Environment
The water sector regulator Ofwat has finalised its price review 2024 methodology, which sets out expectations for water companies' 2025-2030 business plans. Ofwat outlined that it expects companies to embrace opportunities to improve performance through smart technology, that the regulator will support investment in smart metering and that smart metering is likely to be a part of 'least regret' best value programmes to reduce leakage. Ofwat further outlined that companies should consider smart meters that provide near real-time data as the standard meter installation type. In June 2023, Ofwat announced its decision to allow an acceleration in the delivery of seven smart metering schemes earmarked for 2025-2030 and equating to 462,000 smart meters, enabling these programmes to be delivered between 2023-2025. Ofwat's final determinations for the next regulated price period will be delivered in December 2024.

The Government has indicated support for smart metering, outlining in its Environmental Improvement Plan 2023 that it was exploring policy options to increase smart metering through accelerated investment through to 2030. In addition, the Environment Agency asked water companies to roll out smart meters more quickly and outlined its expectations that companies install smart meters from 2025 and replace manual read meters in its review of draft regional and water resources management plans.

Arqiva has taken an active part in consultation processes informing water companies' final business plans for 2025-2030, highlighting the benefits of accelerated investment in smart metering. This includes contributing to consultations on the price review 2024 methodology, Ofwat's proposals to accelerate smart metering programmes, and draft water resource management plans. Arqiva will continue to engage with policymakers in the lead up to Ofwat's final determinations on water company business plans for the next regulated price period.

Anglian Water
Since the award of the Anglian Water contract in June 2020, the Group has rolled out over 630,000 meters of the overall 789,000 targeted by 2025. The pace of network rollout continues to accelerate with a joint plan to complete all sites before October 2024. Anglian have recently awarded two additional regions targeting an overall deployment of 1.1 million meters by the end of 2025. Device deliveries continue at a rate of 40,000 per month by year end.

Thames Water
Since April 2015, Arqiva has delivered a smart metering network for Thames Water and as at 30 June 2023, over 889,000 meters have been installed. It is the largest smart water metering network in the UK and has high coverage across the Thames Water London region. Arqiva continues to add a number of network sites outside London, with 2 new sites ordered for delivery this calendar year in the Thames Valley region.

Thames have launched a procurement exercise to satisfy the needs of their Green Economic Recovery award and their initial AMP8 requirements. This is predicated on the use of NB-IoT technology. We have proposed a solution which leverages the existing managed service and includes Sensus based NB-IoT solution and expect the outcome in December of this calendar year.

UK Power Networks
Arqiva has continued the BGAN rollout for the UK Power Networks for its network monitoring with over 1,600 units delivered by the end of June out of the total orders of 5,000 expected to be delivered in the next financial year.

SGN Hybrid Connectivity
Following a successful bid for the Strategic Connectivity competitive procurement exercise, Arqiva has been awarded the preferred supplier status for all three lots and will be working with SGN to conclude the contract in October. The contract has been delayed whilst SGN confirm funding from Ofgem which is expected in the coming months.

Other Smart Water Metering Trials
In the Midlands, Arqiva has been participating in a multi-vendor, multi-technology smart water metering evaluation trial with a major water company. The trials have proven the excellent performance of our technology and managed service. We are extending and expanding the trial for a further 12 months and 1,900 meters, enabling the water company to evaluate fully the benefits and establish a business case for a future full smart metering roll-out. Orders have been received for the trial extension and meters have now been deployed. This includes our Customer Side Leakage detection tool recently developed.

A contract was signed with SES Water to assist in evaluating the data produced by our smart metering solution and identifying the resulting operational and financial benefits. This has now been expanded from c. 400 meters to over 1,000 meters and includes both Customer Side Leakage Detection and Customer Engagement tools.

New proof of concepts (PoC)
Arqiva has engaged with utility customers and industry suppliers as it seeks to expand its presence in the smart utilities industry. Our customer side Leakage Detection PoC has been well received, we have several further developments and customers involved as this PoC evolves. Our Sewer Level Monitoring trial has continued with Anglian Water with 9 sites deployed and with positive initial feedback, and we are engaged in a competitive bid process to supply c. 20,000 devices over the next two years. In addition, we have showcased a potential customer engagement application to a number of water customers that has received positive feedback.

Smart energy metering rollout
The Group’s smart metering communication network in the North of England and Scotland continues to cover 99.5% of premises. There are currently over 2.6 million communications hubs operating on the network representing circa 25% of the total UK communication hub installations. Our Comms Hub Supply chain remains stable and we continue to reduce the outstanding backlog of devices each month working closely with our suppliers and the DCC in support of the programme rollout. The recent volatility in global energy markets combined with domestic initiatives to address the increasing need for a more flexible energy system, creates the need for considerable change and places new additional demand on our solution. We have built a strong pipeline of change requests submitted by the DCC to meet these needs, including an expansion in capacity to support the additional traffic now forecasted to occur.

Corporate Update

Power

For the majority of this year Arqiva benefitted from stable energy pricing through hedged energy purchases made under an energy supply contract, which expired in March. Arqiva replaced its energy provider in April because the incumbent exited the commercial & industrials market. Our new contracts now reflect the prevailing energy market, with unit costs 230% higher than previous contracts and impacting future costs. New contracts still provide the facility to hedge energy purchases forwards to provide cost stability and certainty of supply.

Sustainability

This year Arqiva set out a Sustainability Charter, established its Scope 1 and 2 emissions and identified a series of initiatives that could deliver absolute energy reductions working collaboratively with our suppliers and customers. As part of our commitment made to Science Based Targets (SBTi) this year, we also assessed our Scope 3 emissions using financial year 2022 as a proposed baseline year.

The Board approved the establishment of a Sustainability Programme, to formalise and coordinate delivery of Arqiva's plans, working collaboratively with our suppliers and customers, and to establish information flows and responsibilities across the organisation to embed the core principles across the business. In this report Arqiva also provides its inaugural Non-Financial Sustainability Information Statement as required by UK BEIS, setting out key climate-related risks and opportunities.

Bilsdale Mast Fire

The new 300m+ mast at Bilsdale, which replaced the mast irreparably damaged by a fire in August 2021, began transmitting standard definition television services on 22 May 2023. Following this date, high-definition services went live from the mast on 4 June 2023. The new mast at Bilsdale has now restored the core Freeview channels to the region, on the same frequencies and to the same signal area as the old mast. Arqiva maintained its Project Restore Help Scheme for a period from the launch of the new mast to support viewers who might need help in restoring services. Since October 2021 the scheme received over 26,000 phone calls, arranged more than 8,000 engineer visits and supported nearly 300,000 visits to a dedicated website, Bilsdalemast.co.uk. The Project Restore Help Scheme closed in July 2023 as any new issues experienced are very unlikely to be related to the fire. Work continues to install additional antenna equipment to restore radio services provided by the Bilsdale mast.

The Group has submitted a claim to its insurance provider in respect of such costs and expects that the insurance proceeds will be sufficient to cover some but not all of the costs. £25m was received in interim payments for this claim by 30 June 2023. A final total settlement of £41m was agreed and received post year end in August. To date, the Group has incurred £31.2m in capital expenditure for the rebuild of the mast and incurred a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

In May 2023, the BBC issued proceedings against Arqiva claiming service and other credits alleged to be due to the BBC under its contracts with Arqiva, owing to the loss of service caused by the fire at the Bilsdale mast in August 2021. These proceedings are ongoing and the Group has taken legal advice and is defending the claim.

See page 29 for further information on the financial impacts of the fire.

Financial review

Financial Performance

For the year ended 30 June 2023, revenue for the Group was £613.3m, an increase of 2.5% from £598.2m in the prior year on a total.

Revenue by market area	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m	Variance %
Media and Broadcast	462.4	466.3	(0.8)%
Smart Utilities Networks	150.9	131.9	14.4%
Total Group Revenue	**613.3**	**598.2**	**2.5%**

Media and Broadcast

Total Media and Broadcast revenue has decreased by 0.8% year on year to £462.4m from £466.3m. Our core broadcast TV and radio distribution products have remained strong and stable during the year with inflationary increases due to RPI indexation on these long-term contracts.

These increases have been partially offset by pricing pressures on multiplex products. Following new channel launches in the year, utilisation has remained strong on the Group's main (DVB-T) multiplexes and was 100% at 30 June 2023. Across the UK DTH and managed media services, revenue has remained flat however we expect there to be impacts in 2024 due to customer terminations at the end of the year and loss of customers that have entered administration.

An increase in customer service credits (2023: £15.3m; 2022: £7.6m) arising from the fire on the Bilsdale site has further negatively impacted revenue in the year. See note 7 of the financial statements for further information.

Smart Utilities Networks

Revenue from Smart Utilities Networks has increased from £131.9m to £150.9m, a 14.4% increase year on year. This increase is due to the continued growth of revenues from water metering contracts as well as increase in device sales as supply chain issues have eased.

Smart revenue also includes site share revenues relating to the utilisation of broadcast sites for telecommunications equipment and transitional services provided following the sale of the telecoms business to Cellnex. Revenue in this area has increased following one-off revenue received in the year in relation to a further Cellnex transaction.

Gross profit has decreased 0.3% year on year from £419.3m to £417.9m primarily driven by the increases in revenue and related costs also increasing in the year reflecting the lower margin nature of the increases in revenue.

Other operating expenses from the total Group were £96.7m, up 8.4% from £89.2m in the prior year. Despite cost savings attributable to one-off costs incurred in the prior year on project consultancy and IT licences and maintenance established from the Group's digital transformation not repeated, operating expenditure has increased year on year. This is partly driven by the nature of projects worked on resulting in lower capitalised overheads as the Group pursues its simplification journey and focuses on diversifying its product portfolio with new product launches during the year. Further cost increases are as a result of insurance costs and non-cash gains from lease modifications in the prior year not repeated.

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 are not considered to reflect the underlying performance of the business. A reconciliation of EBITDA to operating profit is presented on page 29.

EBITDA by market area	Year ended **30 June 2023** **£m**	Year ended **30 June 2022** **£m**	**Variance %**
Commercial			
Media and Broadcast	*352.3*	*343.0*	*2.7%*
Smart Utilities Networks	*70.9*	*65.4*	*8.4%*
Total Commercial	423.2	408.4	3.6%
Operations	(23.3)	(25.3)	7.9%
Technology	(32.4)	(28.5)	(13.7)%
Corporate	(30.3)	(14.8)	(104.1)%
Total Group EBITDA	**337.2**	**339.8**	**(0.8)%**

During the year ended 30 June 2023, the Simplification function has been established to oversee internal change and programme delivery activities following the completion of the transformation programme. The costs for this area are recognised within the Corporate function. With staff moving across to this function from other areas of the business much of these costs were previously recognised elsewhere in the business, predominantly the Commercial and Technology and Transformation segments.

Total EBITDA was £337.2m, a 0.8% decrease from the prior year of £339.8m. Despite the increase in revenue, EBITDA has been impacted by increasing power costs and staff costs due to the nature of programmes being worked on.

Within the Media and Broadcast business, EBITDA has increased by 2.7%, from £343.0m to £352.3m. This increase is primarily driven by the increases in revenue from core TV and radio products and decreased staff costs due to the nature of products worked on in the year. This is partially offset by increases in energy costs.

EBITDA for the Group's Smart Utilities Networks business has increased from £65.4m to £70.9m, an increase of 8.4% driven by the increases in revenue. This includes the one-off revenue received in respect of former telecommunications sites for the Cellnex transaction as well as increases in device sales on water metering contracts following improvements in previous supply chain delays. The margin for Smart Utilities is however slightly impacted due to the increase in revenues from device sales as a relatively lower margin product.

The Operations functional segment is a non-revenue generating segment responsible for the efficient operations and maintenance of all Arqiva services including field engineers, disaster recovery and network operations. EBITDA for the Operations segment has increased 7.9% due to a decrease in costs from £25.3m to £23.3m. The decrease is predominantly due to staff costs and recoveries due to changes in the nature of projects being worked on by the team as well as a decrease in insurance costs that were included within this function in the prior year but are included within the corporate function in the current year.

EBITDA for the non-revenue generating Technology function for the year was a loss of £32.4m, an increase in cost of 13.7% from a loss of £28.5m in the prior year. The increase in cost is mainly due to the nature of projects being worked on resulting in lower capitalisation of overheads in the year. This has been partially offset by a reduction in one-off costs incurred in the prior year not repeated in relation to the Group's digital enterprise platforms as a result of the transformation programme and consultancy project costs.

Corporate EBITDA represents costs for the support functions such as finance, strategy & regulatory, legal and HR services as well as the new simplification team. EBITDA for this function has increased cost by 104.1% from a loss of £14.8m to £30.3m year on year. This increase in cost has been partly driven by the new simplification team now included within the function predominantly due to staff costs in this area as well as an increase due to insurance costs which were included within operations in the comparative year. Further reduction is due to a lower gain recognised year on year on modification of lease contracts under IFRS 16 accounting.

In the year, depreciation has decreased by £67.0m (2023: £91.7m; 2022: £158.4m) and amortisation has decreased by £0.3m (2023: £12.9m; 2022: £13.2m). The collective decrease of depreciation and amortisation is driven by a reduction in accelerated depreciation and amortisation from the prior year not repeated. This is particularly in connection with assets replaced under the 700MHz clearance programme and software assets decommissioned in the prior year under the Group's transformation programme which have both now completed. Further decreases are due to the reassessment of the calculation of depreciation in relation to certain capital programmes.

Exceptional operating expenses charged to operating profit were £6.7m, decreasing from £19.6m in 2022. Exceptional costs in the current year predominantly relate to restoration costs arising from the Bilsdale fire, restructuring and severance costs as the Group completed its transformation programme and embedded organisational design changes. Exceptional operating expenses are excluded from EBITDA. A reconciliation of EBITDA to operating profit is presented below.

The restoration costs of £4.3m incurred within exceptional operating expenses (2022: £10.0m) were associated with the Bilsdale transmitter following a fire which broke out on 10 August 2021 including support costs following the completion of the new permanent mast. Costs recognised are those which have been incurred to date and can be reliably measured. See note 7 to the financial statements for further disclosure on the full financial impacts incurred.

The Group has continued to engage with insurers regarding the fire. Whilst the insurers have concluded their investigations, the precise findings have not been publicly shared. Further interim stage payments of £20.0m have been received from the insurers in the year (2022: £5.0m) which has been recognised as exceptional other income in the income statement. A final settlement of £16m has been received post year end in August 2023.

Operating profit has increased 67.9% (2023: £237.7m; 2022: £141.6m) across the Group. This increase is driven by the improved trading performance of the group as well as the reductions in depreciation as capital programmes progress, reduced costs and higher insurance proceeds received associated with the Bilsdale fire.

A reconciliation between operating profit and EBITDA is presented below:

	Year ended **30 June 2023** **£m**	Year ended **30 June 2022** **£m**
Operating profit	237.7	141.6
Exceptional items charged to operating profit	6.7	19.6
Exceptional service credits	15.3	7.6
Depreciation	91.7	158.4
Amortisation	12.9	13.2
Impairment	-	0.5
Exceptional loss on disposal of fixed assets	-	9.5
Loss on disposal of fixed assets	0.7	2.1
Other Income	(7.8)	(7.7)
Exceptional Other Income	(20.0)	(5.0)
Total EBITDA	**337.2**	**339.8**

Finance costs (net of finance income) were £295.8m, an increase of 6.7% from £277.1m in 2022. This increase is driven primarily by the compounding effect of interest of the outstanding amounts owed to group undertakings. There has also been a further increase in bank and other loan interest. Despite an overall decrease in principal debt, interest costs have increased due to inflation indexation in relation to our index-linked swap derivatives as well as higher overall interest costs on the Junior level debt refinanced at the beginning of the year.

Other gains and losses for the year included £28.2m of losses (2022: £77.6m loss). This loss is as a result of fair value movements of interest rate and index-linked swaps, principally attributable to changes in forward market rates and credit spreads.

Loss before tax for the Group was £86.3m decreasing from £213.1m in the prior year.

The loss before tax is reported after non-cash charges of £327.6m (2022: £447.5m) as shown below:

Reconciliation between loss/profit before tax and non-cash charges/(gains)	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Loss before tax	(86.3)	(213.1)
Depreciation	*91.7*	*158.4*
Amortisation	*12.9*	*13.2*
Impairment	-	*0.5*
Exceptional loss on disposal of fixed assets	-	*9.5*
Loss on disposal of fixed assets	*0.7*	*2.1*
Interest payable on amounts owed to group undertakings	*165.0*	*150.1*
Other non-cash financing costs[2]	*29.1*	*36.1*
Fair value movements on derivative financial instruments	*28.2*	*77.6*
Total non-cash charges	***327.6***	***447.5***
Adjusted profit before tax and non-cash charges	**241.3**	**234.4**

Cash Flow

Net cash inflow from operating activities was £277.3m, a 21.2% decrease from £336.1m in 2022. Despite operating profit increasing year on year, the cash flow decrease is driven by the movement in working capital. Working capital inflows have decreased due to one-off working capital inflows in the prior year not repeated relating to the refinancing of network set-up charges for smart energy metering as well as the utilisation and unwind of deferred income (decreasing contract liabilities) and timing of payments.

There has been a decrease in capital expenditure on the purchase of tangible and intangible assets year on year. This is driven by a reduction in expenditure on significant capital projects as these programmes have now completed including the Group's transformation programme as well as expenditure on an IT refresh for the Smart energy metering programme in the prior year not repeated. This reduction has partially been offset by increases in capital expenditure incurred in relation to works on the Bilsdale transmitter site following the fire, including the completion of the new permanent mast as well as increases related to our new products. Further decreases to net capital expenditure are due to the insurance payments received in respect of the Bilsdale claim.

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

Reconciliation between net cash flow from operating activities and operating cash flow after capital and financial investment	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Net cash inflow from operating activities	277.3	336.1
Purchase of tangible and intangible assets	(64.7)	(88.7)
Sale of tangible and intangible assets	0.8	-
Receipt of insurance stage payment	20.0	5.0
Net capital expenditure and financial investment	**(43.9)**	**(83.7)**
Operating cash flow after capital and financial investment activities	**233.4**	**252.4**
Cash Conversion as a % of EBITDA[3]		
Operating cash flow after capital and financial investment	69.2%	72.5%

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 the table above for a reconciliation to cash inflow from operating activities.

Operating cash flow after capital and financial investment activities was £233.4m, a decrease of 7.5% from £252.4m in the prior year. This decrease has been principally driven by the decrease in working capital movements reducing net operating cash flows partially offset by the reduction in net capital expenditure due to programme progression and the interim stage payments received in respect of the Bilsdale site fire. Cash conversion levels for the Group remain strong although decreased due to movements in working capital.

Financing cash flows have increased year on year (2023: £442.9m outflow; 2022: £236.9m outflow) owing to the repayment of borrowings predominantly arising from the refinancing of the Group's Junior debt, with £450.0m proceeds utilised along with existing cash balances to redeem the previous £625.0m of Junior bonds. An additional outflow in the year is due to the increase in accretion payments made on our inflation-linked swaps as a result of the high inflation levels. In June 2023, the Group completed an accretion cap and collar execution limiting future exposure to inflation on its derivatives to a range of between 2% and 6%. This is partially offset by a further £95.1m of debt proceeds received in June 2023 following the issue of new US private placement notes.

The total cash flow for the year was a £207.5m outflow (2022: £16.3m inflow). This decrease is principally owing to the repayment of borrowings and accretion impacts partially offset by the decrease in capital investment cash flows explained above.

Financial Position

Net liabilities were £839.8m, representing an increase of 5.1% from £798.7m in the prior year. The net liability position is primarily driven by the capital structure reflecting the borrowings, lease liabilities and derivative financial instruments held. The increase in liabilities for the year is driven by the financing costs for the Group. Post year end the Group has completed a further senior debt refinancing. See page 32 for further information. Our assessment of going concern is set out on page 33.

Financing

The Group established our Whole Business Securitisation ('WBS') structure in February 2013, and since then we have continued to refinance elements of our debt structure further extending our maturity profile.

[3] 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.

Standard and Poor's and Fitch reconfirmed their rating of Arqiva senior debt at BBB+ and BBB respectively.

At 30 June 2023 the Group's debt finance[4] comprised:

	< 1 year £m	1-2years £m	2-5 years £m	>5 years £m	Total £m
Facilities drawn	15.0	-	-	-	**15.0**
Finance lease obligations	18.3	13.4	18.6	18.7	**69.0**
Senior term debt	262.0	-	-	-	**262.0**
Senior bonds and notes	45.3	48.1	234.3	422.9	**750.6**
Junior bonds	-	-	450.0	-	**450.0**
Intragroup loans	-	-	-	45.2	**45.2**
Total	**340.6**	**61.5**	**702.9**	**486.8**	**1,591.8**

Included within the above is £625.1m of fixed rate debt and £966.7m of floating rate debt. £93.5m of Senior bonds and notes represents US dollar-denominated private placements. All other debt held at 30 June 2023 is sterling denominated. The Group holds interest rate swaps (including inflation-linked interest rate swaps) and cross-currency swaps to hedge our interest rate exposures. This hedging strategy is employed to ensure the certainty of future interest cash flows. The Group does not apply hedge accounting to these swap arrangements.

Post year end in July 2023, the Group has 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 2023**	**30 June 2022**
Maximum allowed ratio of net debt to EBITDA	6.00	6.00
Actual ratio of net debt to EBITDA	2.97	2.93
Minimum allowed ratio of cash flow[5] to interest	1.55	1.55
Actual ratio of cash flow[5] to interest	5.56	5.76

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

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 2023, the Group had a cash balance of £36.3m (2022: £243.8m). 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 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 2023	Total Facility £m	Drawn £m	Available £m
Working Capital facility	205.0	15.0	190.0
Liquidity facility	150.0	-	150.0
Total	**355.0**	**15.0**	**340.0**
Cash held	-	-	36.3
Total Available Cash	**355.0**	**15.0**	**376.3**

Going Concern

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 new debt facilities established post year end, see note 30 for further information. 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.

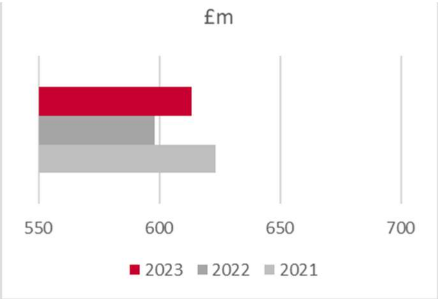
Key Performance Indicators

The Group uses a combination of financial and non-financial key performance indicators ('KPIs') to measure against our strategic ambitions.

See page 19 for further information on our strategic ambitions:

Financial KPIs

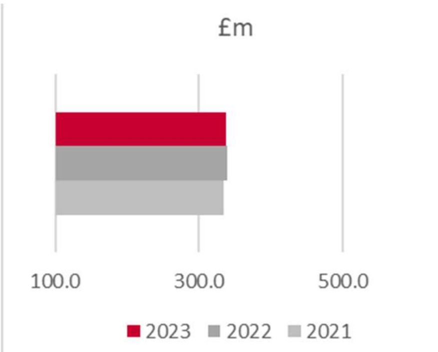
Revenue



Definition – Revenue is presented as per the financial statements, and in accordance with IFRS 15

Revenue has increased 2.5% from the prior year (2023: £613.3m; 2022: £598.2m). Revenues on our TV and radio distribution have remained strong due to RPI-indexation on the contracts as well as increases across our utilities contracts due to strong device sales. There is also a one-off increase due to revenue received in respect of former Telecoms towers from the Cellnex transaction. These increases have however been partially offset by the run rate of lower fee renewals across our DTT platform and customer terminations managed media services. A further decrease is due to service credits to certain customers following the Bilsdale fire (2023: £15.3m; 2022: £7.6m).

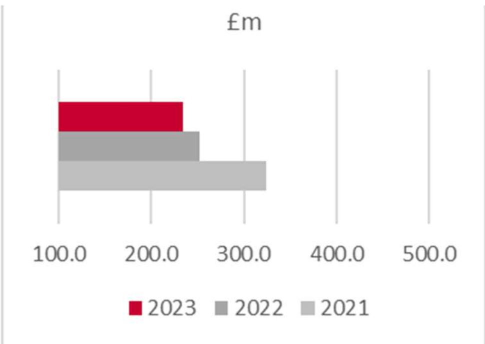
EBITDA



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 29 for its reconciliation to operating profit.

Total EBITDA has decreased 0.8% (2023: £337.2m; 2022: £339.8). Despite the increase in revenue, this is driven by lower margin products such as devices on utility products. Margins are also impacted by increased power costs due to higher market prices and are expected to remain higher in the coming years. Further cost increases are due to lower capitalised overheads increasing staff costs due to the nature of projects and programmes being worked on during the year.

Operating cash flow after capital and financial investment



Definition – Operating cash flow after capital investment activities represents the cash generated after spending required to maintain or expand its asset base. This is calculated as the net cash flow from operations minus the net cash flow from capital expenditure and financial investment. See page 31 for its reconciliation to net cash flow from operations.

Cash generated has decreased by 7.5% from £252.4 to £233.4m. This has predominantly been driven by one-off working capital inflows in the prior year not repeated in relation to refinancing of network setup charges on smart energy metering contracts. Working capital outflows are due to the normal unwind of contract liability balances. Capital expenditure has decreased year on year due to the reductions in major capital programmes such as the Group's transformation programme as these programmes completed and smart energy metering due to an IT refresh in the prior year. This is partially offset by an increase in costs incurred on the capital restoration on the Bilsdale transmitter site with the build of the permanent mast and capital expenditure incurred for new product growth.

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 trials are in progress

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

New sector product diversification

Media Management Products

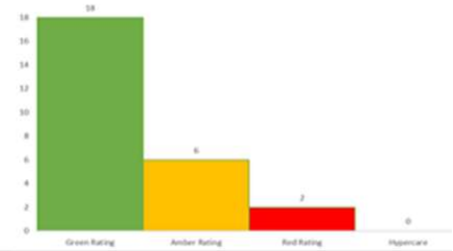
- Arqplex, the Group's first customer cloud multiplexing deployment product, is in build and has 2 customer deployments supporting ITV and Paramount.
- Arqade, a cloud-based channel and live event content exchange has launched demonstrating the value of integration with traditional broadcast infrastructure. Service deliveries contracted with NBC Universal.

Utility Products

- Hybrid Connectivity services, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies with contracts awarded with SGN
- 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 in June relate to service reliability and 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

71

Our engagement score has increased to 71 in May 2023 (+5 from 66 in May 2022 assessed from our Employee Engagement survey.

Arqiva is now only two points off the Glint UK benchmark engagement score of 73.

Response rate in March 2023 was 79% (-4% from September 2022).

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.

Our culture is critical to the success of our strategy with our 3 culture goals driving how we serve our customers and creating 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

Our sustainability principles and goals continue to be formally embedded into our business processes, ensuring that we can operate and grow our business sustainably. This year, the Board approved the establishment of a Sustainability Programme to guide and direct Arqiva's sustainability plans, establish the information flows and responsibilities across the organisation, and to describe and track climate-related risks and opportunities. For more details on climate-related governance and risk management see page 58.

Environment

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 a key area of interest, economically and environmentally to both Arqiva and its customers, it 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; and
- Monitoring and managing carbon emissions

Over the course of this financial year, we established several key milestones in our journey to net zero by 2031 on Scope 1 and Scope 2 emissions and targeting net zero across Scope 3 by 2040. Arqiva established its Scope 1 and 2 emissions and identified a series of possible initiatives that could deliver absolute reductions by working collaboratively with our suppliers and customers. As part of our commitment made to SBTi (Science Based Targets) this year, we also assessed our Scope 3 emissions using financial year 21/22 spend as a proposed baseline year.

We continue to investigate 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. While there are associated investment implications for Arqiva and its Customers, most of the equipment targeted has been in service for some time, as a result, no material asset impairments are anticipated.

Responsible management of energy is also being embedded in Arqiva. Examples include the electrification of our fleet vehicles, logistics optimisation, transition to low carbon fuel for generators, optimising building management systems, replacing gas and oil central heating and targeting gas leakage from air conditioning systems.

We have committed to purchasing 100% renewable electricity from March 2024. We are also identifying innovative sustainable power solutions that can be deployed at scale alongside certified renewable energy purchases as part of our renewable energy supply strategy, which will feature prominently where absolute reductions can't be made.

For more information on our net zero plans, progress and emissions see page 72 in the Directors' report.

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 will develop further opportunities for our sites to support and enhance biodiversity through enhanced maintenance regimes, developing relationships with key suppliers and wildlife conservation groups, as well as supporting our staff to get more involved with related projects and initiatives.

We already 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. Arqiva maintains an environmental management system (accredited to ISO 14001) providing governance and training for employees to protect and enhance environmentally sensitive areas and the wildlife they attract. This year Arqiva's employees planted 70 native trees in tribute to the 70-year reign of HRH Queen Elizabeth - providing a new habitat for wildlife to thrive.

Arqiva values accountability and transparency in our supply chain. We operate a supplier code of conduct (available on https://arqiva.com/documentation) to encourage and support our suppliers to act responsibly, working in socially and environmentally sustainable ways to minimise any potential impact on the environment as a result of supplying goods and services to us. As part of our application to SBTi in 2023, we built on this by assessing our Scope 3 emissions and identifying key suppliers to develop wider supply chain strategies to reduce our Scope 3 carbon emissions and drive efficiencies through deeper supply chain insights, accountability, and re-engineering.

We provide services to customers utilising complex and often shared infrastructure so we are also working to provide a higher degree of transparency on the carbon emissions associated with our products and services for individual customers (over and above - for example - share of revenue) so that we can work collaboratively with them to identify ways to reduce demand for electricity and carbon emissions through re-engineering or replacement of technologies.

As noted in our Charter, more detailed plans and metrics are to be established for this goal in the course of the 2024 financial year.

Goal 3: To optimise the use of natural resources

This goal is focused on the reduction of waste generated as a consequence of our operations, and incorporating the principles of a "circular economy" that consider waste through the supply chain including end-of-life management and maintenance of assets, including reclamation and re-use of usable components and equipment to support extending the useful life of our wider asset base, potentially avoiding increased carbon emissions otherwise associated with wholesale asset replacement. It also seeks to improve our understanding and management of our direct and indirect consumption of finite resources such as water and energy. This ambition also extends into the markets we serve, offering customers solutions to mitigate their own environmental impacts.

We are developing our policies and enhancing processes to facilitate and report on these ambitions with measures expected to include the level of assets recovered, recycled, or reused in Arqiva in its supply chains, and the levels of support we have been able to offer our customers. As noted in our Charter, more detailed plans and metrics are to be established for this goal in the course of the 2024 financial year.

Ambitious environmental agendas from regulators are driving change across utility sectors, providing opportunities for growth. Our smart energy and water utilities propositions inherently support a more responsible use of natural resources, assisting our utilities customers with their sustainability agendas, improving consumption and waste management, and reducing waste, reducing greenhouse gas emissions and UK water leakage.

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 aggregation, improved energy consumption, and reductions in maintaining a traditional fixed asset base.

In its own operations, Arqiva's sustainability strategy seeks to consider the environmental risk of every investment made and reduce our dependency on natural resources by adopting sustainable 'circular economy' practices. Arqiva continues to develop sustainable routes for items no longer required by the business, repurposing displaced technology elsewhere in our estate, and recycling viable technologies and materials ranging from repurposing of laptops to recycling of reclaimable materials from infrastructure replacement. This year we have recycled 126 tonnes and repurposed over 0.25 tonnes of equipment.

We recently introduced transparent consumable purchasing options allowing employees to opt for "climate pledge friendly" products from suppliers with more carbon efficient and aggregated logistics, reducing multiple handling.

Under our Sustainability Programme, we also launched initiatives to find efficiencies in our asset maintenance schedules, e.g. logistics optimisation, remote monitoring/resets, bundling and reducing consumable holdings including refurbishment and recycling.

Social

Supporting Charities

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

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. In 2023, we retained our Bronze CAF award. The amount provided to charities through this scheme has reached over £100,000 over the past three years.

Following the fire at our Bilsdale site in 2022, Arqiva donated £50,000 each to three local charitable organisations to support communities affected by the fire and to help identify those in greatest need.

We also support our colleagues to volunteer their time and talents to causes they care about. During 2023 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.

Wellbeing
The Group has an ongoing commitment to the health and emotional wellbeing of our people. Arqiva runs an annual event focusing on both organisational and personal resilience, which includes wellbeing sessions and

training courses. We also have a network of Wellbeing ambassadors and mental health first-aiders, who are equipped to listen without judgement, reassure and respond to colleagues, even in a crisis.

As well as these activities, our colleagues have access to a wealth of support through our Employee Assistance Programme.

Health and Safety
Health and safety is vital, whether in the office or repairing an antenna on a 300 metre mast. We have 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.

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.

Supporting Diversity and Inclusion

Our diversity and inclusion programme ensures that we are continually focused on what's needed for everyone to feel included and 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. We have moved beyond building awareness around unconscious bias and are now supporting colleagues to understand the difference between intent and impact.

Our Diversity Ambassadors have been instrumental in encouraging and engaging other workplace communities by running an active programme of events. We now have an active Women at Arqiva network, a Working Families group, a Neurodiversity network, and activities to support Pride month so we can listen, support and take opportunities to make lasting, tangible changes so our working practices are even more inclusive. We have become a corporate member of the industry leading Inclusive Employers to ensure we benefit from their campaigns and subject matter expertise as well as being a member of Tommy's 'Pregnancy and Parenting at Work' scheme 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 1,284 (2022: 1,287). 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, religion 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:

	2023		2022	
	Female Number / %	Male Number / %	Female Number / %	Male Number / %
Board of Directors	1 / 10%	9 / 90%	2 / 20%	8 / 80%
Executive Committee	3 / 33%	6 / 66%	2 / 25%	6 / 75%
Group Employees	295 / 23%	989 / 77%	296 / 23%	991 / 77%

The Group continues to address training and development requirements for employees at all levels within the organisation in order to foster a culture of learning and to embrace the curiosity mindset. The Board also reviews future management requirements and succession plans on an on-going basis.

The Group is a corporate partner of the Institute of Engineering and Technology (IET) supporting engineering roles to achieve IET Professional status. We are also a member of the AWS Partner Network enabling technical and non-technical development and certification, provides sponsorship for professional qualifications and subscriptions and offers all employees access for self-paced learning provision such as A Cloud Guru, AWS Skills Builder, LinkedIn Learning and Oracle Learning Cloud.

To support emerging talent, Arqiva offers 2-year graduate programmes with an annual intake every September to progress into permanent roles as well as apprenticeship schemes, via the apprenticeship levy. Other initiatives include a “Lead the Way” programme to support the development of the leadership team, “Change Ready” programmes for managers and is also running Level 3 and Level 5 qualifications with the Chartered Management Institute in a Leadership and Management Development Programme.

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 opportunity for updates and discussion across the business.

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. 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 2023 financial year are expected to be made in October 2023. 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 (which comprises members of the Board of Directors).

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
Arqiva is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. The supplier Code of Conduct reflects the commitment to acting ethically and with integrity in all business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. The full statement is included on page 44 and is also available on the company website at www.arqiva.com.

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 27001:2013. 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 accreditation, supported by internal monthly audits, we continue to confidently demonstrate our commitment to security and secure working practices. We have held this certification since 2013 and recertify every three years with recertification last given in May 2022.

We also hold Cyber Essentials certification. Cyber Essentials is a government-backed, industry-supported scheme to help organisations guard against the most common cyber threats and demonstrate their commitment to security. We have held this certification since 2016 and recertify annually.

Taxation
The Group's approach to tax is to ensure compliance with all legal and statutory obligations. Arqiva 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 Arqiva and employees, totalled £54.1m for the financial year (2022: £54.2m).

The Arqiva 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 21 September 2023 and signed on its behalf by:

Scott Longhurst
21 September 2023

Corporate Governance 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.

Section 172 Statement

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 2023, 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
Consequence of any decision in the long-term	Strategic overview	19-22
Interests of employees	Employee Engagement Supporting our people Employees	43 38 (Corporate Responsibility) 39
Fostering relationships with suppliers, customers and others	Stakeholder Engagement Business Update	Below 23-26
Impact of operations on the community and the environment	Environment / Sustainability Energy Consumption and Waste management Charity	36 72 38
Maintaining a high standard of business conduct	Governance Health & Safety Modern Slavery Act, Anti-Bribery & Corruption	47-51 38 44
Acting fairly between members	Stakeholder Engagement Accountability	Below 69

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 38-40) for full details
Regulatory Bodies	We have good relationships with representatives in all relevant regulatory bodies and engage regularly with 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); and the Department for Business and Trade (DBT). 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 mast fire at Bilsdale, we have continued to liaise closely with Ofcom and DCMS with regard to both the individual impact of the fire and service recovery planning for the broadcast industry more widely.
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; Executive Committee members; and where appropriate our Chairman. As part of our ongoing response to the Bilsdale mast fire, we have sought to support customers who have been affected and ensure continued delivery of services.
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. The Company is particularly proud of its community support activities to assist members of the public affected by the loss of the Bilsdale mast. The Company is also part of the Broadcast 2040+ coalition working with various charities urging the government to commit to protecting essential and cost effective 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; Management conducts regular company-wide live broadcasts and hosts face-to-face connect days throughout the year to update employees on performance, strategy and other key developments; with opportunities for employees to ask questions in real time.

2. *Consultation*
   Arqiva 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.

3. *Involvement*
   Employees participate in annual bonus schemes which are based upon performance of the business throughout the year, encouraging employees to contribute to the success of the business. The Group's cultural value of curiosity 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; regular email communications with business updates and through the Arqiva Hub.

Modern Slavery Act: Slavery and Human Trafficking Statement

Overarching Statement
This statement sets out the steps we are implementing to combat slavery and human trafficking. We remain committed to further improving our practices in the future to combat slavery and human trafficking.

Organisation's Structure
We are a communications infrastructure and media services provider, operating at the heart of the broadcast, satellite communications, and smart metering markets. We're at the forefront of network solutions and services in the digital world. We provide much of the infrastructure behind television, radio satellite communications and smart metering in the UK and have a presence in Ireland, mainland Europe and the USA.

During the financial year ended 30 June 2023, Arqiva Limited and its subsidiaries, Arqiva Muxco Limited, and Arqiva Smart Metering Limited were part of the Arqiva group with head offices in the UK and over 1,200 employees. We operate in the UK and Europe.

Arqiva Limited (and its subsidiaries), Arqiva Muxco and Arqiva Smart Metering Limited each have an annual turnover of in excess of £36 million.

Our Supply Chains
The Arqiva Procurement team works in partnership with our suppliers, ensuring we meet our internal customer needs. The Arqiva values are core to how we interact with suppliers whether a high-volume preferred supplier or one-time only supplier.

We have an exceptionally diverse range of services and goods that are required by the business and sourced by our Procurement team including:

- Transmission – Arqiva has numerous transmission sites throughout the UK;
- Construction – Arqiva undertakes a broad range of construction activities from small changes to the construction of new transmission towers;
- Maintenance & Repairs;
- IT software and managed services;
- Satellite Capacity; and
- Corporate facilities (including corporate sites, stationery, recruitment, legal and professional fees).

Our Policies on Slavery and Human Trafficking
We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Suppliers are required to comply with our Supplier Code of Conduct, which reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

Due Diligence Process for Slavery and Human Trafficking
As part of our initiative to identify and mitigate risk we:

- Aim to identify and assess potential risk areas in our own business and our supply chains;
- Try to mitigate the risk of slavery and human trafficking occurring in our own business and our supply chains;
- Monitor potential risk areas in our own business and our supply chains;
- Where possible we build long standing relationships with suppliers and make clear our expectations of their business behaviour;
- Require our suppliers to comply with the Modern Slavery Act 2015 and have their own suitable anti-slavery and human trafficking policies and processes; and
- Encourage the reporting of concerns and support the protection of whistle blowers.

Supplier Adherence to our Values
We have zero tolerance to slavery and human trafficking. We expect all those in our supply chain to comply with those values and our Supplier Code of Conduct.

Our Procurement team, reporting into our CFO, is responsible for promoting and ensuring compliance with the Modern Slavery Act 2015 as part of our supplier relationships.

Training
Having previously trained all staff in 2022, a refresher training course was rolled out across the business in January 2023 and will be rerun again in January 2024.

Our Effectiveness in combating Slavery and Human Trafficking
We will use the following key performance indicators (KPIs) to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

- Use of robust supplier selection process including supplier questionnaires and compliance with Arqiva's Supplier Code of Conduct; and
- Use of our systems to ensure that purchase orders and payments to suppliers are limited to those who comply with our standards.

Steps taken during the financial year to 30 June 2023
In the past financial year, we have taken the following steps to ensure that slavery and human trafficking is not taking place in our supply chains, and in any part of our own business:

a) We continue to run our qualification process for all suppliers:
One Time Only suppliers (low value transactions of less than 3% spend in FY23) all use our standard Purchase Order T&Cs, which includes a mandatory compliance clause covering Modern Slavery and Human Trafficking Laws. Suppliers with ongoing relationships are all required to qualify via our e-procurement system. This process includes background checks and either (a) confirmation of acceptance of the Arqiva Supplier Code of Conduct (which covers modern slavery and human trafficking); or (b) demonstration that the Supplier has its own equivalent policies covering modern slavery and human trafficking. Purchase Orders cannot be placed with new ongoing suppliers before the confirmation has been given.

b) We continue to limit the number of active suppliers with Oracle to reduce risk. During the financial year to 30 June 2023 we had 877 suppliers registered on oracle and have traded with only 764 of these suppliers during the fiscal year (N.B. this figure has reduced from >2,300 in 2018).

c) We continue to use our "Speak Up" reporting website and telephone line to enable people to notify any concerns. These are overseen by the Internal Audit function and regular updates given to the Group's Audit & Risk Committee.

Statement
This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Arqiva Limited, Arqiva Muxco Limited and Arqiva Smart Metering Limited's slavery and human trafficking statement for the financial year ending 30 June 2023.

Note: The signed statement is available on the Company website at www.arqiva.com

Governance

Board of Directors and Executive Committee

Ownership

The Company is owned by a consortium of shareholders comprising Digital 9 Infrastructure (48%), Macquarie European Infrastructure Fund II (25%), plus other Macquarie managed fund (1.5%), Health Super Investments (5.5%), IFM Global Infrastructure Fund (14.8%) and Motor Trades Association of Australia (5.2%). 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 shareholding in the Group:

- D9 Wireless OpCo 2 Limited ('D9') (48%), a company owned by Digital 9 Infrastructure plc. The Company invests in the infrastructure of the internet that underpins the world's digital economy: digital infrastructure. The number 9 in Digital 9 Infrastructure comes from the UN Sustainable Development Goal 9, which focuses the fund on investments that increase connectivity globally and improve the sustainability of digital infrastructure. The assets DGI9 invest in typically comprise scalable platforms and technologies including (but not limited to) subsea fibre, data centres, terrestrial fibre, and wireless networks. D9 completed its purchase of the Canada Pension Plan Investment Board's entire 48% stake in Arqiva in October 2022. Digital 9 Infrastructure plc is listed on the London Stock Exchange (DGI9).
- Macquarie European Infrastructure Fund II ('MEIF II') (25%), an investment fund managed by 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 is composed of ten Directors representing our shareholder consortium as well as two members of the Executive Committee. The following Board members were in office during the year and up to the date of the signing of the annual report and financial statements.

Board Committee Membership

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

Mike Darcey, Chairman

Mike has been a member of the Board since 2018 and was appointed Chairman 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 (Chairman), M247 (Chairman), Home Retail Group (Senior Independent Director) and Sky New Zealand (Director). He is also Chairman of British Gymnastics.

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.

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.

Appointed by Digital 9 Infrastructure Limited

Arnaud Jaguin, Director

Arnaud has over 15 years experience in telecoms and digital infrastructure, with a strong focus on fibre and wireless networks. He led D9's acquisitions of Elio Networks and Arqiva. Within the team, Arnaud leads on investment analysis, portfolio management and strategy, and engages actively with investors. He also sits on the Boards of Aqua Comms, Verne Global, Elio Networks and Giggle Broadband.

He began his career in telecoms M&A advisory at UBS Investment Bank in London. He then had a varied career in the industry with Level3 Communications (corporate development and strategy), CenturyLink (marketing), RETN (sales operations) and Ontix (finance). Arnaud holds a Master's degree in Finance from Sciences Po Paris.

Andy Macleod, Director

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.

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.

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.

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.

Appointed by IFM Investors

Max Fieguth, Director

Governance and Remuneration Committee Chair
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.

Executive Committee

(also includes the Chief Executive Officer and the Chief Financial Officer on pages 48)

Vivian Leinster
Chief Simplification Officer

- Appointed Chief Simplification Officer June 2022 from her previous position in the Executive Committee as Chief People Officer, a role held since her appointment to **Arqiva** in June 2020.
- **MS Amlin:** Chief People Officer at specialist insurance provider
- Previously spent four years as People Director at **Bupa UK**, and 10 years in a variety of senior generalist and specialist HR roles at **BT**

Adrian Twyning
Chief of Operations

- Joined **Arqiva** in March 2021 with experience in energy, retail, health construction and professional services.
- **Dixons Carphone:** number of senior operations roles leading large-scale operations and business transformation
- Senior operation roles at British Gas leading 4,000 field operations team

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 Meggit:** 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 Wedgewood
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

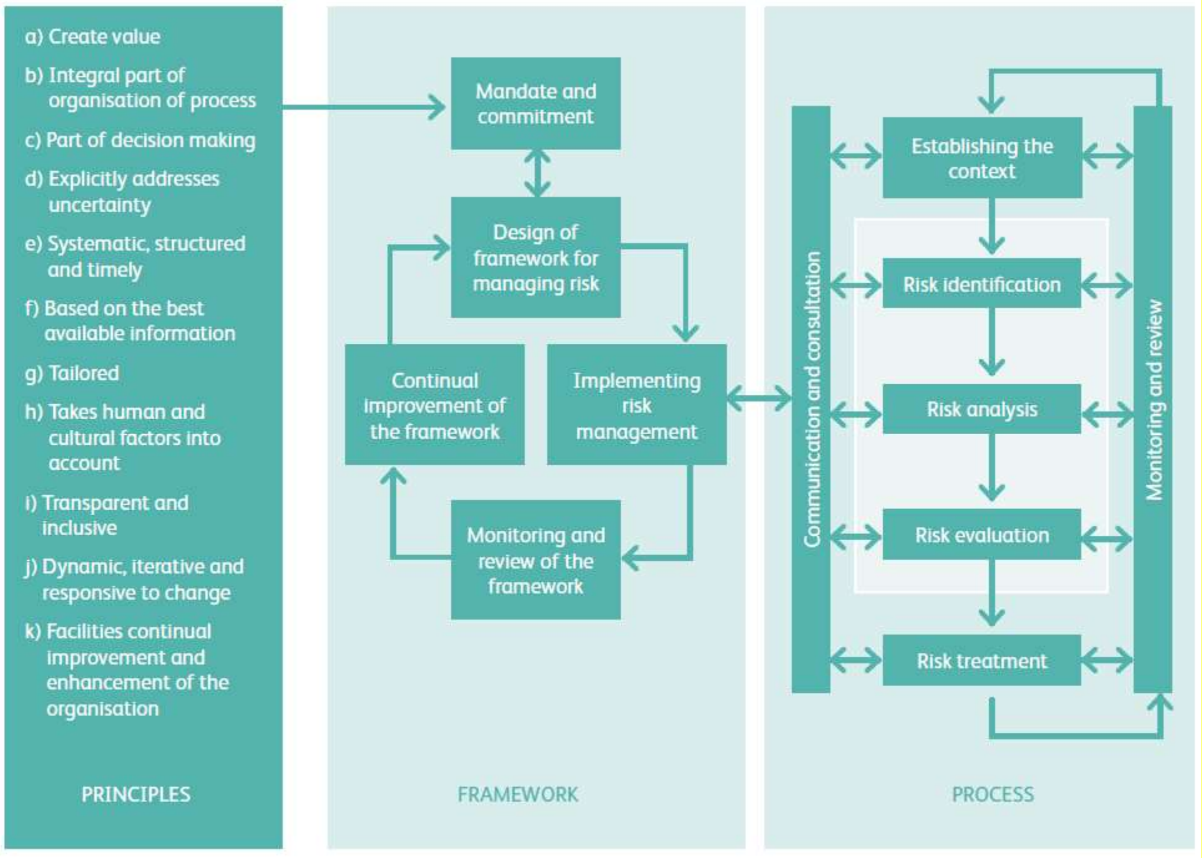
Principal Risks and Uncertainties

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 also adopted the ISO 27000 series for Information Security including 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.

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	Our new products do not gain traction in the market due to insufficient investment in product development, 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,	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 discussions which reflect market conditions e.g. with media customers on the	Arqiva remains in dialogue with customers and other stakeholders such as government and Ofcom or developments and opportunities in the markets. 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 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

	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 Customers challenge regulated pricing, impacting long-term contracts and returns on existing services and increasing volatility.	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 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.	process or discussions around C4 privatisation. 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.
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. Asset condition is worse than expected due to ageing 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	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 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	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. Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented. The Bilsdale mast fire and other incidents have prompted us to review lessons learned. Root cause of incidents are established to identify cases for greater investment. Maintenance capex is built into the long-term plan along with increased investment in security.

	greater than anticipated capital expenditure.	maintenance strategy and system owner reviews of platform health assessed. Mitigation requiring a Capex investment is prioritised within the Capex budget envelope.	
Political	Change in government plans, policy or priorities could lead to changes in licensing, spectrum access and duration impacting long-term contracts for the business e.g. potential funding model changes.	Arqiva maintains regular dialogue with our stakeholders to ensure the delivery of our programmes are efficient, timely and to specification. Where specification changes occur, Arqiva provides a detailed assessment of the potential costs of the scope change and seeks an informed recovery of these costs through mechanisms in our contracts. Arqiva's assets and operations remain predominantly in the UK and therefore our business has minimal exposure to the changing relationships with international markets. Arqiva acts to defend licences and spectrum and seeks to avoid changes in the number of DTT muxes and licences which could trigger a change or need to review the regulatory framework	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 or around the future of the PSB 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. Arqiva has secured an extension of its key DTT mux licences until the end of 2034. The launch of Broadcast 2040+ seeks to safeguard the terrestrial TV and radio broadcast products that underpin the core business of Arqiva and secure the longevity of these contracts. Arqiva has been involved in WRC23 including direct lobbying and engagement at an international level through membership and participation in Broadcast Networks Europe.
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	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	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. Operational resilience 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

	to configure to comply with information security standards	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.	98% of household's service restored. Arqiva has worked extensively in the community to support impacted viewers with positive feedback. 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 global computing component shortage bears an inherent risk of delays through the supply chain and therefore challenges to delivery through operational uncertainty and complexity. This results in	The Group maintains an ISO270001 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 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. A task force has been established to coordinate the global supply chain (focus on water and energy meters) with orders placed in	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 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. Component orders are placed in advance and contracts established with multiple providers. Progress in the year with improvements in the supply chain and increased

	delays to supply of water metering devices and subsequent risk to customers on ability to meet water leakage targets as well as cash flow delays due to changes in customer investment plans or delays in contracting.	advance to de-risk supply. We also seek to use multiple device manufacturers and meter providers.	deliveries of devices in the financial year.
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 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 culture 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 17 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 was launched in 2022 establishing the 3 culture goals to support the achievement of our strategy.
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. A simplification 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.
Financial	Details of the financial risks and details of mitigating factors are set out in the Directors' report on pages 75-76.		

Non-Financial Sustainability Information Statement

The aim of the Non-Financial Sustainability Information Statement ('NFSIS') is to improve transparency of organisations' climate-related risks and opportunities so that investors can make informed decisions on where to deploy their capital. Arqiva has produced this disclosure for its year ended 30 June 2023 in accordance with Companies Act requirements s414, as a qualifying UK large company with over £500m turnover and over 500 employees.

Arqiva's strategy is 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. Implementing carbon reduction across Arqiva's activities requires the development of various governance processes as climate challenge permeates across Arqiva's strategic decision-making channels.

We recognise climate change poses several physical (e.g. severe environmental shifts) and transition-related (e.g. demonstrably moving toward a greener economy) risks and opportunities for our business and industry. Arqiva has identified several climate change risks and opportunities and management strategies, our progress is summarised in this disclosure.

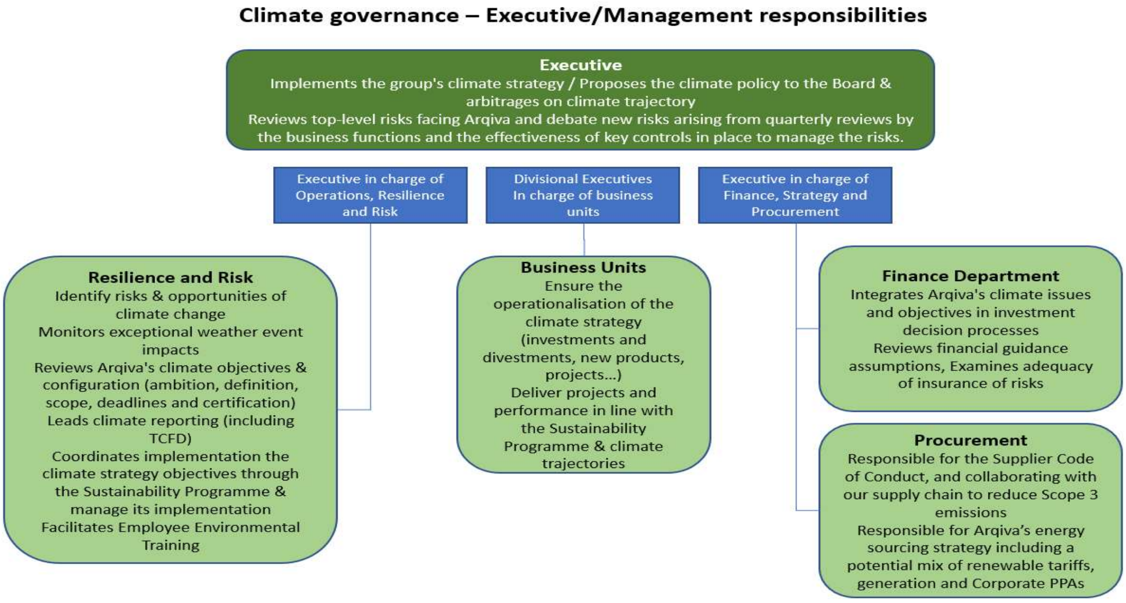
Part A - Governance Of Climate-Related Risks

The Chief of Operations, a member of the Executive Committee, is the sponsor for the Sustainability agenda as part of our strategy and has overall accountability for climate change action within Arqiva including regular updates to the Board on the progress towards our climate-related goals. 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.

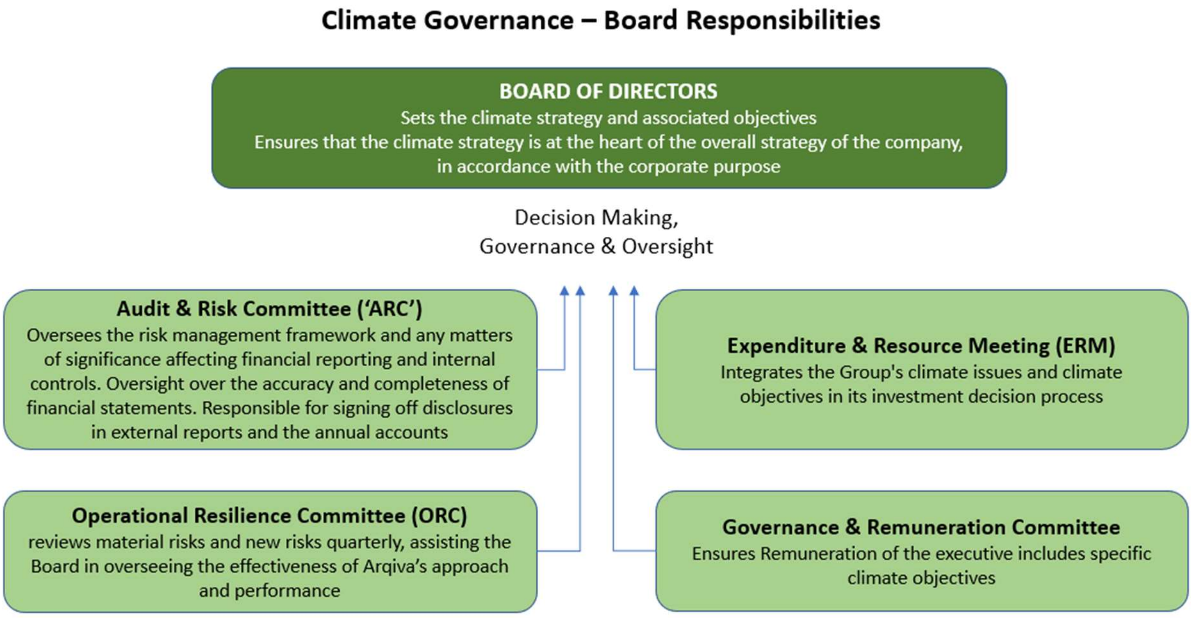
Arqiva's Sustainability Programme sits within the Resilience and Risk team but permeates the wider organisation. Programme governance includes a Steering Group of senior responsible managers to provide insight, oversight and sponsorship across the wider business, and a Sustainability Leadership Group who consider the wider sustainability challenges Arqiva should consider and how agreed actions are brought into the programme. As well as establishing the detailed plans and targets to deliver the goals and developing Arqiva's sustainability capabilities, the Programme provides updates on any climate-related risks to the Executive Committee as required, as well as progress toward the sustainability goals overall. The Programme also manages Arqiva's sustainability reporting obligations including regular key stakeholder updates. Individual projects agreed and launched under the programme will be incorporated into existing Arqiva programmes of work for delivery in relevant areas, to benefit from Arqiva's established project governance and reporting and so that it remains an integral part of business operations.

Below is an overview of Management's role in overseeing the delivery of Arqiva's sustainability ambitions, including management of climate-related risks and opportunities



Formal reporting to the Arqiva Executive Committee is monthly. Risk reporting and discussion with our Board takes place three times a year as part of the Operational Resilience Committee, which is a subcommittee of the main Board. Climate-related risks and opportunities are documented in the Corporate Risk Register (CRR) and flagged to Internal Audit. Day to day management of risks is delegated to relevant managers in the business with the Chief officers of each function accountable for their management and a quarterly review of key risks. A Risk Review Group with representatives from each function reviews and discusses the top-level risks to feed into the ExCo debate.

The Board maintains oversight of climate-related risks through the boards and committees below.



Our governance has developed significantly over the year, we will continue evolving the governance and decision-making related to climate-related risks and opportunities.

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.

This year we conducted an initial identification of climate-related risks and opportunities from typical critical infrastructure risks, stakeholder views and industry peers. We engaged stakeholders across and outside of the business to shape our sustainability goals and to understand and manage climate-related risks and opportunities to better inform our business strategy and operations. This included the executive and key responsible business managers to ensure they were an integral part of delivering change and governance, our customers to investigate their appetite for re-engineering or replacement of technical equipment to decarbonise operations, and our suppliers in the decarbonisation of our supply chain. We also recognise that the availability and cost of capital provided by investors is, in part, dependent on our environmental performance, and continue to engage with investors on our environmental strategy through shareholder boards, and regular reporting including SFDR (Sustainable Finance Disclosure Regulations) and GRESB (Global Real Estate Sustainability Benchmark) as well as NFSIS and SECR declarations. We are collaborating actively with Customers and sharing progress through platforms including CDP (Carbon Disclosure Project) and ECOVadis.

To ensure management of climate-related risks is integrated into Arqiva's overall risk management process, having identified the climate-related risks with potential to affect our operations we carried out a materiality assessment to establish potential exposure (probability) and impact in each case, as well as proposing management strategies of the risks for ongoing development/review using our Enterprise Risk Management approach, which adopted ISO31000 as the Enterprise Risk Management standard and ISO Guide 73 terminology. This ensures consistency of approach, measurement, and risk categorisation across the organisation, with the value of local expertise and risk action plans using established processes, frameworks, and committees. Climate change risks are reported to the Executive Committee and other key stakeholders accordingly. Read more about Arqiva's Risk Management Framework on page 52.

The Enterprise Risk Management process assesses risks based on the following, to ensure they are managed in the right way and that the level of risk is understood;

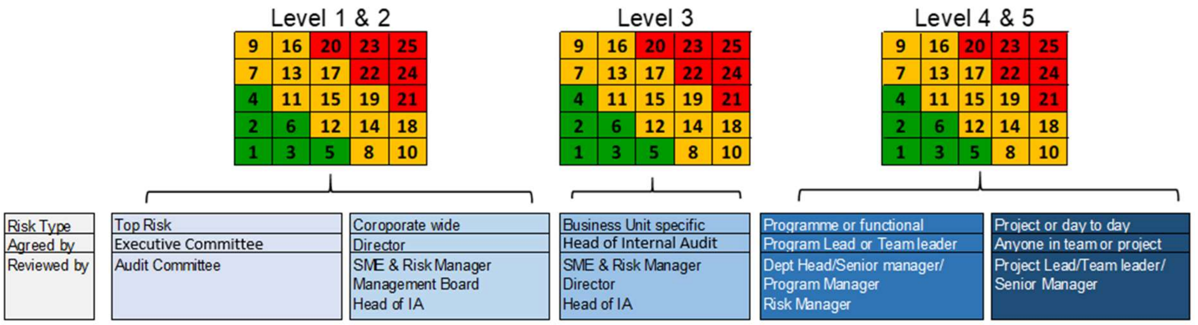
- **Risk Level**: designates who owns, reviews, and manages the risk. The concept of Risk Levels relates to who reviews and manages the risks in the register along with their criticality/significance to the business. There are 5 Levels shown at the bottom of the graphic below. Five is the lowest/least significant and one is the highest/most significant. Risks can be escalated if the impact or likelihood becomes more significant or de-escalated if the risk is mitigated and the risk rating reduces. Risks can be escalated through the levels if the Rating becomes more significant.

- **Risk Rating**: The overall Rating Score is derived from a combination of the impact and likelihood of a risk occurring. In the graphic below the rating and associated RAG is determined from the combination of (a) business impact on the horizontal axis (Very Low, Low, Moderate, High, Very High), and (b) probability (<10%, 1-30%, 30-50%, 50-70%, & >70%) on the vertical access in each case. Arqiva's risk model provides for a range of impact types including financial, Health & Safety, Legal, Project delivery, Service delivery, Information security, Technology, business continuity, and Supplier management. Each risk type has a defined rating criterion with a potential combination of factors, 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.*

These are the risks owned and managed by the Board. Principle risks and opportunities were assessed at level 2 or above, so significant to the Arqiva wide business but not yet critical. The Board are responsible for reviewing these risks on a quarterly basis.



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, a review of existing related risks, subject matter experts, industry knowledge and stakeholder guidance.
2. Evaluate the materiality of the risks using Arqiva's Enterprise Risk Management model to assign Risk Ratings and Risk Levels. This was considered over the short, medium, and long terms. Risk Scores have been submitted for Enterprise Risk Management validation, further evaluation and ongoing management with risk owners, and material risks will be reviewed regularly in the context of the ever-changing business and physical environment.
3. Management of the risks has been assigned to the relevant risk owners and forums accordingly.
4. Reporting of the material risks will be 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 RAG status inverted (i.e. red=green, green = red) to reflect the positive rather than negative impact.

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.

Risks and opportunities were identified as 'principal' on the basis that they were assessed with a Risk Level of 2 or above using the assessment methodology above. Principal opportunities could improve not just our financial performance, but also reduce our impact on the planet, and when working with our Customers and Suppliers, enable these organisations to reduce their impact as well.

We considered the materiality of these risks over different time horizons to better understand the potential impact of climate-related risks and opportunities on our business, we have yet to complete a more detailed scenario analysis (e.g. actual degrees above government targets, level/rate of government and policy intervention) at this time. The initial view of the management team on the impact and nature of the risk or opportunity over time are noted in each section. This will be explored further in subsequent reports incorporating any changing climate trends or science. For each risk and opportunity, we have described current controls in place which help build resilience against the potential impacts on the business.

We recognise the long-term nature of some climate-related risks along with data modelling challenges and a challenging macroeconomic environment make embedding financial planning assumptions difficult, but we continue to address these challenges with our internal and external stakeholders.

The following risks were assessed and rated using the methodology in the 'Risk Management and assessment of climate-related risks' section of this disclosure, and the impact/likelihood of the risk as it is understood today. The levels of risk are expected to reduce over time as risk mitigations continue to be refined and implemented.

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 across the markets we operate in. This 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 impact of these risks would increase over time, but the nature of the risks and impact do not materially change. Under our risk governance, controls and management strategies will be reviewed periodically to reflect this.

				Risk Rating		
	Climate Factor	**Risk**	**Risk Level**	**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	**2**	14	19	22
	Severe Weather	Interruption or reduction in the quality of services because of a higher frequency/severity of extreme weather events	**2**	14	19	22
	Severe Weather	Supply chain disruption due to climate impacts on key suppliers	**2**	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 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 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 impact of these risks has the potential to increase marginally over time, but that the nature of the risks and impact do not materially change. The exception is the risk of rising energy and materials costs which has already materialised but is expected to abate over time. Under our risk governance, controls and management strategies will be periodically reviewed to reflect these possible changes and impact over time.

				Risk Rating		
	Climate Factor	**Risk**	**Risk Level**	**Short term** *(< 5 years)*	**Med Term** *(5-10 years)*	**Long Term** *(>10 years)*
Risks: Transition	Policy & Legal	Emerging carbon regulations and carbon taxation, leading to increased stakeholder scrutiny over our performance	**2**	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.	**2**	15	17	22
	Market	Rising price of energy (renewable and non-renewable), and raw materials.	**2**	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. In 2023 we made a SBTi (Science-Based Target) commitment underpinned with targets to reduce our own emissions (Scope 1 and 2) to net zero by 2031 in line with reductions required to keep warming to 1.5°C. This is part of our 2040 target to achieve net zero emissions across the full value chain (scopes 1,2 and 3) which provides insights that reduce our exposure to transition risks. Cost increases because of rising energy prices are being mitigated as an opportunity under 'renewable sourcing' below.

Opportunity impact

In 2023, we identified three principal opportunities for our business relating to climate change associated with transition to a low-carbon economy, and 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 increase over time with increased appetite for services Arqiva can provide and market penetration over time.

			Risk Rating		
	Climate Factor	**Opportunity** *(All level 2)*	**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 smart utility network 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

We are identifying sustainable power solutions that can be deployed at scale as part of our energy sourcing strategy, potentially including a combination of investment in Power Purchase Agreements, self-generation, and purchase of Carbon Trust certified renewable energy. Combined with Arqiva's hedging strategy, this could reduce cost and would improve predictability in uncertain energy markets. Procurement continues to develop wider supply chain strategies to manage costs and drive diversity and competition in our supply chain to limit our exposure to climate risks in our supply chain and drive cost efficiencies through re-engineering.

As a leading UK communications infrastructure business, Arqiva provides broadcasting and transmission services, as well as smart network solutions for energy and water management across the United Kingdom. As technology changes we are uniquely positioned to introduce next generation technologies into these key markets, enabling carbon and other environmental improvements. We work with our engineering teams, suppliers and customers to ensure carbon efficiency and cost efficiencies that can be derived from this are a central consideration when replacing end-of-life equipment, which is now reflected in our investment governance and approvals.

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 also 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 ('ABPL'), 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 2023.

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 143.

Wates Corporate Governance Statement

For the year ended 30 June 2023, 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 are able to adopt the Wates principles as an appropriate framework when making a disclosure regarding corporate governance arrangements. We have adopted the disclosure in our 2023 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 during the year have been progressing 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. The Board has overseen the progress against the purpose and strategic priorities alongside the adoption of a detailed and robust long-term plan with appropriate cost and investment assumptions all of which are subject to review on an ongoing basis.
Capital structure	The Board has continued to monitor the Group capital structure to ensure its suitability for the business needs. This has included the refinancing of the Groups £450m Junior debt in September 2022 as well as Senior debt refinancing consisting of a \$118m US private placement issue which completed in June 2023 and a £250million public bond issue which completed post year end in July 2023.
Customers	There has been a continued focus on strengthening customer relationships at all levels including senior engagement with key customers and stakeholders. The Group has also been working with customers on new collaborative projects such as the development of

	the Arqplex product in Media & Broadcast and proofs of concepts and trials in leakage detection and sewer level monitoring within the Utilities business.
People & Culture	We want to create a culture where everyone has the opportunity to succeed and create value. Arqiva's cultural transformation overseen by the Board, continues to drive our cultural goals of Accountability (being accountable for the promises we make); One Arqiva (working together as one team); and Curiosity (striving to look at things differently to discover a better way) with the aim of empowering its people to make good decisions while acting with integrity. With these cultural goals at the core of our people plans, we continue to invest in our people. Group activities have centred around attracting and retaining the best talent with a focus on an inclusive culture and diverse population. We have successfully improved our Executive Committee diversity mix (66% (6) male, 33% (3) female, 33% (3) ethnic minority). Another key focus has been on how we organise ourselves to operate effectively. This includes equipping our people with the skills and capabilities needed for our business (both now and in the future) through our skills management approach. This organisational focus has also included development of our leaders to inspire and drive performance through setting culturally and strategically aligned standards and development paths for themselves and the teams. During the year we also continued to focus on innovative new development approaches and methods through online coaching and learning tools such as Ezra coaching and LinkedIn Learning. There is a continued focus on wellbeing and listening to our people's concerns is an important aspect of this. For example, we have provided access to information, support and tools in response to concerns around the cost of living crisis. The Group approach to benefits and pay also takes a holistic view against the backdrop of the wider socioeconomic environment. During the year, the Group also introduced a new partnership with Matchable to enable our people to give back via volunteering opportunities in a flexible way.
Transformation	During the year, the Board has overseen the completion of the transformation programme and, beyond that, the continued simplification and improvement of systems and processes to enhance operational capability and bring efficiencies to the Group's operations. With the growth strategy in mind, a number of appointments/changes have been made to the Group's executive committee during the year including new Executive Directors for Utilities and Media & Broadcast, a new Chief Technology Officer and a new Chief Legal Officer.
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, security, business continuity and sustainability. The activities to rebuild the Bilsdale mast have been a key operational focus. The Board has overseen the restoration programme, with key priorities being supporting the community and returning coverage. The new mast began transmitting television services in May 2023.
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. Further details of our sustainability strategy can be found on page 19 of the annual report.

	Within the year, the Group set out a sustainability charter, baselined its Scope 1 and 2 emissions and identified a series of possible initiatives that could deliver absolute energy reductions working collaboratively with our suppliers and customers. The Board has approved the establishment of a sustainability programme overseen by the Operational Resilience Committee. The Executive are responsible for coordinating delivery of Arqiva's plans, working collaboratively with suppliers and customers, and establishing information flows and responsibilities across the organisation to embed the core sustainability principles across the business. Arqiva's inaugural Non-Financial Sustainability Information Statement report is available on page 58 of the annual report, setting out key climate-related risks and opportunities. 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 (outlined on page 44 of the annual report).

Values and culture
Arqiva's values are embedded throughout the organisation, and adherence to them forms part of employees' performance reviews and reward structure. Independent surveys of both employee and customer engagement are undertaken. There is also further engagement with employees via employee forums, an elected Employee Board and BECTU (all described under Principle 6 (Stakeholders) below). The Group's People & Culture team monitors absenteeism rates and processes are also in place to encourage and monitor exit interviews. These form part of matters reported upon to the Operational Resilience Committee, which reports into the Board.

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 Chair has actively encouraged open debate and discussion in the appropriate forums including main Board meetings which are scheduled to take place at least five times per year, and also at Board sub-committee meetings (further detail on the sub-committees is at Principle 3 (Director Responsibilities) below).

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 sector 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. The Board remains committed to developing a more diverse workforce and, as part of the new appointments to the Executive Committee and Senior Leadership groups, 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 Corporate responsibility statement on page 36 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 various changes to the Board over the course of the year following retirements and resignations. 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 to be appointed together with the Group's CEO and CFO (see pages 47-51 of the Annual Report for full details of the composition of the Board of Directors and Senior Executive Management).

Effectiveness
The Group has been working on implementing the recommendations from an extensive external Board effectiveness exercise presented in 2021. As a result:

- There is an increased emphasis on sustainability activities (now a key priority that forms part of the Group's strategic objectives) managed by the sustainability committee which is overseen by the Operational Resilience Committee which provides regular updates to the Board;
- The revised Governance & Remuneration Committee reviews diversity and inclusion along with succession planning and talent review matters on a regular basis reporting into the Board on these topics; and
- The remit for the Audit & Risk Committee reflects an increased focus in appraising strategic risk factors.

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. As a result of a review in this area, the number of sub-committees has been reduced from five to three and the Terms of Reference for each of those sub-committees has been revised. 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.

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 FY23 they have each 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 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 and continues to use its online risk assessment tool, which is used throughout the business (which is described on page 52 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 in detail on pages 53-58 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 annual bonus (which, again, is linked to personal performance and 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 other 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 2023, 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 Group's procurement operations function actively undertakes reviews of its supplier base to enhance its best practice in this field.

Workforce

Arqiva communicates to its employees through a variety of communication channels including regular email newsletters, updates over email and intranet directly from the CEO and local messaging from the Executive Management. The CEO and Executive Management also regularly hold local listening groups in person where possible. We support a hybrid approach to communication with the use of online events (including interactive live Q&A sessions with Executive Management) and the reintroduction of in person events in particular via the 'Let's Connect' series of events held at different sites to support our hybrid working approach. This hybrid approach has been well received by employees.

The Group has active union representation from BECTU, as well as an elected Employee Board, and employee forums throughout the different functions. The People & Culture team work closely with each of these bodies, consulting on any proposed changes to terms; policies and processes; as well as seeking feedback on workplace morale, culture and issues of concern or interest to the workforce.

We run engagement surveys three times a year to measure progress against our 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.

External impacts

The Group's Corporate Responsibility statement sets out, on pages 36-41 of the Directors' Report, 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. The statement also includes a summary of the Group's approach to environmental factors. The Group's Modern Slavery Act: Slavery and Human Trafficking Statement on pages 44-45 sets out a description of Arqiva's considerations in this area, including supply chain impacts.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with SECR requirements, the table below provides a breakdown of carbon emissions by scope in accordance with the Green House Gas Protocol, along with energy data for Arqiva Group for the financial year 2023, in comparison with the financial year 2022.

Arqiva Greenhouse Gas Emissions		***Year ended 30 June 2023***	***Year ended 30 June 2022***
Total Energy consumption (kWh)	Gas	1,900,630	1,772,197
	Gas Oil	637,705	
	Electricity	201,465,319	207,524,329
	Transport Fuel	6,862,592	5,414,256
	Total	**210,866,246**	**214,710,782**
Scope 1 emissions in t/CO2e	Gas	385	319
	Gas Oil	149	129
	Fluorinated Gases (HVAC)	280	618
	Owned transport (fleet)	1,408	1,208
	Fixed Diesel Generators	752	294
	Total*	**2,974**	**2,568**
Scope 2 emissions in t/CO2e*	Market Based****	40,000	9,943
	Location Based	41,842	40,131
Scope 3* *emissions in t/CO2e*	Business travel (employee owned and hire vehicles)	316	178
	Public Transport and Accommodation	470	231
	Water Consumption	29	21
	Waste in Operations	5	5
	Total	**820**	**435**
Total gross *emissions in metric tonnes CO2e (Scope 1,2 &3)*	Market Based****	43,794	12,946
	Location Based	45,636	43,134
Intensity Ratio *TCO2e / £m revenue*	Market based method	67.2	20.5
	Location based method	70.0	68.3

Notes:
Emissions sources reported are where we have verifiable data, exceptions are below;
* Does not include emissions associated with portable generators.
** These figures have been derived in part from estimated data due to billing reconciliation
*** This is not a complete financial year 22/23 Scope 3 Inventory. We are in the process of establishing our full Scope 3 emissions in line with latest guidance, using financial year 21/22 as the baseline year for SBTi purposes where Scope 3 emissions were provisionally 89ktCO2e measured using the methodology described below. Full Scope 3 emission disclosures will feature in future reports once our reporting methodology is in place to recalculate year on year.
**** The difference in market-based emissions since the last financial year reflects a move away from previously used unbundled REGOs during the previous financial year in favour of focusing on absolute energy reductions with customers. In parallel, from April 2024, Arqiva has committed to purchasing energy with Green Certificates auditable with the Carbon Trust and compliant with GHG Scope 2 guidance and CDP in Scope 2 Quality Criteria.

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 2023**: full set, used to report on 2023 greenhouse gas emissions. Access available via https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
- 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 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. Transport emissions are determined by fuel card reports for fleet over the period, with conversion factors applied by vehicle type. Scope 2 emissions are derived from metered consumption of energy and apportionment by contract type to determine market and location-based emissions. This year the table shows partial Scope 3 reporting, Travel and transport are determined from expensed consumption over the period with applied conversion factors by vehicle type, and metered water consumption with emissions calculated with conversion factors for supply and treatment. Metered data for gas and energy consumption is still subject to a level of reconciliation in the last quarter. For these months, emissions are extrapolated/levelized from historical consumption with any completed and measured efficiencies overlaid to establish the most accurate figure.

Our full Scope three emissions have been calculated for the previous financial year using spend over the period (89ktCO2e). Full Scope 3 emission disclosures will feature in future NFSIS reports once the reporting methodology is in place to recalculate year on year using the methodology established this year. The initial assessment of Arqiva's GHG emissions generated across our Value Chain (Scope 3) was made by applying industry recognised methodologies (GHG Protocol) and working with a specialist consultancy. The assessment was made based on spend based emissions factors, overlaying pro-rated supplier emissions where available from CSR Reports of top suppliers. Our Scope 3 inventory was then aligned to the GHG Protocol Corporate Value Chain methodology, emissions were apportioned to GHG categories as noted below;

- *Included: 1. Purchased Goods & Services – 16%, 2. Capital Goods – 50%, 3. Fuel- and energy-related activities – 16%, 4. Upstream transportation and distribution - <1%, 5. Waste generated in operations - <1%, 6. Business Travel – <1%, 11. Use of sold products – 16%.*
- *Categories established as low materiality were: 7. Employee Commuting, 8. Upstream leased assets, 9. Downstream transportation and distribution.*
- *Categories that are not relevant are 8. Upstream leased assets, 10. Processing of sold products, 13. Downstream leased assets, 14. Franchises, and 15. Investments.*
- *12. End-of-life treatment of sold products were not calculated in this initial assessment but are likely to be low materiality.*

Energy efficiency actions taken in the year

Establishing our environmental Strategy, Charter, and Sustainability Programme laid the foundations to deliver on our sustainability ambitions into the future. This has already enabled some specific achievements below.

<u>*Scope 1 and 2 Emissions*</u>

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

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, and the practicalities of adapting or replacing parts of the enabling asset base.

This financial year we reduced our energy consumption across Scopes 1 and 2 by approximately 4 Gigawatt hours. For Scope 2, this was achieved through a combination of power reduction and reconfiguration of equipment, installing more efficient technology, and switching off some legacy services. Scope 1 reductions came from optimising building management systems and installing more energy efficient lighting.

We have also committed to purchasing 100% renewable electricity from March 2024, we are identifying innovative sustainable power solutions that can be deployed at scale as part of the supply strategy, which will feature prominently where absolute reductions can't be made.

Scope 3 Emissions

We assessed our Scope 3 emissions against financial year 21/22 spend as our proposed baseline year, as it is considered representative of a typical year. 70% of emissions from Capital & Purchased goods were attributable to 26 suppliers, so we have started engaging these suppliers to continue firming our estimates and to set out our Scope 3 abatement plans and methodology in more detail moving forward.

Directors' Report

Financial Risk Management

The principal risks and uncertainties of the Group have been outlined previously in this report (see pages 53-58). 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 cashflow as well as the financial health of customers and suppliers	The Group uses derivative contracts to hedge its exposure to adverse impacts to debt as a result of inflation. Inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs. In June 2023 the Group completed its accretion RPI collar execution which caps future accretion exposure to inflation at circa 6%. Increase in power costs are in part managed via pass-through arrangements to customers. The Group's power contracts expired in March 2023, since then the Group has entered new contracts at higher market rates. The new power contracts secure power prices to March 2024 to mitigate volatility for the coming year. 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 index-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 forward power contracts have expired in the year leaving exposure to entering new energy purchasing contracts at higher market rates. The Group's power contracts expired in March 2023, since then the Group has entered new contracts at higher market rates. The new power contracts secure power prices to March 2024 to mitigate volatility for the coming year

		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 long-term plans of the business. Sustainability is a key focus for Arqiva including ways to reduce power consumption. Key revenue and cost milestones are set on larger projects to ensure the financial risks of volatile market pricing are mitigated. Regular monitoring of third party-savings initiatives are reviewed at both the ExCo and Shareholder Board levels.
Credit risk	The Group is exposed to credit risk on customer receivables.	Credit risk is managed through appropriate 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.
	The Group is exposed to counterparty risks in its financing operations.	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 2023, the Group had £36.3m cash available and £205m and £150m undrawn working capital and liquidity facilities respectively available to cover senior 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 (2023: £28.2m loss; 2022: £77.6 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 52).

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 Chairman 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.

PwC were re-appointed as external auditor in 2016 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 Max Fieguth, is established to take a proactive role in liaising with Shareholders to manage the process of appointing a Chairman 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 38.

Political Donations

No political donations were made during the year (2022: none).

Charitable donations

The Group has made £0.1m (2022: £0.1m) of charitable donations in the 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 £2.8m (2022: £1.5m). 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 £2.2m (2022: £1.4m).

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 £66.9m (2022: £98.5m) and includes capitalised labour of £20.2m (2022: £26.1m). Other development costs are capitalised within intangible assets. In the year, new development costs capitalised total £1.2m (2022: £1.8m) with amortisation of £2.0m (2022: £2.5m) charged against such capitalised development costs.

Overseas branches

The Group has trading branches based in the Isle of Man, the Channel Islands and France.

Events after the reporting date

Post year end in July 2023, the Group completed its issue of £250m public bonds. These bonds have a maturity in 2028 and a coupon rate of 7.21%. Arqiva Financing plc (a subsidiary of the Group) is the borrower of this arrangement. The proceeds of this facility have been utilised to prepay the Group's outstanding £90m ITL and £172m EIB term debt.

In August 2023, the final stage payment of £16.0m was received from the insurers in relation to the Bilsdale fire. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement. This brings the total insurance proceeds received to date to £41m. No further insurance proceeds are expected. To date, the Group has incurred total rectification costs of £45.4m including £31.2m in capital expenditure for the rebuild of the mast and a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

Dividends and transfers to reserves

Now Digital (East Midlands), a Group company which includes a non-controlling interest, declared a dividend in the year of £0.4m (2022: £nil).

The Directors' of the Group have not recommended a dividend in the year (2022: nil).

The consolidated loss for the year of £71.2m (2022: restated[6] loss of £173.1m) was transferred to reserves.

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.

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[6] The prior year profit has been restated to reflect adjustments to the tax credits recognised. See note 12 to the financial statements for detail.

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 new debt facilities established post year end, see note 30 for further information. 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.

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 19.

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 47.

At 30 June 2023, Mike Darcey was the Group's independent Chairman and Sean West was the Company Secretary. Post year end on 28 July 2023 Nicola Phillips was appointed Company Secretary, Sean West resigned the role on this date.

For details on the background of the Board of Directors and the Executive Committee please refer to page 47.

Details of the statutory directors of the Company are shown on page 138.

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.

On behalf of the Board

Scott Longhurst

Director
21 September 2023

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 2023 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 2023; 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, which include a description of the significant accounting policies.

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 eight 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: £11,500,000 based on approximately 3.4% of Adjusted EBITDA.
- Overall Company materiality: £78,854,000 based on approximately 2% of Total Assets.
- Performance materiality: £8,625,000 (Group) and £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 103 and page 114 (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 the Smart Utilities Network 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 is 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 in the future cash flows management have recognised capex for sustainability and future transformation costs. We have reviewed the reasonableness of management's disclosure 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 £199.8m (2022: £188.2m) with a further £260.1m (2022: £226.9m) 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	We obtained management's detailed workings which set out the various elements of the deferred tax asset, including support for judgements taken on measurement and recognition. The appropriateness of this assessment was performed in conjunction with our taxation specialists. We challenged management's assumptions in particular in

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 103 and page 120 (note 4 - critical accounting judgements and key sources of estimation uncertainty – deferred tax and note 19 –deferred tax).	relation to tax losses and the evidence available to support their recognition, taking into account relevant tax legislation and the Group's capital structure. We reviewed correspondence with relevant tax authorities and with the Group's tax advisors, and concluded that judgements made were appropriate. We obtained management's forecast of taxable profits and agreed those to the Board approved long term plan, and also agreed the consistency of these forecasts with those 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. 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 2023.
Valuation of defined benefit pension scheme obligation (Group) The Group operates one defined benefit plan which has a surplus at the year end of £51.2m (2022: £61.0m). The valuation of the defined benefit plan obligation (£158.9m, 2022: £184.6m) 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 103 and 133 (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 specialists we assessed the appropriateness of key assumptions used to derive the pension benefit obligation, including relativity to our acceptable ranges based on market data, and concluded that all of the key assumptions are appropriate. We also tested the key inputs used by management's expert to supporting evidence with no exceptions noted. We 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 data validation checks. We also performed risk assessment analytical procedures on both the financial and demographic assumptions. As a result of our work performed no material errors were noted in respect of the pension benefit obligation recognised in the financial statements at 30 June 2023.
Impairment of investments (Company) The Company has significant investments amounting to £2,070.8m as at 30 June 2023, following an impairment recognised in the year totalling to £1,230.9m. 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 147 (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 the consistency of the forecasts used to the goodwill impairment model and the key estimates within the forecast 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	£11,500,000.	£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 £0.04m and £10.9m. 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% of overall materiality, amounting to £8,625,000 for the Group financial statements and £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 £575,000 (Group audit) and £575,000 (Company audit) 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 2023 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.

N. Comello

Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 September 2023

Consolidated income statement

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m (Restated)[1]
Revenue[2]	5	613.3	598.2
Cost of sales		(195.4)	(178.9)
Gross profit		**417.9**	**419.3**
Depreciation	16	*(91.7)*	*(158.4)*
Amortisation	15	*(12.9)*	*(13.2)*
Exceptional operating expenses[3]	7	(6.7)	*(19.6)*
Exceptional loss on disposal of assets[3]	7	-	*(9.5)*
Impairment of assets		-	*(0.5)*
Other operating expenses		*(96.7)*	*(89.2)*
Total operating expenses		(208.0)	(290.4)
Other income		7.8	7.7
Exceptional other income[3]	7	20.0	5.0
Operating profit	6	**237.7**	**141.6**
Finance income	9	4.1	2.5
Finance costs	10	(299.9)	(279.6)
Other gains and losses	11	(28.2)	(77.6)
Loss before tax		**(86.3)**	**(213.1)**
Tax[1]	12	15.1	40.0
Loss for the year		**(71.2)**	**(173.1)**
Attributable to:			
Owners of the Company		(71.5)	(173.3)
Non-controlling interests		0.3	0.2
		(71.2)	**(173.1)**

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.

[1] 30 June 2022 figures have been restated to reflect a reclassification between the consolidated income statement and the consolidated statement of changes in equity. See note 12 for detail.
[2] Revenue is stated net of exceptional service credits recognised in the year. See note 7 for detail.
[3] 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 2023 £m	Year ended 30 June 2022 £m
Loss for the year		**(71.2)**	**(173.1)**
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/ gain on defined benefit pension schemes	28	(12.2)	6.7
Movement on deferred tax relating to pension schemes		3.0	(1.7)
		(9.2)	**5.0**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		0.1	(0.2)
Total other comprehensive (loss) / income		**(9.1)**	**4.8**
Total comprehensive loss		**(80.3)**	**(168.3)**
Attributable to:			
Owners of the Company		(80.6)	(168.5)
Non-controlling interests		0.3	0.2
		(80.3)	**(168.3)**

All items of other comprehensive income relate to continuing operations.

Consolidated statement of financial position

	Note	As at 30 June 2023 £m	As at 30 June 2022 £m
Non-current assets			
Goodwill	14	1,458.0	1,458.0
Other intangible assets	15	57.0	36.4
Property, plant and equipment	16	1,238.8	1,301.1
Deferred tax	19	199.8	188.2
Retirement benefits	28	51.2	61.0
Interest in associates and joint ventures	17	0.1	0.1
Derivative financial instruments	24	31.5	31.9
		3,036.4	**3,076.7**
Current assets			
Trade and other receivables	18	118.5	110.2
Contract assets	18	9.3	13.0
Cash and cash equivalents	20	36.3	243.8
		164.1	**367.0**
Total assets		**3,200.5**	**3,443.7**
Current liabilities			
Trade and other payables	21	(1,719.3)	(1,601.9)
Corporation tax	21	-	(2.4)
Contract liabilities	21	(116.0)	(101.1)
Borrowings	22	(354.4)	(114.6)
Provisions	25	(3.3)	(3.9)
		(2,193.0)	**(1,823.9)**
Net current liabilities		**(2,028.9)**	**(1,456.9)**
Non-current liabilities			
Contract liabilities	21	(304.0)	(338.5)
Borrowings	22	(1,227.9)	(1,651.5)
Derivative financial instruments	24	(237.7)	(345.5)
Provisions	25	(77.7)	(83.0)
		(1,847.3)	**(2,418.5)**
Total liabilities		**(4,040.3)**	**(4,242.4)**
Net liabilities		**(839.8)**	**(798.7)**

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

Equity		
Share capital	0.1	0.1
Accumulated losses	(925.0)	(844.3)
Merger reserve	(188.5)	(188.5)
Capital contribution reserve	272.4	233.1
Translation reserve	(0.6)	(0.7)
Total equity attributable to owners of the Parent	(841.6)	(800.3)
Non-controlling interest	1.8	1.6
Total equity	**(839.8)**	**(798.7)**

The notes on pages 95 to 137 form part of these financial statements. These financial statements on pages 89 to 137 were approved by the Board of Directors and authorised for issue on 21 September 2023 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[5] £m	Translation reserve[6] £m	Total Equity attributable to owners of the Parent £m	Non-controlling interest £m	Total equity £m
Balance at 1 July 2021		**0.1**	**(663.0)**	**(188.5)**	**186.7**	**(0.5)**	**(665.2)**	**1.4**	**(663.8)**
Restatement of Capital Contribution[4]		-	(13.0)	-	13.0	-	-	-	-
Restated balance at 1 July 2021		**0.1**	**(676.0)**	**(188.5)**	**199.7**	**(0.5)**	**(665.2)**	**1.4**	**(663.8)**
Loss for the year (Restated)[4]		-	(173.3)	-	-	-	(173.3)	0.2	(173.1)
Other comprehensive income / (loss)		-	5.0	-	-	(0.2)	4.8	-	4.8
Total comprehensive loss / income (Restated)[4]		-	**(168.3)**	-	-	**(0.2)**	**(168.5)**	**0.2**	**(168.3)**
Capital contribution (Restated)[4]		-	-	-	33.4	-	33.4	-	33.4
Balance at 30 June 2022 (Restated) [4]		**0.1**	**(844.3)**	**(188.5)**	**233.1**	**(0.7)**	**(800.3)**	**1.6**	**(798.7)**
Loss for the year		-	(71.5)	-	-	-	(71.5)	0.3	(71.2)
Other comprehensive income / (loss)		-	(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)**

*Comprises 100,002 (2022:100,002) authorised, issued and fully paid ordinary shares of £1 each.

[4] Capital contributions as at 1 July 2021 and in the year ended 30 June 2022 have been restated to reflect a reclassification between the consolidated income statement and the consolidated of changes in equity. Capital contributions increased by £13.0m in the period to 30 June 2021 and £16.6m in the period to 30 June 2022. The capital contribution reserves prior to the restatement were £186.7m and £203.5m as at 1 July 2021 and 30 June 2022 respectively. See note 12 for detail.

Accumulated losses as at 1 July 2021 and in the year to 30 June 2022 have been restated due to the reclassification noted above and the recalculation of the deferred and current tax for the period to 31 December 2021 as a consequence of this reclassification. Opening accumulated losses are also restated as a result of disallowed finance expenses under the Corporation Interest Restriction legislation (see note 12 for detail). Accumulated losses prior to the restatements were £663.0m, and £814.7m as at 1 July 2021, and 30 June 2022 respectively.

[5] The capital contribution reserve arose as a result of a shareholder transactions. These transactions represent cash injections into the company..

[6] The translation reserve relates to the translation of foreign subsidiaries financial results into the functional currency of the consolidated accounts (GBP). Amounts represent the gains or loss on translation of the foreign subsidiary financial results.

Consolidated cash flow statement

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Net cash inflow from operating activities	26	**277.3**	**336.1**
Investing activities			
Interest received		2.0	0.8
Purchase of tangible assets		(58.4)	(83.9)
Purchase of intangible assets		(6.3)	(4.8)
Proceeds on disposal of tangible assets		0.8	-
Receipt of insurance stage payments		20.0	5.0
Net cash outflow from investing activities		**(41.9)**	**(82.9)**
Financing activities			
Raising of external borrowings	22	545.3	34.0
Repayment of external borrowings	22	(694.4)	(56.7)
Movement in borrowings		(149.1)	(22.7)
Interest paid		(100.5)	(94.1)
Repayment of capital element of lease rentals	23	(21.2)	(22.1)
Interest element of lease rentals	23	(5.4)	(6.7)
Cash settlement of principal accretion on inflation-linked swaps	24	(146.9)	(90.0)
Debt issue costs and facility arrangement fees		(19.8)	(1.3)
Net cash outflow from financing activities		**(442.9)**	**(236.9)**
(Decrease) / Increase in cash and cash equivalents		**(207.5)**	**16.3**
Cash and cash equivalents at the beginning of the financial year		243.8	227.5
Cash and cash equivalents at end of the financial year	20	**36.3**	**243.8**

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 2023 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 16 to 18.

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 138 to 148.

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.

Initial Application of IFRS 17 and IFRS 9 (Amendments to IFRS 17)	Comparative Information about financial assets presented on initial application of IFRS 17.
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
	International tax reform - pillar two model rules

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

Amendment to IFRS 16	Leases on sale and leaseback
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance

3 Significant 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 138.

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 2023.

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 consolidated Statement of Financial Position, caused primarily by debt and the related financing costs. However, the Group has continued to generate operating cashflows.

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 as set out in note 27. This is further supported by the new debt facilities established post year end, see note 30 for further information. 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.

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.

Cash received or invoices raised in advance are taken to deferred income 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 income 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 income 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 2023 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.

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.
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.

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 held separately from those of the Group, in separate trustee administered funds. 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 29) 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.

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 is 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 arises 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.

Provisions and contingent liabilities

Critical accounting judgements:

As disclosed in note 25, the Group's provisions principally relate to obligations arising from contractual obligations, restructuring and property remediation plans and decommissioning obligations.

The identification of such obligations in the context of daily operations which require provisions to be made requires judgement.

Judgement is also required to distinguish between provisions and contingent liabilities. See note 27 for detail.

Impairment of goodwill

Critical accounting judgements:

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

Critical accounting judgements:

The Group's defined benefit plan liabilities are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The Group selects these assumptions in consultation with an external qualified actuary.

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, the salary progression of our current employees and price inflation. 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 monitor 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 (2022: approximately £14m), 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. Management has estimated the impact of reducing the decommissioning timetable by one year to be £0.8m (2022: £0.2m) in relation to the unwinding of provision discounting. If all site decommissioning was recognised in line with potential earlier expiration dates, there would be an impact of up to £19m across the portfolio. Such movement in any one financial year is not considered likely.

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 2023	**Media Distribution £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**

Year ended 30 June 2022	**Media Distribution £m**	**Smart Utilities Networks £m**	**Total £m**
Rendering of services	464.2	106.6	570.8
Engineering projects	2.1	-	2.1
Sale of goods	-	25.3	25.3
Revenue	**466.3**	**131.9**	**598.2**

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 2023 is £3,143.0m (2022: £3,328.2m).

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

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**

Year ended 30 June 2022	< 1 year £m	1-2 years £m	2 – 5 years £m	5-10 years £m	> 10 years £m	Total £m
Rendering of services	497.5	430.4	1,017.9	1,023.4	359.0	3,328.2
Revenue	**497.5**	**430.4**	**1,017.9**	**1,023.4**	**359.0**	**3,328.2**

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

	30 June 2023 £m	30 June 2022 £m
Contract assets		
Current	9.3	13.0
Contract liabilities		
Current	116.0	101.1
Non-current	304.0	338.5
	420.0	**439.6**

£76.5m of the contract liability recognised at 30 June 2022 was recognised as revenue during the year (2022: £97.8m). Impairment losses of £0.1m (2022: £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.

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 (2022: £0.8m). Amortisation recognised as a cost of providing services during the year was £0.1m (2022: £0.1m).

Year ended 30 June 2023	Commercial		Other			
	Media Distribution	Smart Utilities Networks	Operations	Technology	Corporate	Consolidated
	£m	£m	£m	£m	£m	£m
Revenue	**462.4**	**150.9**	**-**	**-**	**-**	**613.3**
Functional result* (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 gains and losses						(28.2)
Loss before tax						**(86.3)**

*Functional result is defined as total operating profit before the items set out below.

Year ended 30 June 2022	Commercial		Other			
	Media Distribution	Smart Utilities Networks	Operations	Technology and Transformation	Corporate	Consolidated
	£m	£m	£m	£m	£m	£m
Revenue	**466.3**	**131.9**	**-**	**-**	**-**	**598.2**
Functional result* (EBITDA)	**343.0**	**65.4**	**(25.3)**	**(28.5)**	**(14.8)**	**339.8**
Depreciation and amortisation						(171.6)
Loss on disposal of fixed assets						(2.1)
Exceptional operating expenses						(19.6)
Exceptional loss on disposal of assets						(9.5)
Impairment of assets						(0.5)
Other income						7.7
Exceptional other income						5.0
Exceptional service credits						(7.6)
Operating profit						**141.6**
Finance income						2.5
Finance costs						(279.6)
Other gains and losses						(77.6)
Loss before tax						**(213.1)**

*Functional result 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.

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 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[5] 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 2023 £m	Year ended 30 June 2022 £m
Operating profit		237.7	141.6
Depreciation	16	91.7	158.4
Amortisation	15	12.9	13.2
Loss on disposal of fixed assets	6	0.7	2.1
Exceptional operating expenses	7	6.7	19.6
Exceptional loss on disposal of assets	7	-	9.5
Impairment of assets		-	0.5
Other income		(7.8)	(7.7)
Exceptional other income	7	(20.0)	(5.0)
Exceptional service credits	7	15.3	7.6
EBITDA		**337.2**	**339.8**

	Media Distribution £m	Smart Utilities Networks £m	Other* £m	Consolidated £m
Capital expenditure:				
For the year ended 30 June 2023	33.5	11.4	19.8	**64.7**
For the year ended 30 June 2022	29.5	15.9	43.3	**88.7**

*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 £58.4m (2022: £83.9m) and intangible assets of £6.3m (2022: £4.8m) 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.

[5] 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 2023 £m	Year ended 30 June 2022 £m
UK	607.0	592.6
Rest of European Economic Area (EEA)	5.5	5.1
Rest of World	0.8	0.5
Revenue	613.3	598.2

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

	30 June 2023 £m	**30 June 2022 £m**
UK	2,752.4	2,793.9
Rest of European Economic Area (EEA)	1.5	1.5
Rest of World	-	-
	2,753.9	**2,795.4**

Information about major customers
Included in the revenues arising from Media and Broadcast are revenues of £150.3m (2022: £146.3m) 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 2023 £m	**Year ended 30 June 2022 £m**
Net foreign exchange losses / (gains)	0.3	(0.2)
Research and development costs	2.8	1.5
Depreciation of property, plant and equipment (See note 16):		
Owned assets	69.1	135.9
Leased assets	22.6	22.5
Loss on disposal of property, plant and equipment and intangible assets	0.7	2.1
Amortisation of intangible assets (see note 15)	12.9	13.2
Grant income	(8.2)	(9.2)
Employee costs (see note 8)	79.7	74.4
Exceptional operating expenses (See note 7)	6.7	19.6
Exceptional loss on disposal of assets (See note 7)	-	9.5
Exceptional other income (See note 7)	(20.0)	(5.0)
Exceptional service credits (See note 7)	15.3	7.6

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 2023 £m	Year ended 30 June 2022 £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**	0.3
Other audit fees	**0.4**	0.3
Non-audit services		
Other services	**-**	-
Total cost of services provided by the Group's Auditors	**1.0**	**0.7**

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. Further information is disclosed in note 3.

Loss before tax is stated after charging:

	Year ended 30 June 2023 Total £m	Year ended 30 June 2022 Total £m
Revenue:		
Exceptional service credits	(15.3)	(7.6)
	(15.3)	**(7.6)**
Operating expenses:		
Reorganisation and severance	(2.1)	(5.4)
Corporate finance activities	(0.3)	(4.2)
Restoration costs	(4.3)	(10.0)
	(6.7)	**(19.6)**
Loss on disposal of fixed assets	-	(9.5)
Other exceptional items:		
Other income	20.0	5.0
	20.0	**5.0**
Total exceptional items	**(2.0)**	**(31.7)**

Reorganisation and severance expenses include costs relating to changes in the organisational design and restructuring of the business and delivery of the Group's transformation programme. This was a one-off multi-year transformation programme that helped Arqiva streamline processes, modernise IT systems and achieve significant cost efficiencies and savings. The transformation programme was completed during the year.

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 are deductible for the purpose of taxation.

Bilsdale – Project Restore
The restoration costs relate to costs incurred to reinstate services present at the Bilsdale transmitter site following a fire which broke out on 10 August 2021 and include £4.3m of predominantly community support activities. During the year the rebuild of a 300 metre permanent mast was completed and went live with transmission starting in May 2023.

Costs recognised are those which have been incurred to the year end and can be reliably measured, including £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.

Management has engaged with the Group's insurers. Exceptional other income relates to stage payments received from insurance claims related to the Bilsdale transmitter site fire discussed above totalling £25m received by 30 June 2023. This income is subject to UK corporation tax. Post year end, in August 2023 the final stage payment of £16.0m was received from the insurers. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement. This brings the total insurance proceeds received to date of £41m. No further insurance proceeds are expected. To date the Group has incurred total rectification costs of £45.4m including £31.2m in capital expenditure for the rebuild of the mast and a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

See note 27 for further details of contingent liabilities and assets in relation to the Bilsdale fire.

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

	P&L Impact	**Balance sheet impact**
	£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 2023 Number	Year ended 30 June 2022 Number
UK	1,265	1,268
Non-UK	19	19
Total employees	**1,284**	**1,287**

	Year ended 30 June 2023 Number	Year ended 30 June 2022 (Re-presented)[6] Number
Media Distribution	31	37
Smart Utilities Networks	21	20
Operations	565	571
Technology	376	361
Corporate	291	298
Total employees	**1,284**	**1,287**

Their aggregate remuneration comprised:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Wages and salaries	85.1	86.2
Social security costs	8.9	8.7
Other pension costs	5.9	5.6
Total staff costs	99.9	100.5
Capitalised staff costs	(20.2)	(26.1)
Income statement expense	**79.7**	**74.4**

[6] 30 June 2022 figures have been re-presented to reflect a reclassification between the business units. The total employee figure remains the same as previously reported.

9 Finance income

	Year ended 30 June 2023 Total £m	Year ended 30 June 2022 Total £m
Bank deposits	2.0	0.8
Other finance income	2.1	1.7
Total finance income	**4.1**	**2.5**

Other finance income includes £2.4m (2022: £1.0m) in relation to net finance income on the defined benefit pension scheme.

10 Finance costs

	Year ended 30 June 2023 Total £m	Year ended 30 June 2022 Total £m
Interest on bank overdrafts and loans	24.2	20.8
Other loan interest	77.0	72.6
Bank and other loan interest	**101.2**	**93.4**
Amortisation of debt issue costs	3.2	4.2
Interest on lease obligations (note 24)	5.4	6.7
Interest payable to other group entities	165.0	150.1
Other interest	19.7	21.0
Total interest payable	**294.5**	**275.4**
Unwinding of discount on provisions	5.4	4.2
Total finance costs	**299.9**	**279.6**

11 Other gains and losses

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Foreign exchange loss on financing (a)		-	-
Fair value loss on derivative financial instruments	24	(28.2)	(77.6)
Other losses		**(28.2)**	**(77.6)**
Total other gains and losses		**(28.2)**	**(77.6)**

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

12 Tax

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m (Restated)
UK corporation tax:		
- Current year	(4.1)	(12.6)
- Adjustment in respect of prior years	(2.4)	-
Total current tax	(6.5)	(12.6)
Deferred tax (see note 19):		
- Origination and reversal of temporary differences	16.6	(11.5)
- Adjustment in respect of prior years	(23.0)	(4.4)
- Impact of rate change	(2.2)	(11.5)
Total deferred tax	(8.6)	(27.4)
Total tax credit for the year	**(15.1)**	**(40.0)**

UK corporation tax is calculated at a blended rate of 20.5% (2022: 19.0%) of the taxable profit 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 2023 £m	Year ended 30 June 2022 £m (Restated)
Loss before tax	(86.3)	(213.1)
Tax at the UK corporation tax rate of 20.5% (2022: 19.0%)	(17.7)	(40.5)
Tax effect of expenses that are not deductible in determining taxable profit	0.1	(0.2)
Deemed interest on intercompany balances (a)	(9.2)	-
Change in unrecognised deferred tax assets (b)	39.3	16.6
Adjustments in respect of prior years (c)	(25.4)	(4.4)
Impact of change in tax rate	(2.2)	(11.5)
Total tax credit for the year	**(15.1)**	**(40.0)**

The current year UK corporation tax credit (2022: credit) principally represents the receipts from (2022: 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 20.5% during the year. 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 2022: between 19% and 25%; depending on the period it is forecast to reverse in).

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 and, in the period to 30 June 2023, £14.7m relates to a change in judgement as described in Note 4.

There has been a restatement of the income statement tax credits for the year ended 30 June 2022 due to a revision of group relief amounts resulting from the need to recalculate the amount of group relief provided (to Companies outside of this consolidation), the payments received for that group relief and the recalculation of the current tax for the period ended 30 June 2022 as a consequence of these changes.

To the extent current tax credits have been reduced, payments for group relief have been reclassified as capital contributions within the consolidated statement of changes in equity. Prior to the restatement, the total current tax credit was £29.2m; the deferred tax credit was £27.4m and the total tax credit was £56.6m for the year ended 30 June 2022.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception allowed by an amendment to IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Tax in Consolidated Statement of Comprehensive Income

There is a tax charge of £3.0m (2022: £1.7m) in respect of the actuarial loss of £12.2m (2022: gain of £6.7m) in the Consolidated Statement of Comprehensive Income.

13 Dividends

	Year ended 30 June 2023		Year ended 30 June 2022	
	£ per share	**£m**	**£ per share**	**£m**
Now Digital (East Midlands) Limited	40.0	0.1	-	-
Total dividends payable to minority interests		**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 (2022: £nil).

14 Goodwill

	£m
Cost:	
At 1 July 2021, 30 June 2022 and 30 June 2023	**1,458.4**
Accumulated impairment losses:	
At 1 July 2021, 30 June 2022 and 30 June 2023	**0.4**
Carrying amount:	
At 30 June 2023	**1,458.0**
At 30 June 2022	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 Distribution 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 2023 £m	30 June 2022 £m
Media Distribution	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 2023, 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 Distribution CGU is 8.7% (2022: 8.3%). For Smart Utilities networks CGU the discount rate is 9.1% (2022: 8.3%).
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 (2023: 1.9%; 2022: 2.0%). The growth rate has been benchmarked against externally available data.

Sensitivities
There is headroom in both CGUs. For Smart Utilities Networks, the value in use exceeds the carrying value of the CGU by approximately £35.8m. 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 9.7%; or

- A reduction in the terminal growth rate to 1.2%.

For Media Distribution 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 2021	13.7	22.5	15.4	104.7	-	156.3
Additions	-	1.9	-	-	3.0	4.9
Transfers from AUC (note 16)	-	-	-	4.4	-	4.4
Disposals	-	(3.0)	-	(45.7)	-	(48.7)
At 30 June 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**
Accumulated amortisation						
At 1 July 2021	8.2	11.2	15.4	81.2	-	116.0
Amortisation	1	2.5	-	9.7	-	13.2
Disposals	-	(3.0)	-	(45.7)	-	(48.7)
At 30 June 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**
Carrying amount						
At 30 June 2023	**1.3**	**10.0**	**-**	**38.2**	**7.5**	**57.0**
At 30 June 2022	4.5	10.7	-	18.2	3.0	36.4

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.

Disposals in the year relate to old software replaced as part of the Group's transformation programme, a partial disposal of the 28Ghz license and access rights on contracts that have completed.

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 2023, the Group had entered into contractual commitments for the acquisition of intangibles amounting to £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 2021	273.1	176.9	1,848.0	128.8	2,426.8
Additions	-	4.8	7.3	79.4	91.5
Completion of AUC	2.3	0.9	91.6	(94.8)	-
Transfers to other intangibles (note 15)	-	-	-	(4.4)	(4.4)
Disposals	(3.3)	(13.6)	(20.3)	-	(37.2)
Impairment	(0.5)	-	-	-	(0.5)
At 30 June 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**
Accumulated depreciation					
At 1 July 2021	**5.5**	**84.6**	**944.7**	**-**	**1,034.8**
Depreciation	7.9	11.1	139.4	-	158.4
Disposals	(2.5)	(7.1)	(8.5)	-	(18.1)
At 30 June 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**
Carrying amount					
At 30 June 2023	**256.5**	**70.5**	**812.1**	**99.7**	**1,238.8**
At 30 June 2022	260.7	80.4	851.0	109.0	1,301.1

Freehold land included above but not depreciated amounts to £155.3m (2022: £155.9m).

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 £3.1m (2022: £4.6m) included within leasehold buildings.

At 30 June 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £14.0m (2022: £16.6m) – 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 144) 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 (2022: £nil) for the year with the interest in associates and joint ventures being £0.1m (2022: £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 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 2023 £m	30 June 2022 £m
Trade and other receivables		
Trade receivables	65.2	64.5
Amounts receivable from other group entities	5.2	8.3
Other receivables	14.7	4.3
Prepayments	31.5	24.2
Taxation and Social Security	1.9	8.9
	118.5	**110.2**
Contract assets – accrued income	**9.3**	**13.0**

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 2023 £m	30 June 2022 £m
Up to 30 days overdue	4.8	4.5
Between 31 and 90 days overdue	2.0	1.8
Between 91 and 150 days overdue	0.4	2.1
More than 150 days overdue	2.5	1.7
	9.7	**10.1**

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

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Allowance at 1 July	4.7	4.5
Amounts utilised	(1.5)	(1.1)
Provided during the year	3.2	1.3
Allowance at 30 June	**6.4**	**4.7**

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% (2022: 0.4%). At 30 June 2023 the lifetime expected loss provision for trade receivables and contract assets is as follows:

30 June 2023	Current £m	Up to 30 days overdue £m	Between 31 and 90 days overdue £m	Between 91 and 150 days overdue £m	More than 150 days overdue £m	Total £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

30 June 2022	Current £m	Up to 30 days overdue £m	Up to 90 days overdue £m	Between 91 and 150 days overdue £m	More than 150 days overdue £m	Total £m
Gross carrying amount						
- Trade receivables	47.0	4.6	2.1	3.0	4.9	61.6
- Contract assets	13.0	-	-	-	-	13.0
	60.0	4.6	2.1	3.0	4.9	74.6
Loss provision - Expected	0.2	-	-	-	-	0.2
Loss provision - Specific	0.1	0.1	0.3	0.9	3.1	4.5
	0.3	0.1	0.3	0.9	3.1	4.7

£0.1m (2022: £0.1m) of the £6.4m (2022: £4.7m) 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 2023 is £199.8m (2022: £188.2m). 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 £m	Fixed asset temporary differences £m	Derivative financial instruments £m	Other temporary differences £m	Total £m
At 1 July 2021	**28.0**	**24.2**	**74.6**	**47.4**	**174.2**
Credited / (charged) to the income statement	15.0	17.6	(5.5)	2.1	29.2
At 30 June 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**

Deferred tax liabilities	Retirement benefits £m	Total £m
At 1 July 2021	11.7	11.7
Charged to the income statement	1.8	1.8
Charged to the statement of comprehensive income	1.7	1.7
At 30 June 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**

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.

There is an unrecognised deferred tax asset of £260.1m (2022: £226.9m). This is in respect of tax losses of £39.6m (2022: £39.6m) and deferred interest expenses £220.5m (2022: £187.3m). 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 2030. 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 2023 £m	30 June 2022 £m
Cash at bank	16.3	8.3
Short term deposits	20.0	235.5
Total cash and cash equivalents	**36.3**	**243.8**

21 Trade and other payables

	30 June 2023 £m	30 June 2022 £m
Current		
Trade and other payables		
Trade payables	30.5	38.2
Amounts payable to other group entities	1,622.7	1,501.1
Other payables	2.9	2.9
Accruals	63.2	59.7
	1,719.3	**1,601.9**
Corporation tax	**-**	**2.4**
Contract liabilities	**116.0**	**101.1**
Non-current		
Contract liabilities	**304.0**	**338.5**

22 Borrowings

	Denominated currency	30 June 2023 £m	30 June 2022 £m
Within current liabilities:			
Lease liabilities	Sterling	18.3	18.8
Bank facilities	Sterling	15.0	34.0
Bank Loans	Sterling		
- Senior debt	Sterling	262.0	-
- Issue costs	Sterling	(0.4)	-
Senior bonds, notes and private placements	Sterling	45.3	50.4
Accrued interest on junior and senior financing	Sterling	14.2	11.4
Borrowings due within one year		**354.4**	**114.6**
Within non-current liabilities:			
Bank loans		**-**	**261.6**
- Senior debt	Sterling	-	262.0
- Issue costs	Sterling	-	(0.4)
Other loans		**1,132.0**	**1,278.0**
- Senior bonds, notes and private placements	Sterling	611.7	657.0
- Senior bonds, notes and private placements	US Dollar	93.5	-
- Junior bonds	Sterling	450.0	625.0
- Issue costs	Sterling	(23.2)	(4.0)
Amounts payable to other group entities	Sterling	**45.2**	**45.2**
Lease liabilities	Sterling	**50.7**	**66.7**
Borrowings due after more than one year		**1,227.9**	**1,651.5**
Analysis of total borrowings by currency:			
Sterling		1,488.8	1,766.1
USD		93.5	-
Total borrowings		**1,582.3**	**1,766.1**

Included within the £1,582.3m (2022: £1,766.1m) are debt issue costs of £23.6m (2022: £4.4m). Total borrowings excluding these amounts are £1,605.9m (2022: £1,770.5m) which comprises debt principal and interest, the maturity of which is included in the table below.

	30 June 2023 £m	30 June 2022 £m
Borrowings falling due within:		
One year	354.8	114.6
One to five years	764.4	1,174.1
More than five years	486.7	481.8
Total	**1,605.9**	**1,770.5**

The weighted average interest rate of borrowings is 7.0% (2022: 5.9%).

Bank loans form part of the Group's **senior debt**. **Other loans** comprises the Group's **senior bonds and notes** and **junior bonds**. A summary of the movement in borrowings during the financial year is given below:

Borrowings:	Reference	At 1 July 2022 £m	Lease movements £m	Amounts drawn £m	Amounts repaid £m	At 30 June 2023 £m
Senior debt – institutional term loan	(a)	90.0	-	-	-	90.0
Senior debt – European Investment Bank	(b)	172.0	-	-	-	172.0
Bank facilities	(c)	34.0	-	-	(19.0)	15.0
Senior bonds, notes and US private placement	(d)	707.4	-	93.5	(50.4)	750.5
Junior bonds	(e)	625.0	-	450.0	(625.0)	450.0
Total bank loans and private placements		**1,628.4**	**-**	**543.5**	**(694.4)**	**1,477.5**
Lease liabilities	(f)	85.6	(16.6)	-	-	69.0
Amounts payable to other group entities		45.2	-	-	-	45.2
Total borrowings excluding accrued interest		**1,759.2**	**(16.6)**	**543.5**	**(694.4)**	**1,591.7**

The Group's borrowings outlined in the table above incorporate:

(a) an institutional term loan (2023: £90.0m outstanding; 2022: £90.0m) with an expected maturity date of December 2023.

(b) a loan from the European Investment Bank (2023: £172.0m outstanding; 2022: £172.0m) with an expected maturity date of June 2024.

(c) Working capital facility (2023: £15.0m outstanding; 2022: £34.0m), 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 £270.0m (2022: £216m) of undrawn senior debt facilities available and £70.0m (2022: £nil) 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 2023, the Group has £417.3m (2022: £444.0m) sterling denominated bonds outstanding with fixed interest rates ranging between 4.88% and 5.34% (2022: 4.88% and 5.34%). These bonds are repayable between December 2023 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 £239.7m (2022: £263.4m) of sterling denominated floating rate US private placements that are amortising in nature with repayments due between December 2023 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 £93.5m (2022: £nil) of US dollar denominated floating rate US private placements. At the hedged rate these are valued at £95.1m (2022: £nil). 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 £379.2m (2022: £474.8m) whilst their carrying value was £417.3m (2022: £444.0m).

The remaining £333.2m (2022: £263.4m) of senior debt relates to other unquoted borrowings.

The directors consider the fair value of all other unquoted borrowings to be a close approximate to their carrying amount.

(e) Junior loan, at either floating or fixed rate, of £450.0m represent amounts raised by Arqiva Financing No 2 Ltd.

In September 2022, the Group completed Junior finance raising activity by drawing £450.0m of its new term facility at this date. The proceeds were utilised to redeem the previous £625.0m Junior bonds held. The new loan was originally drawn with floating rate with a margin of 5% over SONIA. During the year £138.9m of junior loan was restructured to fixed rate at an average interest of 9.1%. Arqiva Financing No 2 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 32.

The fair value of the quoted junior bonds based upon observable market prices (fair value hierarchy level 1) was £nil (2022: £597.6m) whilst their carrying value was £nil (2022: £625.0m). During FY23 the group repaid the previously held junior bonds and entered a new facility of a junior loan, as detailed above.

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 2021	**64.6**	**35.3**	**99.9**
Depreciation charge for the year	(9.3)	(13.2)	(22.5)
Additions to right-of-use assets	1.0	0.3	1.3
Effect of modification to lease terms	(1.8)	1.8	-
Derecognition of right-of-use assets	(0.9)	-	(0.9)
At 30 June 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)
Balance at 30 June 2023	46.3	14.8	61.1

Amounts recognised in the Income Statement

Leases under IFRS 16	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Expense relating to variable lease payments not included in the measurement of lease liabilities	2.7	2.6
Interest on lease liabilities	5.4	6.7

Amounts recognised in the Cash flow Statement

	Year ended 30 June 2023	Year ended 30 June 2022
	£m	£m
Repayment of capital element of lease rentals	21.2	22.1
Interest element of lease rentals	5.4	6.7

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 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 gains and 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;
- 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 0.1% (2022: 1.3%) of operating profit and 0.2% (2022: 0.1%) 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 2023	**30 June 2022**
	£m	**£m**
Monetary assets:		
- US Dollar	2.1	4.1
- Euro	12.2	11.9
- Other (including SGD*)	0.1	1.3
Total	**14.4**	**17.3**
Monetary liabilities:		
- US Dollar	(2.3)	(1.4)
- Euro	(4.5)	(7.1)
Total	**(6.8)**	**(8.5)**

* refers to Singapore dollar, being the most frequently transacted currency within ‘other monetary assets and liabilities’.

Currency risk management

In June 2023, the Group entered in to cross currency swaps (nominal value 2023: USD 118m; 2022: nil) to fix the exchange rate to $1.241/£1 in relation to US dollar denominated senior notes (nominal value 2023: USD 118.0m; 2022: nil). 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 £1.1bn of debt in the next 5 years to 30 June 2028. 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 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.

	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 discounting**	**Interest to be incurred in future periods**	**Total financial liability per statement of financial position**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
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**
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.

30 June 2022	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
Trade payables	38.2	-	-	-	38.2	-	-	**38.2**
Other payables	2.9	-	-	-	2.9	-	-	**2.9**
Accruals	59.7	-	-	-	59.7	-	-	**59.7**
Borrowings**	84.4	932.3	178.6	473.9	1,669.2	-	-	**1,669.2**
	185.2	**932.3**	**178.6**	**473.9**	**1,770.0**	**-**	**-**	**1,770.0**
Lease liabilities	18.8	16.2	27.9	22.7	85.6	-	-	**85.6**
Interest on borrowings	87.8	53.2	80.8	55.1	276.9	-	(265.5)	**11.4**
Interest rate swaps	(9.1)	(10.1)	(10.7)	(2.7)	(32.6)	0.7	-	(31.9)
Inflation linked interest rate swaps	136.5	54.7	182.2	-	373.4	(27.9)	-	345.5
Total financial liability	**419.2**	**1,046.3**	**458.8**	**549.0**	**2,473.3**	**(27.2)**	**(265.5)**	**2,180.6**

**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 2023	30 June 2022
	£m	£m
Secured bank facilities:		
- Amount utilised	15.0	34.0
- Amount unutilised	340.0	216.0
Total	**355.0**	**250.0**

As debt was refinanced in September 2022, the Group also restructured the associated swaps to reflect the new maturity profile.

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 2023 for the next 12 months was 5.6% (2022: 5.05%) and the weighted average period of funding was 5.9 years (2022: 6.4 years). Within the Group's financial liabilities were borrowings of £1,605.9m (2022: £1,770.5m) (see note 22), which includes £966.7m (2022: £559.4m) 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 £36.3m (2022: £243.8m) and other financial assets of £85.0m (2022: £77.1m) 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 interest rate swaps with notional amounts of £179.5m (2022: £420.5m) which hedge the interest obligations of the Group's floating rate debt. The average fixed rate on these instruments is 0.3% net receivable (2022: 0.2% 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 £681.8in 2023; 2022: £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 2023 (£146.9m; 2022: £89.6m) 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 £470.4m (2022: £600.5m) 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 (2022: nil) 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.

In June 2023 Arqiva has agreed to close out a set of interest rate swaps of £9.7m. Effective 4th of July with settlement on 6th of July 2023. 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 become surplus to Group's hedging requirements. These are held as other receivables at 30 June 2023.

The fair value of the interest rate, inflation linked swaps and cross currency swaps at 30 June 2023 is a liability of £206.2m (2022: £313.6m). 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 (2022: nil) 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 5.2%. Throughout the financial year 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 2023 is a liability of £3.1m (2022: nil). This fair value is calculated using a risk-adjusted discount rate.

The fair value of the interest rate, inflation linked and cross-currency swaps at 30 June 2023 is a liability of £206.2m (2022: £313.6m). 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 2023 £m	30 June 2022 £m
Within non-current assets		
Interest rate swaps	31.5	31.9
	31.5	31.9
Within non-current liabilities		
Interest rate swaps	-	-
Inflation-linked interest rate swaps	(235.6)	(345.5)
Cross-currency swaps	(2.1)	-
	(237.7)	(345.5)
Total	**(206.2)**	**(313.6)**
Change in fair value recognised in the income statement:		
- Attributable to changes in market conditions	(31.6)	(74.0)
- Attributable to changes in perceived credit risk	3.6	(3.6)
Change in fair value on foreign exchange	(1.8)	-
Total loss recognised in the income statement	**(29.8)**	**(77.6)**
Cash settlement of principal accretion on inflation-linked swaps	146.9	90.0
Accrued settlement on close out of inflation linked swaps	(9.7)	-
Total change in fair value	**107.4**	**12.4**

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 2022	78.2	1.1	3.7	3.9	86.9
Income statement expense	0.3	-	-	1.3	1.6
Adjustments through property, plant and equipment	(11.8)	-	-	-	(11.8)
Unwind of discount	5.0	-	0.1	-	5.1
Utilised	(0.1)	(0.7)	-	-	(0.8)
At 30 June 2023	**71.6**	**0.4**	**3.8**	**5.2**	**81.0**

	30 June 2023	30 June 2022
	£m	£m
Analysed as:		
Current	3.3	3.9
Non-current	77.7	83.0
	81.0	**86.9**

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. A discount rate of 7.2% has been applied in calculating the decommissioning provision (2022: 5.6%) based on the Group's weighted average cost of capital. Due to this discount rate increase we have had a large decrease in PPE of £11.8m as disclosed in note 16.

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 2023 £m	Year ended 30 June 2022 £m
Operating profit	237.7	141.6
Adjustments for:		
Depreciation of property, plant and equipment	91.7	158.4
Amortisation of intangible assets	12.9	13.2
Exceptional loss on disposal of assets	-	9.5
Loss on disposal of property, plant and equipment	0.7	2.1
Gain on lease modifications	(1.6)	-
Impairment of assets	-	0.5
Other income	(7.8)	(7.7)
Revenue service credits	15.3	7.6
Receipt of insurance stage payments	(20.0)	(5.0)
Operating cash flows before movements in working capital	328.9	320.2
Decrease in receivables	9.4	42.0
Decrease in payables	(61.7)	(20.5)
Increase / (Decrease) in provisions	0.7	(6.1)
Curtailments relating to the defined benefit Pension Plan	-	0.6
Cash generated from operating activities	**277.3**	**336.2**
Taxes paid	-	(0.1)
Net cash from operating activities	**277.3**	**336.1**

Analysis of changes in financial liabilities:

	At 1 July 2022 £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 2023 £m
Current borrowings (Note 22)	103.2	(95.9)	-	-	333.3	340.6
Non-current borrowings (Note 22)	1,651.5	(79.8)	(1.8)	-	(318.8)	1,251.1
Accrued interest on borrowings (Note 22)	11.4	(101.4)	-	-	104.2	14.2
Derivative financial instruments (Note 24)	313.6	(146.9)	1.8	28.0	9.7	206.2
Total	**2,079.7**	**(424.0)**	**-**	**28.0**	**128.4**	**1,812.1**

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 2023 £m	30 June 2022 £m
Within one year	7.3	9.7
Within two to five years	10.3	6.9
Total capital commitments	**17.6**	**16.6**

There are no capital commitments payable in more than five years.

Contingent assets and other liabilities

Bilsdale Tower Fire:

Management continues to work with specialist advisors to assess any further potential financial penalties and service credits that may be due to third parties. At the current time it is not possible to determine the expected outcome or quantification of such amounts over and above the amounts already provided. The group holds insurance coverage and management continues to engage with the group's insurers to assess the value of losses and restoration costs.

At the current time such insurance claims are considered contingent assets and are not therefore recognised in the statement of financial position in accordance with accounting standards. Interim stage payments received to date of £25.0m (£20m received in 2023 and £5m received in 2022) from the Group's insurers, insurers in June 2023 which has been recorded as exceptional other income (see note 7).

A final stage payment was received post year end in August 2023. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement.

28 Retirement benefits

Defined contribution scheme
Arqiva Limited has operated a Defined Contribution Scheme during the year, for those employees who are not members of the Group's Defined Benefit Plan. Contributions payable in respect of this Scheme for the year were £5.8m (2022: £5.4m). The assets of the Scheme are held outside of the Group.

An amount of £0.9m (2022: £0.9m) is included in accruals being the outstanding contributions to the Defined Contribution Scheme.

Defined benefit plan
In the year to 30 June 2023, 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 the assets of the Plan.

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, longevity risk, and salary risk.

Investment risk	The present value of the defined benefit Plan liability for IAS19 purposes is calculated using a discount rate determined by reference to high quality corporate bond yields, which is different to how the Plan assets are invested. Currently the Plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the Plan liabilities, the trustees of the Plan consider it appropriate that a reasonable portion of the Plan assets should be invested in equity securities to leverage the expected return generated by the Plan assets.
Interest risk	A decrease in the bond interest rate will increase the valuation of the Plan's IAS19 liability but this will be partially offset by an increase in the value of the Plan's corporate bond investments.
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.
Salary risk	The present value of the defined benefit Plan liability is calculated by reference to the future salaries of Plan participants. As such, an increase in the salary of the Plan participants will increase the Plan's liability.

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 16 years.

The triennial valuation carried out as at 30 June 2020 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 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 2023	**30 June 2022**
Key assumptions		
Discount rate	5.20%	3.90%
Price inflation (RPI)	3.30%	3.30%
Life expectancy of a male / female age 60 (current pensioner)	25.8/28.7yrs	26.0/28.7yrs
Life expectancy of a male / female age 60 (future pensioner)	27.6/30.4yrs	27.7/30.4yrs
Other linked assumptions		
Price inflation (CPI)	2.60%	2.50%
Pension increases (RPI with a minimum of 3% and maximum of 5%)	3.70%	3.70%
Pension increases (RPI with a maximum of 10%)	3.30%	3.30%
Salary growth	n/a	n/a

Amounts recognised in the consolidated income statement in respect of the defined benefit plan were as follows:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Net interest on the defined benefit asset	2.4	1.0
Loss on curtailments	-	(0.6)
	2.4	0.4

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 2023 £m	Year ended 30 June 2022 £m
Loss on plan assets excluding Interest Income	(38.6)	(53.6)
Experience (losses) / gains arising on the Plan's liabilities	(9.5)	(7.2)
Actuarial gains arising from changes in financial assumptions	34.9	66.9
Actuarial gains arising from changes in demographic assumptions	1.0	0.6
	(12.2)	**6.7**

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 2023 £m	30 June 2022 £m
Fair value of Plan assets	210.1	245.6
Present value of defined benefit Plan liabilities	(158.9)	(184.6)
Surplus at 30 June	**51.2**	**61.0**

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 2023 £m	Year ended 30 June 2022 £m
Surplus at 1 July	61.0	47.1
Amount recognised in profit or loss	2.4	0.4
Amount recognised in Other Comprehensive Income	(12.2)	6.7
Company contributions	-	6.8
Surplus at 30 June	**51.2**	**61.0**

The present value of the plan liabilities has moved over the year as follows:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
At 1 July	(184.6)	(248.8)
Contributions by employees	-	-
Interest cost	(7.1)	(4.6)
Benefits paid	6.3	9.1
Expenses paid	0.1	-
Experience (losses) / gains arising on the Plan's liabilities	(9.5)	(7.2)
Actuarial gains arising from changes in financial assumptions	34.9	66.9
Actuarial gains arising from changes in demographic assumptions	1.0	0.6
Loss on curtailments	-	(0.6)
At 30 June	**(158.9)**	**(184.6)**

The fair value of the plan assets has moved over the year as follows:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
At 1 July	245.6	295.9
Interest income	9.5	5.6
Loss on Plan assets excluding interest income	(38.6)	(53.6)
Contributions by employer	-	6.8
Contributions by employees	-	-
Benefits paid	(6.3)	(9.1)
Expenses paid	(0.1)	-
At 30 June	**210.1**	**245.6**

The major categories and fair values of Plan assets at the end of the reporting year for each category are as follows:

	30 June 2023 £m	30 June 2022 £m
Equity instruments	25.9	80.6
Diversified growth funds	11.2	19.7
Corporate bonds	70.4	61.4
Multi asset credit	16.8	16.9
Government bonds	85.6	63.3
Cash and equivalents	0.2	3.7
Total	**210.1**	**245.6**

As at 30 June 2023 £nil (2022: £7.4m) 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.

The Plan includes holdings of gilts and corporate bonds, which are intended to partially hedge the financial risk from liability valuation movements associated with changes in gilt and corporate bond yields. IAS19 liability movements from changes in the discount rate will also be partially hedged by the Plan's corporate bond holding.

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 triennial valuation carried out as at 30 June 2020, was approved and signed on 27 January 2022, 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, will now be paid in September 2023.

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 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

The sensitivity of the 2022 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	£2.9m	£2.0m	£6.1m

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 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 2023 £m	**Year ended 30 June 2022 £m**	**Year ended 30 June 2023 £m**	**Year ended 30 June 2022 £m**
Associates	-	0.1	-	0.1
Joint ventures	4.8	4.4	2.8	2.2
Entities under common influence	20.1	13.8	-	-
Other group entities	75.4	57.4	-	-
	100.3	**75.7**	**2.8**	**2.3**

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 2023, the amount receivable from associates was £nil (2022: £nil) and the amount payable to associates was £nil (2022: £nil). As at 30 June 2023 the amount payable to joint ventures was £0.3m (2022: £0.2m).

As at 30 June 2023, the amount receivable from entities under common influence was £5.3m (2022: £2.6m). As at 30 June 2023, 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 2023 £m	**Year ended 30 June 2022 (Re-presented) £m**
Short-term employee benefits	6.9	3.9
Termination benefits	0.4	0.2
Post-employment benefits	0.1	0.6
	7.4	**4.7**

There are no members of the Directors and key management personnel (2022: 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 143.

30 Events after the reporting period

Post year end in July 2023, the Group completed its issue of £250m public bonds. These bonds have a maturity in 2028 and coupon rate of 7.21%. Arqiva Financing plc (a subsidiary of the Group) is the borrower of this arrangement. The proceeds of this facility have been utilised to prepay the Group's outstanding £90m ITL and £172m EIB term debt.

In August 2023, the final stage payment of £16.0m was received from the insurers in relation to the Bilsdale fire. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement. This brings the total insurance proceeds received to date of £41m. No further insurance proceeds are expected. To date the Group has incurred total rectification costs of £45.4m including £31.2m in capital expenditure for the rebuild of the mast and a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

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 2023.

The Directors are responsible for the preparation of the financial statements as explained in the Statement of Directors' Responsibilities, set out on page 78.

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 £1,230.9m (2022: £nil) and net assets of £2,070.8m (2022: £3,301.7m).

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 50 to 55.

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 33 and 34.

Dividends and transfers to reserves
The Directors do not propose to pay a dividend (2022: nil).

The loss for the financial year of £1,230.9m (2022: £nil) 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 66 to 67.

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:

Sally Davis (resigned 31 January 2023)
Neil King (resigned 18 October 2022)
Andrew Macleod (appointed 1 July 2023)
David Stirton (appointed 2 February 2023)
Scott Longhurst (appointed 1 February 2023)
Arnaud Jaguin (appointed 6 December 2022)
Maximilian Fieguth (appointed 6 December 2022)
Matthew Postgate (appointed 17 November 2022)
Paul Donovan (appointed 1 July 2022)
Michael Darcey
Susana Leith-Smith (appointed 13 May 2022)

Katrina Dick resigned from her position as Company Secretary on 6 December 2022. 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 2023 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

Scott Longhurst - Director
21 September 2023

Company statement of financial position

	Note	30 June 2023 £m	30 June 2022 £m
Non-current assets			
Investments	3	2,070.8	3,301.7
Other receivables	4	1,871.9	1,661.9
		3,942.7	**4,963.6**
Current assets			
Other receivables	4	-	-
Total current assets		**-**	**-**
Other payables	5	(1,826.7)	(1,616.7)
Net current liabilities		**(1,826.7)**	**(1,616.7)**
Borrowings		(45.2)	(45.2)
Net assets		**2,070.8**	**3,301.7**
Equity			
Share capital		0.1	0.1
Capital contribution reserve		2,070.7	3,301.6
Total equity		**2,070.8**	**3,301.7**

The accounting policies and notes on page 142 form part of these financial statements.

The result for the financial year for the Company was a loss of £1,230.9m (2022: £nil).

During the year the Company incurred an impairment charge of £1,230.9m 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 140 to 148 were approved by the Board of Directors on 21 September 2023 and were signed on its behalf by:

Scott Longhurst - Director

Company statement of changes in equity

	Share capital* £m	Capital contribution reserve £m	Total equity £m
Balance at 1 July 2021	**0.1**	**3,301.6**	**3,301.7**
Result for the financial year	-	-	-
Balance at 30 June 2022	**0.1**	**3,301.6**	**3,301.7**
Result for the financial year	-	(1,230.9)	(1,230.9)
Balance at 30 June 2023	**0.1**	**2,070.7**	**2,070.8**

*Comprises 100,002 (2022:100,002) 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:

EU-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.

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 (2022: none). None of the Directors (2022: 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 (2022: 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 £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 2023 £m	Year ended 30 June 2022 £m
Aggregate remuneration	1.5	0.4
Amount due under long term incentive plans – accrued	0.1	-
Amount due under long term incentive plans - reversed	(0.4)	-
Amounts due under long term incentive plans - total	(0.3)	-
Total remuneration	**1.2**	**0.4**

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 (2022: £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 (2022: none).

Highest paid director
Included in the above is remuneration in respect of the highest paid Director of:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Aggregate remuneration	1.1	0.2
Amounts due under long term incentive plans	(0.3)	-
Total remuneration	**0.8**	**0.2**

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 No. 1 Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Financing No. 2 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 (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 2022	3,301.7
Accumulated Impairment losses	
At 1 July 2022	-
Impairment	(1,230.9)
At 30 June 2023	**(1,230.9)**
Carrying value	
At 30 June 2023	**2,070.8**
At 30 June 2022	**3,301.7**

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 £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 2023	30 June 2022
	£m	£m
Within non-current assets		
Amounts receivable from other Group entities	1,871.9	1,661.9
Total	**1,871.9**	**1,661.9**

Amounts receivable from other Group entities are unsecured, repayable on demand and interest has been charged at 9.5%.

5 Other payables

	30 June 2023	30 June 2022
	£m	£m
Within current liabilities		
Amounts payable to other Group entities	1,826.7	1,616.7
Total	**1,826.7**	**1,616.7**

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 No. 3 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 2023

Contents

Corporate Information

As at the date of this report (21 September 2023):

Group Board of Directors

Mike Darcey	(Chairman)
Paul Donovan	
Max Fieguth	
Arnaud Jaguin	
Shuja Khan	(Chief Executive Officer)
Susana Leith-Smith	
Scott Longhurst	
Andrew Macleod	
Matthew Postgate	
David Stirton	
Sean West	(Chief Financial Officer)

Company Secretary
Nicola Phillips

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
Charing Cross
London
WC2N 6RH

Company Registration Number
08085794

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, are intended 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 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.

Arqiva Smart Metering Limited (‘ASML’) is the legal entity that won the contract for smart energy metering and, whilst it sits within the ultimate parent group, it is external to the ABPL financing group. ASML has contracted with Arqiva Limited (a company within the ABPL financing group) for the provision of the core network, sites and spectrum that will support the delivery of this contract. The procurement and financing of the communications hubs (which allow information to be sent to and from the network) will be performed by ASML. Accordingly, the ABPL group is expected to benefit from the substantial majority, but not all, of the smart metering charges levied to ASML.

A reference to a year expressed as 2023 is to the financial year ended 30 June 2023. 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 2023. References to the ‘prior year’ and ‘last year’ are to the financial year ended 30 June 2022.

Arqiva at a glance - 2023

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 companies and utilities to their customers, and the content, data, information, and entertainment they want.

Our Infrastructure

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
10 million premises can connect to our smart meter networks	**50 million data points** delivered on our smart metering networks every day

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

What we do

In today's ever-evolving world, the demand for information, content and entertainment is greater than ever. We all want to be connected 24/7. This is the challenge that our media and broadcast 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.

The Group is the UK's pre-eminent national provider of television and radio broadcast infrastructure and provides end-to-end connectivity solutions in the media and utility industries. 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 DTH satellite broadcast. The Group has been an early and leading participant in the development of smart utility infrastructure in the UK through its smart water and energy metering services and provides satellite connectivity services for electricity networks.

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

Key Strategic ambitions

Undisputed leader in UK TV and radio broadcast

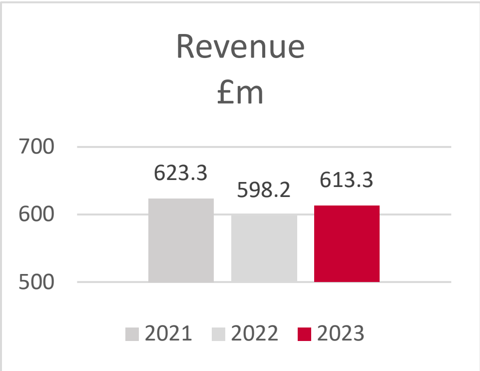
Transition global media to cloud solutions

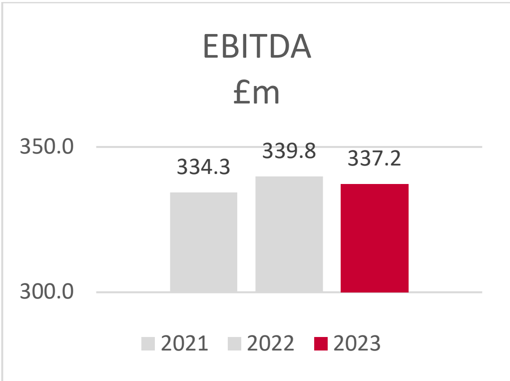
UK's leading smart utilities platform

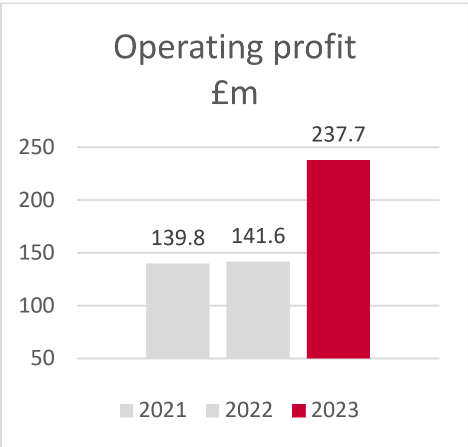
Innovator of scalable solutions for new connectivity sectors

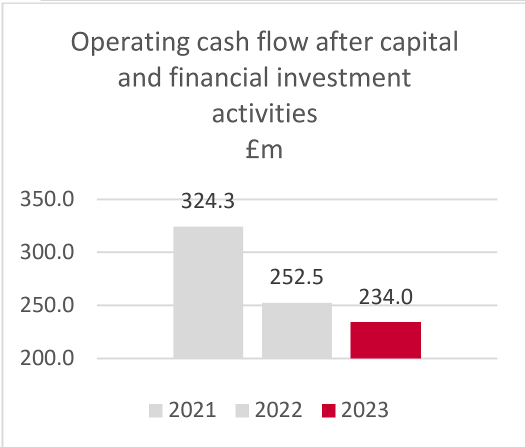
Highlights

Media and broadcast have benefited from RPI-linked contract increases, offsetting decreases in DTT multiplexes and managed broadcast services due to the full year effect of lower pricing on renewals. Growth in water metering products revenues is driven by strong energy device sales across our smart utilities networks. Further revenue increases in the year due to one-off receipts following Cellnex transactions on sites linked to the former telecoms business. With the transformation programme now complete the Group is focused on driving simplification to building a sustainable business with a focus on diversification into new products to better support our customers.





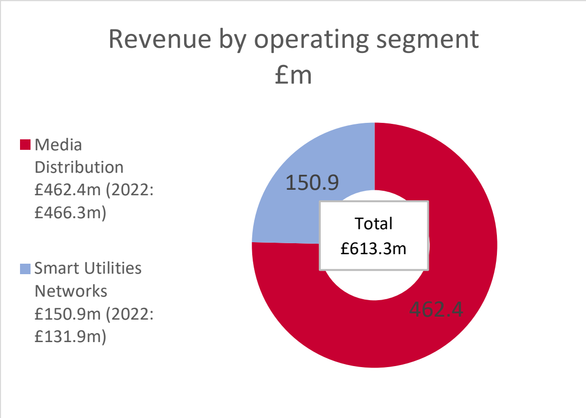


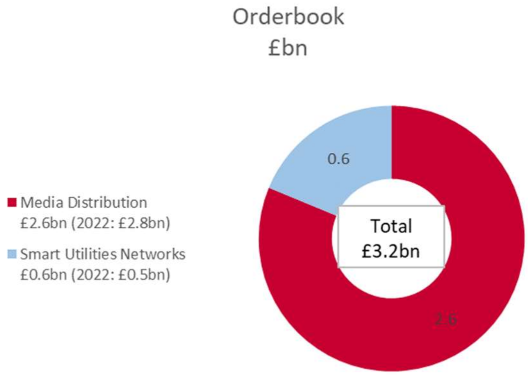


EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that are not considered to reflect the underlying performance of the business. A reconciliation of EBITDA to operating profit is presented on page 29.
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.

Key financials in the year:

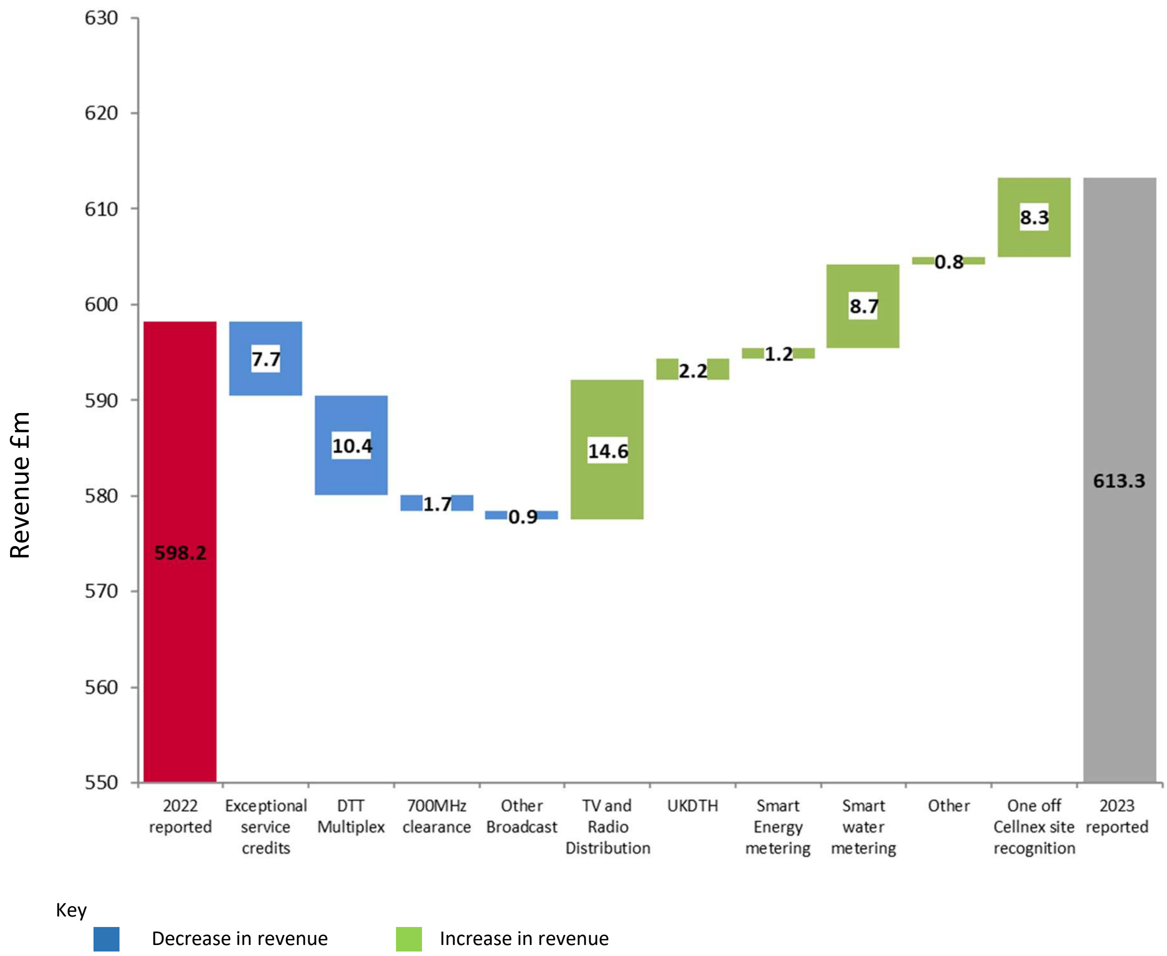
- Revenue increase of 2.5%, but with lower margins resulting in an EBITDA reduction of 0.8% compared to the prior year however operating profit has increased 67.9%
- Increases in revenue, EBITDA and operating profit from broadcast TV and radio distribution products with RPI-linked contracts
- Decreased revenue due to the lower renewal pricing on the main DTT multiplexes. Channel utilisation remains strong returning to 100% at 30 June 2023
- Increase in customer services credits arising from the fire on the Bilsdale site negatively impacting revenue (2023: £15.3m; 2022: £7.6m)
- Continued delivery of the smart energy metering contracts across the North of England and Scotland with fully rolled out network coverage of 99.5%
- Increase in revenue from the continued ramp-up of activity on smart water metering networks and increased water device sales.
- One-off revenue and cash receipt following Cellnex transactions on former telecoms sites





Key influences on revenue

Group revenue has increased 2.5% year on year. These movements are demonstrated in the following waterfall revenue chart:



Key Influences on EBITDA

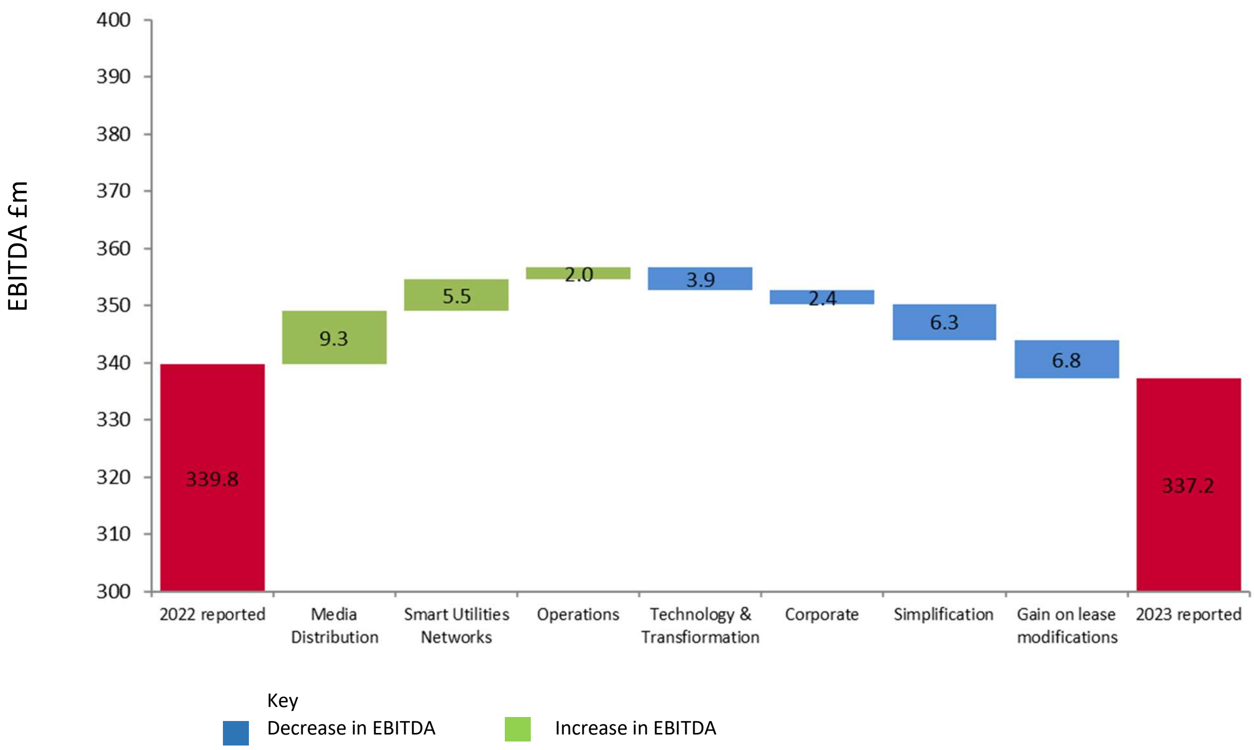
The following waterfall chart demonstrates the year-on-year impact of total EBITDA for the Group reflecting the key financial factors:

Commercial:

- Media and Broadcast: Improved performance in core TV and radio products arising from RPI-linked contracts partially offset by pricing pressures on the main DTT multiplexes. EBITDA margins have also been impacted by increased power costs reflecting market volatility of power prices.
- Smart Utilities Networks: Increased activity across both energy metering and growth in water metering device sales as well as one-offs from the Cellnex transaction.

Other functions:

- Increased costs and expense recoveries due to a greater mix of expense project activity being worked on by the teams.
- Further increases in costs driven by investment in the simplification team as we move to the next stage of our cost improvement journey following the completion of the transformation programme. Much of these staff costs would previously have been included in other teams across the business.
- Lower gain year on year from modifications on lease contracts under IFRS 16 accounting



Chairman's Introduction

Overview

Arqiva has delivered a strong performance in 2023, despite the global challenges and continued economic uncertainties being faced, particularly inflation and elevated power costs.

During the year, Arqiva completed the delivery of its system transformation programme and now moves on to focus on simplifying its processes for efficient operations and being able to meet the changing demands and needs of its customers.

On behalf of the Board, I would like to thank all our people for their continued dedication and hard work in the provision of our services.

Change in Shareholder

In October 2022, Digital 9 Infrastructure ("D9") completed its acquisition of Canada Pension Plan Investment Board's (CPPIB) entire 48% stake in Arqiva. D9 is a dedicated infrastructure investor, headquartered in the UK with significant experience in the infrastructure industry and holds sustainability at the centre of its investment strategy. This change in shareholder has not impacted the day-to-day operations of the business as the Group continues to focus on its Vision 2031 Strategy.

Changes in the Board of Directors

The Board of Directors has undergone significant change in the year. Following the D9 purchase, they have elected representatives to the Board, with the CPPIB appointed directors resigning at the same time. Having been a member of the Board since 2018, I am delighted to have been appointed Chairman in February 2023. I would like to take this opportunity to thank our previous Chairman, Mike Parton, who stepped down in February, for his work in this role.

With D9 joining as a shareholder and the growth priorities of the business, the Board has taken the opportunity to look at the skills and experience required from the directors with many new appointments as a result. Joining me on the Board are Arnaud Jaguin, Andy Macleod and Matthew Postgate as representatives for D9, and Scott Longhurst for IFM, who joins as our Audit and Risk Committee Chair.

Sustainability

At a Board level, we are keen to truly understand our climate and sustainability risks, opportunities and strategy and build this into the day-to-day operations of the business.

To achieve our sustainability targets, this year the Board approved an Environmental Sustainability Policy (https://arqiva.com/documentation/safety-health-and-environment/SHE-PY-004%20Environmental%20Sustainability%20Policy.pdf), and our sustainability charter (set out on page 25) to establish information flows and responsibilities across the organisation, including tracking climate-related risks and opportunities ensuring sustainability principles and goals are embedded into the business processes. Arqiva has also established a series of possible initiatives with the potential to deliver Scope 1 and 2 carbon emissions reductions over the medium term, along with outline funding provisions.

The approved Sustainability Programme is guiding and directing Arqiva's sustainability plans and has established the information flows and responsibilities across the organisation, including tracking climate-related risks and opportunities in order to ensure sustainability principles and goals are embedded into business processes. For more details on the Sustainability Programme see information on page 25.

The Operational Resilience sub-committee has the key oversight of the sustainability programmes, with a sustainability working group reporting their findings.

Refinancing

During the year the Group has completed the refinancing of its £625m junior bond as well as issuing a new US private placement of $118m. The Group also completed the issue of £250m public bond post year end in July, with proceeds utilised to repay existing term debt. This refinancing of nearly £1bn continues to underpin the strength of the business and extends debt maturity with the earliest debt maturity now due in 2028.

Market Outlook

The business is operating in ever-changing markets, providing opportunities for diversification as well as changes to the core markets in which the business is working to secure the longevity of Broadcast. During the year the business secured an extension to its DAB licences with Ofcom extending these to 2035. By continuing to engage with key stakeholders, the business is working to secure long-term solutions for the industry. This includes collaboration with 30 other organisations including charities, membership organisations and broadcasters on the Broadcast 2040+ campaign in efforts to safeguard DTT and broadcast radio to 2040 and beyond. The upcoming World Radiocommunication Conference in November 2023 will also have an impact on the future allocation of spectrum to different technologies and services, although no change is expected for the existing Broadcast spectrum.

The business has also actively participated in the consultations with water companies for the price review 2024 methodology which underpins the accelerated investment in smart meters and draft water resource management plans which support our utilities business growth plans and the sustainability plans of our customers.

These initiatives along with contracts achieved in new products that diversify the core business continue to demonstrate Arqiva's importance in the market and growth opportunities going forward. Arqiva is at the heart of these industries and will continue to strive to support customers to achieve a sustainable future.

Mike Darcey

Chairman

September 2023

Strategic Report

Page

Chief Executive's Statement

Over recent years, we have faced a lot of change both within our business and the industries in which we operate. During 2023, we completed our multi-year system transformation, embed a more agile operating model enabled by a new organisation design and leadership capability focusing on new market opportunities. Delivering on this is a step-change for the business and provides us with the best foundation to ensure both resilience and growth.

Strategy and Performance
With strong fundamentals, and the resilience demonstrated in recent years despite the tough economic backdrop, we remain on course for our Vision 2031 strategic journey. Our priorities for the 2023 year have been to continue investing in growth capabilities whilst simplifying our processes to increase our speed-to-market and be as efficient as possible. The execution of this is enabled by the strengthening of our culture; engaging and empowering our people; using technology to transition to a more data-oriented company; investing in compelling products and building partnerships to access new and growing markets.

Total revenue for the business increased by 2.5%. Whilst some of this is driven by the RPI indexation on some of our TV and radio broadcast products, there has been growth in other areas, particularly in devices on our Utilities contracts across both energy and water. To date over 1.5million devices have been delivered on water contracts and 2.6million communications hubs for energy metering.

We continue to deliver on our core transmission and utility network markets with strong operational performance enabled by the investment in new systems. Alongside this, diversification of our product offering is a real focus.

The recent launch of products like Arqade and Arqplex demonstrates how we are building on our existing capabilities with a wider product range to better support customers and their needs. Arqade is a cloud-based video content exchange product that enables media customers to send their channels to multiple platforms across the world efficiently through cloud technology. This platform has commenced delivering feeds for NBC Universal group and a further pipeline of opportunities is being built with other linear channel operators. Arqplex, the Group's first customer cloud multiplexing deployment, is also now launched and already supporting disaster recovery systems for ITV.

In the Utilities market, we have continued proof of concepts in Leakage Detection with several customers as well as developments in Sewage Level Monitoring with initial deployments utilising position in smart meter deployment.

A refresh of the executive team is now complete with a much greater growth orientation in both skills and experience. We welcomed Gaurav Jandwani and Mike Smith into the Executive Director roles for Media & Broadcast and Smart Utilities Networks respectively. These appointments align with the repositioning of the commercial team to set us up for future success in existing as well as new markets. They were joined in the summer by Dom Wedgwood as Chief Technology Officer and Nicola Phillips as Chief Legal Officer. All four come with extensive and broad experience of driving digital technology transition.

We also de-risked the impact of macro headwinds for the medium term. Firstly, by establishing a strong hedging strategy for energy and narrowing the downside exposure to high inflation by entering a collar for the swaps. We then re-financed £345m of our debt during June and July in some of the most challenging macro conditions in recent memory. By getting all this done now, it means we can focus on delivering the commercial strategy over the next couple of years with fewer distractions.

Bilsdale
The fire at the Bilsdale transmitter mast on the North York Moor in August 2021 was a seminal moment for the business. Alongside the activities to restore services in the area, we supported those who had been impacted. This included setting up a call centre for the community and working with local charitable organisations to assist those most vulnerable. We completed the rebuild of a permanent mast at the site and began TV transmission

services on 22 May 2023 with additional radio and mobile network services expected to go live in the coming months. This new mast with a height of more than 300m (the 9th tallest structure in the UK) was a substantial feat of engineering built in record time despite the challenging conditions.

As previously reported, our insurers have concluded their investigations. Precise findings have not been shared and we are unable to comment in detail on these findings while the claims process is ongoing. By 30 June 2023, we had received £25m interim insurance proceeds. Post year end a final total settlement of £41m was agreed with the final £16m received in August.

Sustainability
Given ambitions around sustainability and a drive to net zero, energy consumption is a key factor for us. With current volatility and increases in the energy pricing markets, this also impacts Arqiva's cost base - something we expect will continue in the coming years. In March 2023, our existing forward purchase energy contracts ended, leaving us exposed to higher market prices. I am pleased that we have now entered a revised power contract and trading approach securing 95% of our power requirements to March 2024 thereby mitigating exposure to price volatility over this period, albeit at pricing levels that are 230% per unit cost higher than those of 2023.

Arqiva plays a critical role in the everyday lives of millions of households. It is important that we operate our business and deliver our services in a sustainable way, especially given the environmental challenges we face as a society. Everyone at Arqiva has a role to play individually and collectively. That is why we have set out a clear set of commitments to reduce our greenhouse gas emissions, preserve our natural resources and provide opportunities for biodiversity to flourish. See page 21 for further information on our sustainability targets.

Industry Outlook
Last year saw the launch of the Broadcast 2040+ campaign, a coalition of organisations including Arqiva, with the aim of engaging with decision makers including Government, Ofcom and other key stakeholders across the media sector. The objective was to secure a commitment that DTT and broadcast radio will be safeguarded to 2040 and beyond. The campaign provides a platform for supporting organisations to collaborate on policy developments. During the year, this campaign has expanded to include 30 organisations including charities, membership organisations, and broadcasters and highlights the criticality of terrestrial TV and radio to our societies.

The World Radiocommunication Conference in November 2023 (WRC-23) allows for nations to come together to agree how spectrum is allocated to different technologies and services. Ahead of this, the Government has reiterated its view that millions of households rely on Digital Terrestrial TV and it expects this to continue over the next decade stating its preference for 'no change' to broadcasting's spectrum allocation.

In the Utilities sector, Ofwat has finalised its price review 2024 methodology, which sets out expectations for water companies' 2025-2030 business plans. The Government has indicated support for smart metering, outlining in its Environmental Improvement Plan 2023 where it will be exploring policy options to increase smart metering through accelerated investment through to 2030. In addition, the Environment Agency has asked water companies to roll-out smart meters more quickly and replace manual read meters in its review of draft regional and water resources management plans. Arqiva has taken an active role in consultation processes providing compelling empirical evidence for how smart meters can materially reduce both consumption and leakage.

In the coming year, growth of the business continues to be a top priority. In a fast-evolving technological world, we will strive to continue delivering seamless connectivity in our core services whilst also working on the diversification of our offerings by launching new products. We will continue working with customers to understand their requirements given the rapid change they are facing. This will be in conjunction with creating a dialogue with policymakers to ensure there is the right environment to encourage long-term investment in supporting our core industries in a sustainable way which provide a lifeline to millions of people around the country.

Shuja Khan
Chief Executive Officer

Business Overview

Enabling a switched-on world to flow

At the heart of Media and Broadcast and Smart Utilities Networks in the UK and abroad, Arqiva provides critical data, network, and communications services.

Arqiva works in partnership with our customers, in the UK and around the world, delivering critical 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 is the only national provider of terrestrial television and radio broadcasting and provides machine-to-machine connectivity for smart metering within the utilities sector. Arqiva has invested significantly allowing it to develop its communications infrastructure and technology as markets evolve.

Arqiva earns network access and transmission service revenues from its customers, as well as fees for engineering services and new projects. Arqiva's services tend to be mission-critical for its customers, as well as providing the network coverage necessary for the fulfilment of the universal service obligations ('USOs') for terrestrial broadcast customers as set out in their operating licences from the UK government.

Whilst we have a small overseas footprint, Arqiva's assets, operations and markets are predominantly within the UK and our business is driven from this region; therefore, we have minimal exposure to international markets and foreign exchange.

Arqiva has invested significantly into capital infrastructure and has £1.2bn of property, plant, and equipment at 30 June 2023. The business 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 has an investment grade (BBB+) rating from Standard and Poor's and BBB from Fitch.

Attractive UK communications infrastructure market

DTT (Freeview) TV platform covering 98.5% of the UK population

Analogue and DAB transmitters on radio sites provide coverage for up to 99% of the UK population

Smart networks deliver around 50 million data points every day

A market leader

Sole provider of terrestrial television network access (Freeview)

Owner of 2 of the 3 national commercial multiplexes

Shareholder in, and operator for both commercial national DAB radio multiplexes and it is the service provider for the BBC national DAB radio multiplex

One of only two communication service providers for smart energy meter connectivity in the UK

High barriers to entry

Owner of critical national UK infrastructure that enables Public Service Broadcasters (PSBs) to meet their government mandated universal coverage obligations

Unique and long-life asset base underpins the market leading positions that would not be economically feasible to replicate

Long established relationships with its customers spanning more than 80 years

Our history

Since 1922, Arqiva has been enabling a switched-on world to flow.

We delivered the world's first TV broadcast for the BBC from the tower at London's Alexandra Palace in 1936.

We also developed satellite TV in the 1970s, Teletext, and launched the UK's national DAB radio and digital television networks in the 2000s.

There's no resting on our laurels though. We are currently working with our broadcast partners to develop new ways to reach their viewers and listeners via the Cloud.

We have moved into new sectors, like Utilities. 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. More recently we have launched our dual band communications device for further improved connection capabilities for gas and electricity metering and our smart water metering network has now connected more than 2 million meters in total.

The Group's technology and infrastructure, combined with our history and experience, enable us to work with everyone from major broadcasters (such as the BBC, ITV, Sky and Canal+) to independent radio groups and utility companies (such as Thames Water and Anglian Water) to the Data Communications Company (DCC).

More recently, we launched new products such as Arqade, a cloud-based channel and live event interchange as well as our Hybrid Connectivity service, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies.

Business model

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

The UK's only supplier of national terrestrial television and radio broadcasting services and our DTT network allows more than 24 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 79% 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 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

From the earliest days of radio and television, through the birth of digital broadcasting to the emergence of video over the internet, Arqiva has been at the heart of the industry for nearly 100 years, trusted by broadcast and media brands across the globe. Now, in today's ever-evolving world, that experience combines with a proven portfolio of broadcast infrastructure, end-to-end networks, next generation media processing and connectivity solutions to help our customers innovate, compete and grow.

The Group benefits from a regulated position as the sole UK national provider of transmission services for digital terrestrial television ("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 36 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 "over the top" (OTT) services, popularly known as streaming services, free-to-air ("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 also 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 Digital Audio Broadcast ("DAB"). The Group has radio network infrastructure comprising approximately 1,700 analogue transmitters and 1,020 DAB transmitters over 700 radio sites providing coverage of up to 99% of the UK population. The Group is also the operator of 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 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 25% 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. The Group also 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, uplinking 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. The Group also 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 contracted, substantially RPI-linked order book of £2.6bn (2022: £2.8bn) which includes established, major contracts running as far as 2035.

Smart Utilities Networks

Exclusive metering connectivity provider to electricity and gas companies in the North of England and Scotland

Provider of metering monitoring systems to help reduce water wastage and supporting sustainability

Sector snapshot

Ambitious environmental and sustainability agendas from regulators are driving change across 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 leaks, our water customers are focused on reducing them and 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, military 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, for which we utilise our Flex-net network 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, of which over 2 million have been installed by Arqiva through the Communications Service Provider (North) contract with the DCC. Arqiva has invested substantially in infrastructure as a result of these contracts which now result 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 and is a key strategic priority for growth with the potential to become the UK's leading smart utilities platform. In this area we are supporting our customers in being able to achieve their net zero carbon sustainability agendas including in the water market. With the adoption of Advanced Metering Infrastructure ("AMI") by major water companies in the UK due to regulatory and societal pressures on reducing customer-end leakage and domestic consumption, the Group has a significant proportion of the addressable AMI market. Arqiva has installed 1,500,000 AMI meters for Thames Water, Anglian Water and Northumbrian Water, and had commenced trials for a water company in the Midlands and SES. The Group is the market leading provider of AMI metering networks at scale. The Group also offers satellite data communications for electricity distribution networks.

Utilities revenues also include site share revenues relating to the utilisation of broadcast sites for telecommunications equipment and transitional services provided following the sale of the telecoms business to Cellnex.

The smart utilities network products have an order book of £0.6bn (2022: £0.5bn), with contracts running as far as 2050.

OPERATIONS

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

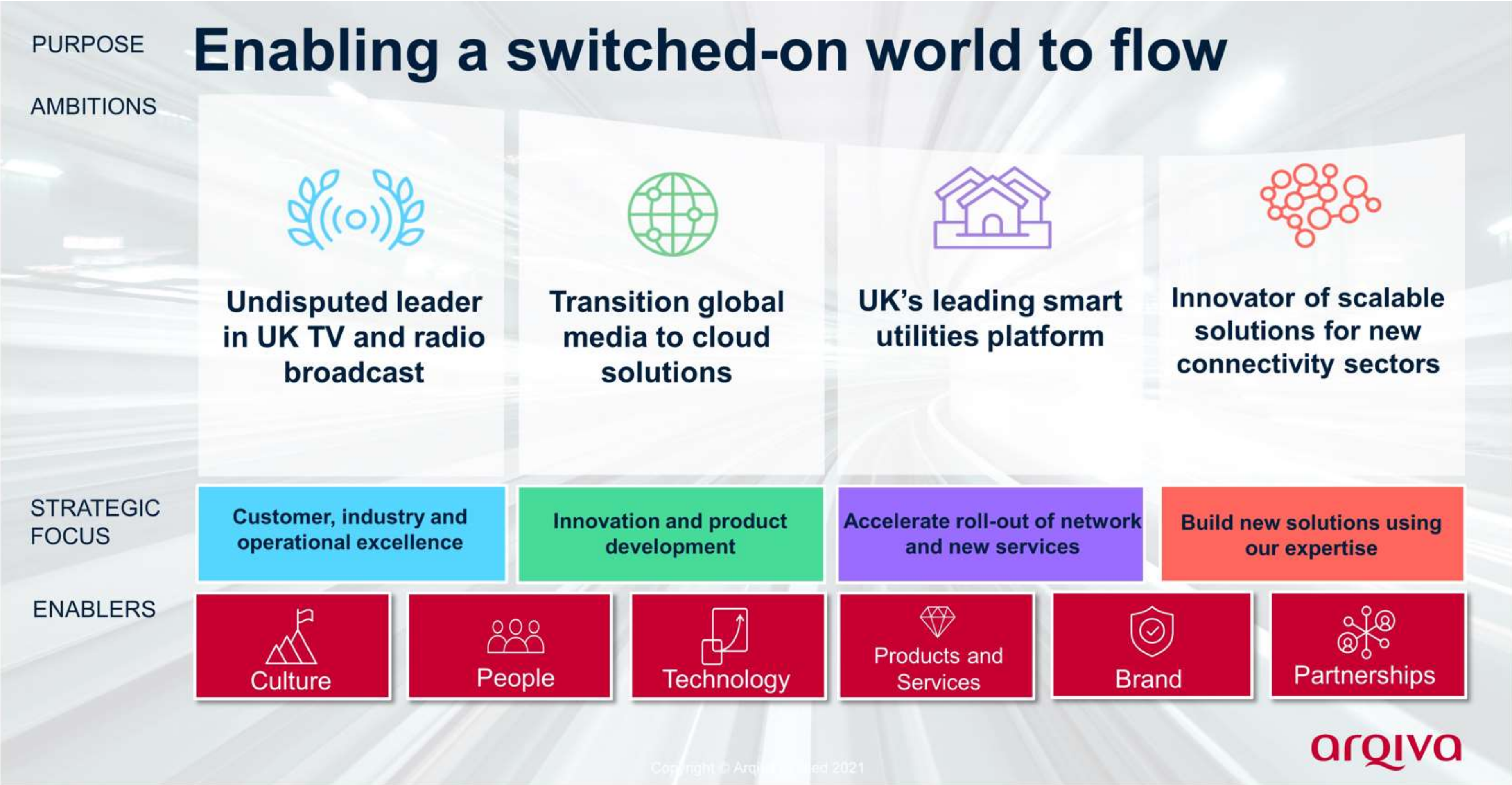
Our technology function operates across the business comprising engineering, product management, product marketing, information security, data and insight and transformation.

CORPORATE

Corporate functions at Arqiva comprise Finance, Procurement, Strategy & Regulatory, Legal and People and Culture providing support services across the business. Corporate also now includes the newly established Simplification function, responsible for the internal change and programme delivery activities following the completion of the Group's transformation programme, a multi-year programme to replace core IT systems, in the year.

Strategic Overview

Vision 2031 is our strategic focus. We have four key ambitions with strategies on how to deliver them.



The below priorities set out how we plan to achieve our four key ambitions:

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 and 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 those that make the most of our infrastructure, spectrum, and satellite expertise

Progress in 2023

Growing the business: Through the year, alongside our core product offerings of TV and radio broadcast and Utilities networks, Media & Broadcast diversified its services by directly tackling the challenges faced by broadcasters, content owners and platform operators by investing in Cloud and IP technologies to provide new services to support their global distribution strategies, reducing the complexity and cost of managing content delivery. These services include our new Arqade and Arqplex technologies.

Within the Smart Utilities 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 and data analytics services to interpret the data from both meters and sensors to identify domestic leaks.

See our business updates on page 23 for further detail on our new products and live contracts in these areas which underpin the future diversification of the business.

Simplification: During 2023, we have completed our transformation programme and shifted focus to how we can continue to simplify our processes and embed continuous improvement to improve both internal ways of working and drive customer experience. The simplification team has therefore been established with the aim of navigating organisation-wide programmes, prioritisation, and resource allocation in order to streamline our processes and improve our technology.

Culture: Our growth and simplification 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.

Sustainability Strategy

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

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 sustainability goals are individually explored in more detail in the Corporate Responsibility (Environment) section on page 36.

Our approach to these goals is centred on several industry leadership principles;

- Establishing and maintaining all Arqiva's carbon emissions to create transparency, establishing a dedicated Sustainability Programme with governance to coordinate delivery of our sustainability plans across the business, identifying environmental risks and developing strategic and operational plans to mitigate them
- Active engagement with customers to drive the carbon reduction agenda, working collaboratively with our customers and suppliers on strategies, mitigations, and negotiating renewals with carbon investment in mind
- Actively assessing the market and our own products for future decarbonization opportunities using new technology and innovation
- Active engagement with regulators and government to support carbon reduction plans, priorities, and investment
- Establish information flows and responsibilities across the organisation to ensure that sustainable principles are embedded in all our business processes and form part of the framework used for decision-making

Our services are at the heart of broadcast and utilities in the UK, and our sustainability plans have the capacity for industry-wide impacts that extend all the way into essential household services. Reducing our carbon emissions and creating energy efficiencies under our Net zero plans therefore supports our strategic ambitions to be the undisputed leader in UK TV and radio broadcast as well as the UK's leading smart utilities platform provider, examples include:

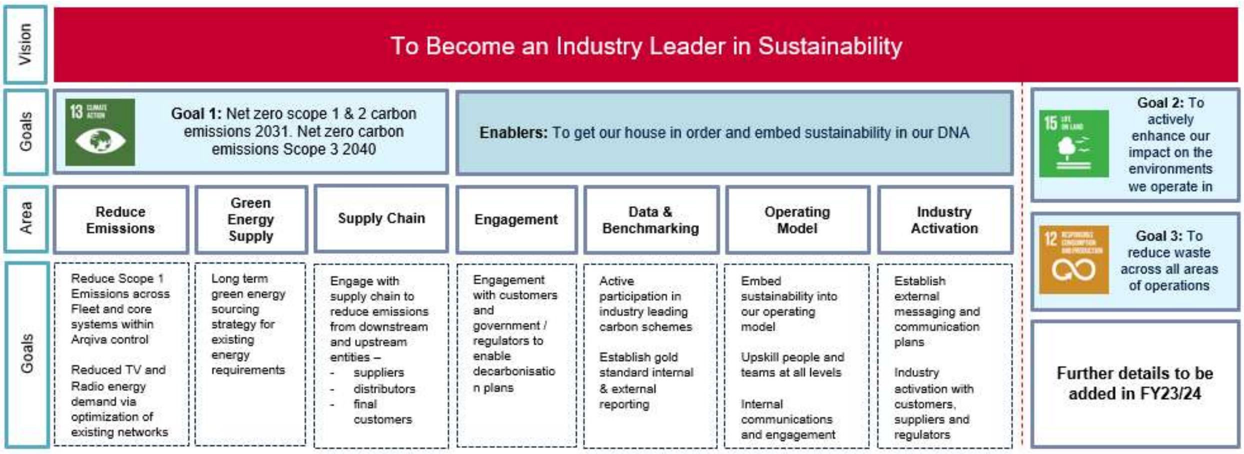
- Reducing energy demand at a time of high energy prices and market volatility in high areas of consumption for essential TV and radio platforms. Reducing consumption in the short term on AM radio, while reshaping our FM and DAB infrastructure
- Participation in renewable purchase energy programs to lower our energy carbon emissions and therefore those of the industries we serve.
- Championing sustainable procurement and innovation in our supply chain to make our products more carbon-efficient and sustainable.

Our smart utilities propositions inherently promote the responsible use of natural resources. Expanding Arqiva's smart utility network solutions business supports ambitious environmental agendas from regulators to improve consumption and waste management, reduction of waste, greenhouse gas emissions and UK water leakage. It also supports our strategic ambitions to be the UK's leading smart utilities platform provider, and to optimise the use of natural resources across the utilities sector

Our strategic ambitions to transition global media to cloud-based solutions are leading to the introduction of next generation IP and cloud-based broadcast and transmission solutions that enable carbon reduction in our industry through improved scalability, enriched service aggregation, improved energy consumption, and reductions in maintaining a traditional fixed asset base. It also future proofs our key services and supports the future of digital terrestrial TV and radio.

Engaging our customers and suppliers in the quest for sustainable and efficient products and designs supports our desire to innovate in the development of our products and as a potential enabler for our ambition to be an innovator of scalable solutions for new connectivity sectors.

To achieve our sustainability targets, this year the Board approved an Environmental Sustainability Policy (*https://arqiva.com/documentation*), and our sustainability charter (below). Arqiva has also established a series of possible initiatives with the potential to deliver Scope 1 and 2 carbon emissions reductions over the medium term, along with outline funding provisions.



The Board approved the Group’s sustainability targets in December 2022 and established Arqiva’s Sustainability Programme in May 2023 with a small core team and a wider team of specialists across the group to deliver our charter together. The programme has started to refine Arqiva’s net zero plans and deliver on Arqiva’s sustainability ambitions working collaboratively with our suppliers and customers to formalise our medium-term plans and targets, to describe and track climate-related risks and opportunities, and to establish enhanced reporting capabilities. It is working across the business to develop Arqiva’s operating model - establishing and embedding capabilities across the Group to ensure that we can operate and grow our business sustainably. The Programme has established and will provide updates on any climate-related risks to the Executive Committee as required, as well as reporting on progress toward the sustainability goals overall. The Programme also manages Arqiva’s sustainability reporting obligations including regular key stakeholder updates.

For more information on the Programme governance see page 58, our goals and progress are described on page 36, and for details on our emissions metrics see page 72 in the Directors’ report.

Business Update

The Group's contracted order book value for continuing operations at 30 June 2023 was £3.2bn (2022: £3.3bn). A significant proportion of the value of this 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 Group remains focused on growth opportunities in targeted core infrastructure areas as well as diversification from its new product launches.

Media and Broadcast

DTT Multiplexes

The platform remained fully utilised at 30 June 2023 following the launch of That's 60s which replaced a channel which left the UK market earlier in the year and a contract for the channel Great! Romance which replaced a channel QVC Style which moved multiplexes to our competitor SDN. While we continue to see high utilisation of our multiplexes in the future, current macroeconomic factors are impacting some customers with whom we maintain regular contact. Ideal World entered administration as the year end and ceased transmission, we remain in active dialogue with the administrators and potential bidders to secure a new contract.

Radio

Both Sound Digital ("SDL") and Digital One ("D1") multiplexes, whilst having been fully contracted since last June 2022, now have all services launched, meaning these are fully utilised. The local radio multiplexes Arqiva operates have risen to an average 83% occupancy with significant long-term renewal activity with the BBC, Global and Bauer ongoing. Arqiva also continues to onboard new services to various multiplexes, the latest being Amber radio. The DAB platform remains the dominant listening platform delivering 40% of all listening hours.

The industry continues to move towards AM switch-off, diverting investment to either DAB or FM as this occurs. FM revenues hold strong with long-term contracts in place but are relatively static as all spectrum is already. Investment in the FM platform continues with Arqiva finishing some re-engineering projects for both Bauer and Global in the year.

Direct to Home (DTH)

Earlier this year Arqiva signed a multi-year deal with a UK Public Service Broadcaster ('PSB'), representing the first DTH deal (including satellite capacity) that has been signed with a PSB, demonstrating Arqiva's strategy of increasing its market share in the UK TV broadcast market. The services are scheduled to launch in 2024.

During the year, Arqiva signed 2 new HD channels with DAZN which launched in April 2023. This means that Arqiva has successfully secured all 5 HD channels that have launched into the market in the last 12 months, bringing the platform to full utilisation. Arqiva also launched India Today, a new SD channel in the market. There is also a strong pipeline of opportunities to fill up capacity when it is freed up following the multiplex upgrade planned for 2024.

Media Management Products

Arqplex, (the Group's first customer cloud multiplexing deployment) is live, supporting 5 disaster recovery systems for ITV. The automation and orchestration services at the heart of this solution were demonstrated at NAB in Las Vegas with very positive feedback from international broadcasters and platform operators. A second customer deployment with Paramount has been agreed and will be live in the next 12 months and should lead to more systems for the same customer.

Arqade, (Arqiva's cloud-based television content exchange product) launched in 2022. Arqade enables media companies to interchange their content with multiple platforms efficiently across the world through cloud technology. During the year, Arqade has been continuing to gain traction in the market. Notable success was achieved with a contract with NBC Universal, delivering channels into New Zealand and Australia.

Government (DCMS) updates
In June 2022, the 'Broadcast 2040+' campaign was launched by a coalition of organisations including Arqiva, with the aim of securing a long-term commitment from the Government to the future of broadcast services. The campaign provides a channel for supporting organisations to collaborate on policy developments and has attracted media coverage and engagement from members of parliament. In May 2023, the Broadcast 2040+ campaign expanded to include 30 organisations including charities, membership organisations, and broadcasters.

The Government has reiterated its view that millions of households rely on DTT and it expects this to continue over the next decade. The Government has also stated its preference for 'no change' to broadcasting's spectrum allocation ahead of the next World Radiocommunication Conference in November 2023, where nations come together to agree how spectrum is allocated to different technologies and services.

The Government released a draft Media Bill in March 2023, which is undergoing pre-legislative scrutiny. The draft Bill includes provisions intended to simplify the remit for PSBs, provide flexibility across the platforms public service broadcasters can use to fulfil public service remit and certain content quota requirements, provide prominence for PSBs on connected devices, introduce stricter regulatory requirements for video-on-demand platforms, reduce regulatory burdens from commercial radio stations, and protect radio's position on voice-activated smart speakers. The pre-legislative scrutiny process for the draft Bill is ongoing.

Smart Utilities Networks

Regulatory Environment
The water sector regulator Ofwat has finalised its price review 2024 methodology, which sets out expectations for water companies' 2025-2030 business plans. Ofwat outlined that it expects companies to embrace opportunities to improve performance through smart technology, that the regulator will support investment in smart metering and that smart metering is likely to be a part of 'least regret' best value programmes to reduce leakage. Ofwat further outlined that companies should consider smart meters that provide near real-time data as the standard meter installation type. In June 2023, Ofwat announced its decision to allow an acceleration in the delivery of seven smart metering schemes earmarked for 2025-2030 and equating to 462,000 smart meters, enabling these programmes to be delivered between 2023-2025. Ofwat's final determinations for the next regulated price period will be delivered in December 2024.

The Government has indicated support for smart metering, outlining in its Environmental Improvement Plan 2023 that it was exploring policy options to increase smart metering through accelerated investment through to 2030. In addition, the Environment Agency asked water companies to roll out smart meters more quickly and outlined its expectations that companies install smart meters from 2025 and replace manual read meters in its review of draft regional and water resources management plans.

Arqiva has taken an active part in consultation processes informing water companies' final business plans for 2025-2030, highlighting the benefits of accelerated investment in smart metering. This includes contributing to consultations on the price review 2024 methodology, Ofwat's proposals to accelerate smart metering programmes, and draft water resource management plans. Arqiva will continue to engage with policymakers in the lead up to Ofwat's final determinations on water company business plans for the next regulated price period.

Anglian Water
Since the award of the Anglian Water contract in June 2020, the Group has rolled out over 630,000 meters of the overall 789,000 targeted by 2025. The pace of network rollout continues to accelerate with a joint plan to complete all sites before October 2024. Anglian have recently awarded two additional regions targeting an overall deployment of 1.1 million meters by the end of 2025. Device deliveries continue at a rate of 40,000 per month by year end.

Thames Water
Since April 2015, Arqiva has delivered a smart metering network for Thames Water and as at 30 June 2023, over 889,000 meters have been installed. It is the largest smart water metering network in the UK and has high coverage across the Thames Water London region. Arqiva continues to add a number of network sites outside London, with 2 new sites ordered for delivery this calendar year in the Thames Valley region.

Thames have launched a procurement exercise to satisfy the needs of their Green Economic Recovery award and their initial AMP8 requirements. This is predicated on the use of NB-IoT technology. We have proposed a solution which leverages the existing managed service and includes Sensus based NB-IoT solution and expect the outcome in December of this calendar year.

UK Power Networks
Arqiva has continued the BGAN rollout for the UK Power Networks for its network monitoring with over 1,600 units delivered by the end of June out of the total orders of 5,000 expected to be delivered in the next financial year.

SGN Hybrid Connectivity
Following a successful bid for the Strategic Connectivity competitive procurement exercise, Arqiva has been awarded the preferred supplier status for all three lots and will be working with SGN to conclude the contract in October. The contract has been delayed whilst SGN confirm funding from Ofgem which is expected in the coming months.

Other Smart Water Metering Trials
In the Midlands, Arqiva has been participating in a multi-vendor, multi-technology smart water metering evaluation trial with a major water company. The trials have proven the excellent performance of our technology and managed service. We are extending and expanding the trial for a further 12 months and 1,900 meters, enabling the water company to evaluate fully the benefits and establish a business case for a future full smart metering roll-out. Orders have been received for the trial extension and meters have now been deployed. This includes our Customer Side Leakage detection tool recently developed.

A contract was signed with SES Water to assist in evaluating the data produced by our smart metering solution and identifying the resulting operational and financial benefits. This has now been expanded from c. 400 meters to over 1,000 meters and includes both Customer Side Leakage Detection and Customer Engagement tools.

New proof of concepts (PoC)
Arqiva has engaged with utility customers and industry suppliers as it seeks to expand its presence in the smart utilities industry. Our customer side Leakage Detection PoC has been well received, we have several further developments and customers involved as this PoC evolves. Our Sewer Level Monitoring trial has continued with Anglian Water with 9 sites deployed and with positive initial feedback, and we are engaged in a competitive bid process to supply c. 20,000 devices over the next two years. In addition, we have showcased a potential customer engagement application to a number of water customers that has received positive feedback.

Smart energy metering rollout
The Group's smart metering communication network in the North of England and Scotland continues to cover 99.5% of premises. There are currently over 2.6 million communications hubs operating on the network representing circa 25% of the total UK communication hub installations. Our Comms Hub Supply chain remains stable and we continue to reduce the outstanding backlog of devices each month working closely with our suppliers and the DCC in support of the programme rollout. The recent volatility in global energy markets combined with domestic initiatives to address the increasing need for a more flexible energy system, creates the need for considerable change and places new additional demand on our solution. We have built a strong pipeline of change requests submitted by the DCC to meet these needs, including an expansion in capacity to support the additional traffic now forecasted to occur.

Corporate Update

Power

For the majority of this year Arqiva benefitted from stable energy pricing through hedged energy purchases made under an energy supply contract, which expired in March. Arqiva replaced its energy provider in April because the incumbent exited the commercial & industrials market. Our new contracts now reflect the prevailing energy market, with unit costs 230% higher than previous contracts and impacting future costs. New contracts still provide the facility to hedge energy purchases forwards to provide cost stability and certainty of supply.

Sustainability

This year Arqiva set out a Sustainability Charter, established its Scope 1 and 2 emissions and identified a series of initiatives that could deliver absolute energy reductions working collaboratively with our suppliers and customers. As part of our commitment made to Science Based Targets (SBTi) this year, we also assessed our Scope 3 emissions using financial year 2022 as a proposed baseline year.

The Board approved the establishment of a Sustainability Programme, to formalise and coordinate delivery of Arqiva's plans, working collaboratively with our suppliers and customers, and to establish information flows and responsibilities across the organisation to embed the core principles across the business. In this report Arqiva also provides its inaugural Non-Financial Sustainability Information Statement as required by UK BEIS, setting out key climate-related risks and opportunities.

Bilsdale Mast Fire

The new 300m+ mast at Bilsdale, which replaced the mast irreparably damaged by a fire in August 2021, began transmitting standard definition television services on 22 May 2023. Following this date, high-definition services went live from the mast on 4 June 2023. The new mast at Bilsdale has now restored the core Freeview channels to the region, on the same frequencies and to the same signal area as the old mast. Arqiva maintained its Project Restore Help Scheme for a period from the launch of the new mast to support viewers who might need help in restoring services. Since October 2021 the scheme received over 26,000 phone calls, arranged more than 8,000 engineer visits and supported nearly 300,000 visits to a dedicated website, Bilsdalemast.co.uk. The Project Restore Help Scheme closed in July 2023 as any new issues experienced are very unlikely to be related to the fire. Work continues to install additional antenna equipment to restore radio services provided by the Bilsdale mast.

The Group has submitted a claim to its insurance provider in respect of such costs and expects that the insurance proceeds will be sufficient to cover some but not all of the costs. £25m was received in interim payments for this claim by 30 June 2023. A final total settlement of £41m was agreed and received post year end in August. To date, the Group has incurred £31.2m in capital expenditure for the rebuild of the mast and incurred a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

In May 2023, the BBC issued proceedings against Arqiva claiming service and other credits alleged to be due to the BBC under its contracts with Arqiva, owing to the loss of service caused by the fire at the Bilsdale mast in August 2021. These proceedings are ongoing and the Group has taken legal advice and is defending the claim.

See page 29 for further information on the financial impacts of the fire.

Financial review

Financial Performance

For the year ended 30 June 2023, revenue for the Group was £613.3m, an increase of 2.5% from £598.2m in the prior year on a total.

Revenue by market area	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m	Variance %
Media and Broadcast	462.4	466.3	(0.8)%
Smart Utilities Networks	150.9	131.9	14.4%
Total Group Revenue	**613.3**	**598.2**	**2.5%**

Media and Broadcast

Total Media and Broadcast revenue has decreased by 0.8% year on year to £462.4m from £466.3m. Our core broadcast TV and radio distribution products have remained strong and stable during the year with inflationary increases due to RPI indexation on these long-term contracts.

These increases have been partially offset by pricing pressures on multiplex products. Following new channel launches in the year, utilisation has remained strong on the Group's main (DVB-T) multiplexes and was 100% at 30 June 2023. Across the UK DTH and managed media services, revenue has remained flat however we expect there to be impacts in 2024 due to customer terminations at the end of the year and loss of customers that have entered administration.

An increase in customer service credits (2023: £15.3m; 2022: £7.6m) arising from the fire on the Bilsdale site has further negatively impacted revenue in the year. See note 7 of the financial statements for further information.

Smart Utilities Networks

Revenue from Smart Utilities Networks has increased from £131.9m to £150.9m, a 14.4% increase year on year. This increase is due to the continued growth of revenues from water metering contracts as well as increase in device sales as supply chain issues have eased.

Smart revenue also includes site share revenues relating to the utilisation of broadcast sites for telecommunications equipment and transitional services provided following the sale of the telecoms business to Cellnex. Revenue in this area has increased following one-off revenue received in the year in relation to a further Cellnex transaction.

Gross profit has decreased 0.3% year on year from £419.3m to £417.9m primarily driven by the increases in revenue and related costs also increasing in the year reflecting the lower margin nature of the increases in revenue.

Other operating expenses from the total Group were £96.7m, up 8.4% from £89.2m in the prior year. Despite cost savings attributable to one-off costs incurred in the prior year on project consultancy and IT licences and maintenance established from the Group's digital transformation not repeated, operating expenditure has increased year on year. This is partly driven by the nature of projects worked on resulting in lower capitalised overheads as the Group pursues its simplification journey and focuses on diversifying its product portfolio with new product launches during the year. Further cost increases are as a result of insurance costs and non-cash gains from lease modifications in the prior year not repeated.

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 are not considered to reflect the underlying performance of the business. A reconciliation of EBITDA to operating profit is presented on page 29.

EBITDA by market area	Year ended **30 June 2023** **£m**	Year ended **30 June 2022** **£m**	**Variance %**
Commercial			
Media and Broadcast	*352.3*	*343.0*	*2.7%*
Smart Utilities Networks	*70.9*	*65.4*	*8.4%*
Total Commercial	423.2	408.4	3.6%
Operations	(23.3)	(25.3)	7.9%
Technology	(32.4)	(28.5)	(13.7)%
Corporate	(30.3)	(14.8)	(104.1)%
Total Group EBITDA	**337.2**	**339.8**	**(0.8)%**

During the year ended 30 June 2023, the Simplification function has been established to oversee internal change and programme delivery activities following the completion of the transformation programme. The costs for this area are recognised within the Corporate function. With staff moving across to this function from other areas of the business much of these costs were previously recognised elsewhere in the business, predominantly the Commercial and Technology and Transformation segments.

Total EBITDA was £337.2m, a 0.8% decrease from the prior year of £339.8m. Despite the increase in revenue, EBITDA has been impacted by increasing power costs and staff costs due to the nature of programmes being worked on.

Within the Media and Broadcast business, EBITDA has increased by 2.7%, from £343.0m to £352.3m. This increase is primarily driven by the increases in revenue from core TV and radio products and decreased staff costs due to the nature of products worked on in the year. This is partially offset by increases in energy costs.

EBITDA for the Group's Smart Utilities Networks business has increased from £65.4m to £70.9m, an increase of 8.4% driven by the increases in revenue. This includes the one-off revenue received in respect of former telecommunications sites for the Cellnex transaction as well as increases in device sales on water metering contracts following improvements in previous supply chain delays. The margin for Smart Utilities is however slightly impacted due to the increase in revenues from device sales as a relatively lower margin product.

The Operations functional segment is a non-revenue generating segment responsible for the efficient operations and maintenance of all Arqiva services including field engineers, disaster recovery and network operations. EBITDA for the Operations segment has increased 7.9% due to a decrease in costs from £25.3m to £23.3m. The decrease is predominantly due to staff costs and recoveries due to changes in the nature of projects being worked on by the team as well as a decrease in insurance costs that were included within this function in the prior year but are included within the corporate function in the current year.

EBITDA for the non-revenue generating Technology function for the year was a loss of £32.4m, an increase in cost of 13.7% from a loss of £28.5m in the prior year. The increase in cost is mainly due to the nature of projects being worked on resulting in lower capitalisation of overheads in the year. This has been partially offset by a reduction in one-off costs incurred in the prior year not repeated in relation to the Group's digital enterprise platforms as a result of the transformation programme and consultancy project costs.

Corporate EBITDA represents costs for the support functions such as finance, strategy & regulatory, legal and HR services as well as the new simplification team. EBITDA for this function has increased cost by 104.1% from a loss of £14.8m to £30.3m year on year. This increase in cost has been partly driven by the new simplification team now included within the function predominantly due to staff costs in this area as well as an increase due to insurance costs which were included within operations in the comparative year. Further reduction is due to a lower gain recognised year on year on modification of lease contracts under IFRS 16 accounting.

In the year, depreciation has decreased by £67.0m (2023: £91.7m; 2022: £158.4m) and amortisation has decreased by £0.3m (2023: £12.9m; 2022: £13.2m). The collective decrease of depreciation and amortisation is driven by a reduction in accelerated depreciation and amortisation from the prior year not repeated. This is particularly in connection with assets replaced under the 700MHz clearance programme and software assets decommissioned in the prior year under the Group's transformation programme which have both now completed. Further decreases are due to the reassessment of the calculation of depreciation in relation to certain capital programmes.

Exceptional operating expenses charged to operating profit were £6.7m, decreasing from £19.6m in 2022. Exceptional costs in the current year predominantly relate to restoration costs arising from the Bilsdale fire, restructuring and severance costs as the Group completed its transformation programme and embedded organisational design changes. Exceptional operating expenses are excluded from EBITDA. A reconciliation of EBITDA to operating profit is presented below.

The restoration costs of £4.3m incurred within exceptional operating expenses (2022: £10.0m) were associated with the Bilsdale transmitter following a fire which broke out on 10 August 2021 including support costs following the completion of the new permanent mast. Costs recognised are those which have been incurred to date and can be reliably measured. See note 7 to the financial statements for further disclosure on the full financial impacts incurred.

The Group has continued to engage with insurers regarding the fire. Whilst the insurers have concluded their investigations, the precise findings have not been publicly shared. Further interim stage payments of £20.0m have been received from the insurers in the year (2022: £5.0m) which has been recognised as exceptional other income in the income statement. A final settlement of £16m has been received post year end in August 2023.

Operating profit has increased 67.9% (2023: £237.7m; 2022: £141.6m) across the Group. This increase is driven by the improved trading performance of the group as well as the reductions in depreciation as capital programmes progress, reduced costs and higher insurance proceeds received associated with the Bilsdale fire.

A reconciliation between operating profit and EBITDA is presented below:

	Year ended **30 June 2023** **£m**	Year ended **30 June 2022** **£m**
Operating profit	237.7	141.6
Exceptional items charged to operating profit	6.7	19.6
Exceptional service credits	15.3	7.6
Depreciation	91.7	158.4
Amortisation	12.9	13.2
Impairment	-	0.5
Exceptional loss on disposal of fixed assets	-	9.5
Loss on disposal of fixed assets	0.7	2.1
Other Income	(7.8)	(7.7)
Exceptional Other Income	(20.0)	(5.0)
Total EBITDA	**337.2**	**339.8**

Finance costs (net of finance income) were £268.0m, an increase of 2.2% from £262.3m in 2022. This increase is driven primarily by the compounding effect of interest of the outstanding amounts owed to group undertakings. There has also been a further increase in bank and other loan interest. Despite an overall decrease in principal debt, interest costs have increased due to inflation indexation in relation to our index-linked swap derivatives.

Other gains and losses for the year included £25.1m of losses (2022: £77.6m loss). This loss is as a result of fair value movements of interest rate and index-linked swaps, principally attributable to changes in forward market rates and credit spreads.

Loss before tax for the Group was £55.4m decreasing from £198.3m in the prior year.

The loss before tax is reported after non-cash charges of £346.9m (2022: £474.3m) as shown below:

Reconciliation between loss/profit before tax and non-cash charges/(gains)	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Loss before tax	(55.4)	(198.3)
Depreciation	*91.7*	*158.4*
Amortisation	*12.9*	*13.2*
Impairment	-	*0.5*
Exceptional loss on disposal of fixed assets	-	*9.5*
Loss on disposal of fixed assets	*0.7*	*2.1*
Interest payable on amounts owed to group undertakings	*187.4*	*180.8*
Other non-cash financing costs[2]	*29.1*	*32.2*
Fair value movements on derivative financial instruments	*25.1*	*77.6*
Total non-cash charges	***346.9***	***474.3***
Adjusted profit before tax and non-cash charges	**291.5**	**276.0**

Cash Flow

Net cash inflow from operating activities was £277.9m, a 17.3% decrease from £336.2m in 2022. Despite operating profit increasing year on year, the cash flow decrease is driven by the movement in working capital. Working capital inflows have decreased due to one-off working capital inflows in the prior year not repeated relating to the refinancing of network set-up charges for smart energy metering as well as the utilisation and unwind of deferred income (decreasing contract liabilities) and timing of payments.

There has been a decrease in capital expenditure on the purchase of tangible and intangible assets year on year. This is driven by a reduction in expenditure on significant capital projects as these programmes have now completed including the Group's transformation programme as well as expenditure on an IT refresh for the Smart energy metering programme in the prior year not repeated. This reduction has partially been offset by increases in capital expenditure incurred in relation to works on the Bilsdale transmitter site following the fire, including the completion of the new permanent mast as well as increases related to our new products. Further decreases to net capital expenditure are due to the insurance payments received in respect of the Bilsdale claim.

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

Reconciliation between net cash flow from operating activities and operating cash flow after capital and financial investment	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Net cash inflow from operating activities	277.9	336.2
Purchase of tangible and intangible assets	(64.7)	(88.7)
Sale of tangible and intangible assets	0.8	-
Receipt of insurance stage payment	20.0	5.0
Net capital expenditure and financial investment	**(43.9)**	**(83.7)**
Operating cash flow after capital and financial investment activities	**234.0**	**252.5**
Cash Conversion as a % of EBITDA[3]		
Operating cash flow after capital and financial investment	69.3%	72.5%

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 the table above for a reconciliation to cash inflow from operating activities.

Operating cash flow after capital and financial investment activities was £234.0m, a decrease of 7.3% from £252.5m in the prior year. This decrease has been principally driven by the decrease in working capital movements reducing net operating cash flows partially offset by the reduction in net capital expenditure due to programme progression and the interim stage payments received in respect of the Bilsdale site fire. Cash conversion levels for the Group remain strong although decreased due to movements in working capital.

Financing cash flows have decreased year on year (2023: £213.1m outflow; 2022: £466.7m outflow) owing to a payment made to the parent company in the prior year not repeated. In the year to 2023, £95.1m of debt proceeds were received in June 2023 following the issue of US private placement notes. An additional outflow in the year is due to the increase in accretion payments made on our inflation-linked swaps as a result of the high inflation levels. In June 2023, the Group completed an accretion cap and collar execution limiting future exposure to inflation on its derivatives to a range of between 2% and 6%.

The total cash flow for the year was a £22.0m inflow (2022: £213.9m outflow). This increase is principally owing to the decrease in financing activities and capital investment cash flows explained above offset by the accretion impacts.

Financial Position

Net liabilities were £646.9m, representing an increase of 3.2% from £626.7m in the prior year. The net liability position is primarily driven by the capital structure reflecting the borrowings, lease liabilities and derivative financial instruments held. The increase in liabilities for the year is driven by the financing costs for the Group. Post year end the Group has completed a further senior debt refinancing. See page 32 for further information. Our assessment of going concern is set out on page 33.

Financing

The Group established our Whole Business Securitisation ('WBS') structure in February 2013, and since then we have continued to refinance elements of our debt structure further extending our maturity profile.

Standard and Poor's and Fitch reconfirmed their rating of Arqiva senior debt at BBB+ and BBB respectively.

[3] 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.

At 30 June 2023 the Group's debt finance[4] comprised:

	< 1 year £m	1-2years £m	2-5 years £m	>5 years £m	Total £m
Facilities drawn	15.0	-	-	-	**15.0**
Finance lease obligations	18.3	13.4	18.6	18.7	**69.0**
Senior term debt	262.0	-	-	-	**262.0**
Senior bonds and notes	45.3	48.1	234.3	422.9	**750.6**
Intragroup loans	-	-	-	496.8	**496.8**
Total	**340.6**	**61.5**	**252.9**	**938.4**	**1,593.4**

Included within the above is £1,076.8m of fixed rate debt and £516.6m of floating rate debt. £93.5m of Senior bonds and notes represents US dollar-denominated private placements. All other debt held at 30 June 2023 is sterling denominated. The Group holds interest rate swaps (including inflation-linked interest rate swaps) and cross-currency swaps to hedge our interest rate exposures. This hedging strategy is employed to ensure the certainty of future interest cash flows. The Group does not apply hedge accounting to these swap arrangements.

Post year end in July 2023, the Group has 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 2023	30 June 2022
Maximum allowed ratio of net debt to EBITDA	6.00	6.00
Actual ratio of net debt to EBITDA	2.97	2.93
Minimum allowed ratio of cash flow[5] to interest	1.55	1.55
Actual ratio of cash flow[5] to interest	5.56	5.76

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

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 2023, the Group had a cash balance of £35.3m (2022: £13.3m). 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, which 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 2023	Total Facility £m	Drawn £m	Available £m
Working Capital facility	135.0	15.0	120.0
Liquidity facility	150.0	-	150.0
Total	**270.0**	**15.0**	**270.0**
Cash held	-	-	35.3
Total Available Cash	**285.0**	**15.0**	**305.3**

Going Concern

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 new debt facilities established post year end, see note 30 for further information. 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.

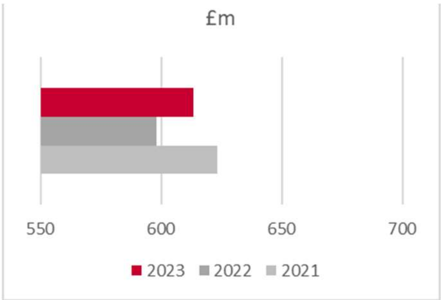
Key Performance Indicators

The Group uses a combination of financial and non-financial key performance indicators ('KPIs') to measure against our strategic ambitions.

See page 19 for further information on our strategic ambitions:

Financial KPIs

Revenue



Definition – Revenue is presented as per the financial statements, and in accordance with IFRS 15

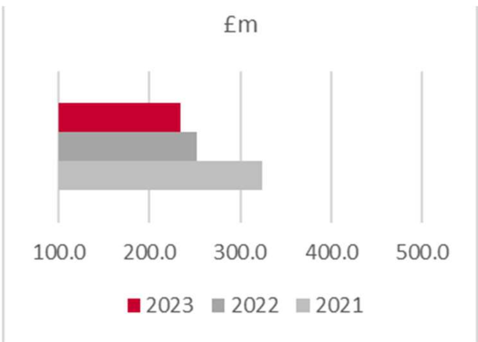
Revenue has increased 2.5% from the prior year (2023: £613.3m; 2022: £598.2m). Revenues on our TV and radio distribution have remained strong due to RPI-indexation on the contracts as well as increases across our utilities contracts due to strong device sales. There is also a one-off increase due to revenue received in respect of former Telecoms towers from the Cellnex transaction. These increases have however been partially offset by the run rate of lower fee renewals across our DTT platform and customer terminations managed media services. A further decrease is due to service credits to certain customers following the Bilsdale fire (2023: £15.3m; 2022: £7.6m).

EBITDA

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 29 for its reconciliation to operating profit.

Total EBITDA has decreased 0.8% (2023: £337.2m; 2022: £339.8). Despite the increase in revenue, this is driven by lower margin products such as devices on utility products. Margins are also impacted by increased power costs due to higher market prices and are expected to remain higher in the coming years. Further cost increases are due to lower capitalised overheads increasing staff costs due to the nature of projects and programmes being worked on during the year.

Operating cash flow after capital and financial investment



Definition – Operating cash flow after capital investment activities represents the cash generated after spending required to maintain or expand its asset base. This is calculated as the net cash flow from operations minus the net cash flow from capital expenditure and financial investment. See page 31 for its reconciliation to net cash flow from operations.

Cash generated has decreased by 7.3% from £252.5 to £234.0m. This has predominantly been driven by one-off working capital inflows in the prior year not repeated in relation to refinancing of network setup charges on smart energy metering contracts. Working capital outflows are due to the normal unwind of contract liability balances. Capital expenditure has decreased year on year due to the reductions in major capital programmes such as the Group's transformation programme as these programmes completed and smart energy metering due to an IT refresh in the prior year. This is partially offset by an increase in costs incurred on the capital restoration on the Bilsdale transmitter site with the build of the permanent mast and capital expenditure incurred for new product growth.

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 trials are in progress

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

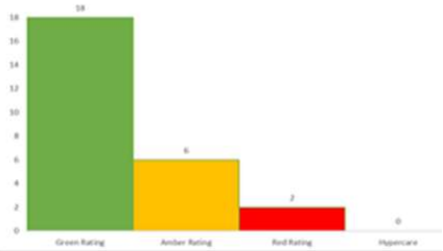
New sector product diversification

Media Management Products
- Arqplex, the Group's first customer cloud multiplexing deployment product, is in build and has 2 customer deployments supporting ITV and Paramount.
- Arqade, a cloud-based channel and live event content exchange has launched demonstrating the value of integration with traditional broadcast infrastructure. Service deliveries contracted with NBC Universal.

Utility Products
- Hybrid Connectivity services, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies with contracts awarded with SGN
- 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 in June relate to service reliability and 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

71

Our engagement score has increased to 71 in May 2023 (+5 from 66 in May 2022 assessed from our Employee Engagement survey.

Arqiva is now only two points off the Glint UK benchmark engagement score of 73.

Response rate in March 2023 was 79% (-4% from September 2022).

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.

Our culture is critical to the success of our strategy with our 3 culture goals driving how we serve our customers and creating 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

Our sustainability principles and goals continue to be formally embedded into our business processes, ensuring that we can operate and grow our business sustainably. This year, the Board approved the establishment of a Sustainability Programme to guide and direct Arqiva's sustainability plans, establish the information flows and responsibilities across the organisation, and to describe and track climate-related risks and opportunities. For more details on climate-related governance and risk management see page 58.

Environment

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 a key area of interest, economically and environmentally to both Arqiva and its customers, it 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; and
- Monitoring and managing carbon emissions

Over the course of this financial year, we established several key milestones in our journey to net zero by 2031 on Scope 1 and Scope 2 emissions and targeting net zero across Scope 3 by 2040. Arqiva established its Scope 1 and 2 emissions and identified a series of possible initiatives that could deliver absolute reductions by working collaboratively with our suppliers and customers. As part of our commitment made to SBTi (Science Based Targets) this year, we also assessed our Scope 3 emissions using financial year 21/22 spend as a proposed baseline year.

We continue to investigate 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. While there are associated investment implications for Arqiva and its Customers, most of the equipment targeted has been in service for some time, as a result, no material asset impairments are anticipated.

Responsible management of energy is also being embedded in Arqiva. Examples include the electrification of our fleet vehicles, logistics optimisation, transition to low carbon fuel for generators, optimising building management systems, replacing gas and oil central heating and targeting gas leakage from air conditioning systems.

We have committed to purchasing 100% renewable electricity from March 2024. We are also identifying innovative sustainable power solutions that can be deployed at scale alongside certified renewable energy purchases as part of our renewable energy supply strategy, which will feature prominently where absolute reductions can't be made.

For more information on our net zero plans, progress and emissions see page 72 in the Directors' report.

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 will develop further opportunities for our sites to support and enhance biodiversity through enhanced maintenance regimes, developing relationships with key suppliers and wildlife conservation groups, as well as supporting our staff to get more involved with related projects and initiatives.

We already 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. Arqiva maintains an environmental management system (accredited to ISO 14001) providing governance and training for employees to protect and enhance environmentally sensitive areas and the wildlife they attract. This year Arqiva's employees planted 70 native trees in tribute to the 70-year reign of HRH Queen Elizabeth - providing a new habitat for wildlife to thrive.

Arqiva values accountability and transparency in our supply chain. We operate a supplier code of conduct (available on https://arqiva.com/documentation) to encourage and support our suppliers to act responsibly, working in socially and environmentally sustainable ways to minimise any potential impact on the environment as a result of supplying goods and services to us. As part of our application to SBTi in 2023, we built on this by assessing our Scope 3 emissions and identifying key suppliers to develop wider supply chain strategies to reduce our Scope 3 carbon emissions and drive efficiencies through deeper supply chain insights, accountability, and re-engineering.

We provide services to customers utilising complex and often shared infrastructure so we are also working to provide a higher degree of transparency on the carbon emissions associated with our products and services for individual customers (over and above - for example - share of revenue) so that we can work collaboratively with them to identify ways to reduce demand for electricity and carbon emissions through re-engineering or replacement of technologies.

As noted in our Charter, more detailed plans and metrics are to be established for this goal in the course of the 2024 financial year.

Goal 3: To optimise the use of natural resources

This goal is focused on the reduction of waste generated as a consequence of our operations, and incorporating the principles of a "circular economy" that consider waste through the supply chain including end-of-life management and maintenance of assets, including reclamation and re-use of usable components and equipment to support extending the useful life of our wider asset base, potentially avoiding increased carbon emissions otherwise associated with wholesale asset replacement. It also seeks to improve our understanding and management of our direct and indirect consumption of finite resources such as water and energy. This ambition also extends into the markets we serve, offering customers solutions to mitigate their own environmental impacts.

We are developing our policies and enhancing processes to facilitate and report on these ambitions with measures expected to include the level of assets recovered, recycled, or reused in Arqiva in its supply chains, and the levels of support we have been able to offer our customers. As noted in our Charter, more detailed plans and metrics are to be established for this goal in the course of the 2024 financial year.

Ambitious environmental agendas from regulators are driving change across utility sectors, providing opportunities for growth. Our smart energy and water utilities propositions inherently support a more responsible use of natural resources, assisting our utilities customers with their sustainability agendas, improving consumption and waste management, and reducing waste, reducing greenhouse gas emissions and UK water leakage.

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 aggregation, improved energy consumption, and reductions in maintaining a traditional fixed asset base.

In its own operations, Arqiva's sustainability strategy seeks to consider the environmental risk of every investment made and reduce our dependency on natural resources by adopting sustainable 'circular economy' practices. Arqiva continues to develop sustainable routes for items no longer required by the business, repurposing displaced technology elsewhere in our estate, and recycling viable technologies and materials ranging from repurposing of laptops to recycling of reclaimable materials from infrastructure replacement. This year we have recycled 126 tonnes and repurposed over 0.25 tonnes of equipment.

We recently introduced transparent consumable purchasing options allowing employees to opt for "climate pledge friendly" products from suppliers with more carbon efficient and aggregated logistics, reducing multiple handling.

Under our Sustainability Programme, we also launched initiatives to find efficiencies in our asset maintenance schedules, e.g. logistics optimisation, remote monitoring/resets, bundling and reducing consumable holdings including refurbishment and recycling.

Social

Supporting Charities

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

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. In 2023, we retained our Bronze CAF award. The amount provided to charities through this scheme has reached over £100,000 over the past three years.

Following the fire at our Bilsdale site in 2022, Arqiva donated £50,000 each to three local charitable organisations to support communities affected by the fire and to help identify those in greatest need.

We also support our colleagues to volunteer their time and talents to causes they care about. During 2023 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.

Wellbeing
The Group has an ongoing commitment to the health and emotional wellbeing of our people. Arqiva runs an annual event focusing on both organisational and personal resilience, which includes wellbeing sessions and

training courses. We also have a network of Wellbeing ambassadors and mental health first-aiders, who are equipped to listen without judgement, reassure and respond to colleagues, even in a crisis.

As well as these activities, our colleagues have access to a wealth of support through our Employee Assistance Programme.

Health and Safety
Health and safety is vital, whether in the office or repairing an antenna on a 300 metre mast. We have 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.

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.

Supporting Diversity and Inclusion

Our diversity and inclusion programme ensures that we are continually focused on what's needed for everyone to feel included and 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. We have moved beyond building awareness around unconscious bias and are now supporting colleagues to understand the difference between intent and impact.

Our Diversity Ambassadors have been instrumental in encouraging and engaging other workplace communities by running an active programme of events. We now have an active Women at Arqiva network, a Working Families group, a Neurodiversity network, and activities to support Pride month so we can listen, support and take opportunities to make lasting, tangible changes so our working practices are even more inclusive. We have become a corporate member of the industry leading Inclusive Employers to ensure we benefit from their campaigns and subject matter expertise as well as being a member of Tommy's 'Pregnancy and Parenting at Work' scheme 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 1,284 (2022: 1,287). 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, religion 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:

	2023		2022	
	Female Number / %	Male Number / %	Female Number / %	Male Number / %
Board of Directors	1 / 10%	9 / 90%	2 / 20%	8 / 80%
Executive Committee	3 / 33%	6 / 66%	2 / 25%	6 / 75%
Group Employees	295 / 23%	989 / 77%	296 / 23%	991 / 77%

The Group continues to address training and development requirements for employees at all levels within the organisation in order to foster a culture of learning and to embrace the curiosity mindset. The Board also reviews future management requirements and succession plans on an on-going basis. The Group is a corporate partner of the Institute of Engineering and Technology (IET) supporting engineering roles to achieve IET Professional status. We are also a member of the AWS Partner Network enabling technical and non-technical development and certification, provides sponsorship for professional qualifications and subscriptions and offers all employees access for self-paced learning provision such as A Cloud Guru, AWS Skills Builder, LinkedIn Learning and Oracle Learning Cloud.

To support emerging talent, Arqiva offers 2-year graduate programmes with an annual intake every September to progress into permanent roles as well as apprenticeship schemes, via the apprenticeship levy. Other initiatives include a "Lead the Way" programme to support the development of the leadership team, "Change Ready" programmes for managers and is also running Level 3 and Level 5 qualifications with the Chartered Management Institute in a Leadership and Management Development Programme.

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 opportunity for updates and discussion across the business.

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. 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 2023 financial year are expected to be made in October 2023. 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 (which comprises members of the Board of Directors).

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
Arqiva is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. The supplier Code of Conduct reflects the commitment to acting ethically and with integrity in all business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. The full statement is included on page 44 and is also available on the company website at www.arqiva.com.

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 27001:2013. 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 accreditation, supported by internal monthly audits, we continue to confidently demonstrate our commitment to security and secure working practices. We have held this certification since 2013 and recertify every three years with recertification last given in May 2022.

We also hold Cyber Essentials certification. Cyber Essentials is a government-backed, industry-supported scheme to help organisations guard against the most common cyber threats and demonstrate their commitment to security. We have held this certification since 2016 and recertify annually.

Taxation
The Group's approach to tax is to ensure compliance with all legal and statutory obligations. Arqiva 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 Arqiva and employees, totalled £54.1m for the financial year (2022: £54.2m).

The Arqiva 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 21 September 2023 and signed on its behalf by:

Scott Longhurst
21 September 2023

Corporate Governance 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.

Section 172 Statement

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 2023, 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
Consequence of any decision in the long-term	Strategic overview	19-22
Interests of employees	Employee Engagement Supporting our people Employees	43 38 (Corporate Responsibility) 39
Fostering relationships with suppliers, customers and others	Stakeholder Engagement Business Update	Below 23-26
Impact of operations on the community and the environment	Environment / Sustainability Energy Consumption and Waste management Charity	36 72 38
Maintaining a high standard of business conduct	Governance Health & Safety Modern Slavery Act, Anti-Bribery & Corruption	47-51 38 44
Acting fairly between members	Stakeholder Engagement Accountability	Below 69

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 38-40) for full details
Regulatory Bodies	We have good relationships with representatives in all relevant regulatory bodies and engage regularly with 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); and the Department for Business and Trade (DBT). 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 mast fire at Bilsdale, we have continued to liaise closely with Ofcom and DCMS with regard to both the individual impact of the fire and service recovery planning for the broadcast industry more widely.
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; Executive Committee members; and where appropriate our Chairman. As part of our ongoing response to the Bilsdale mast fire, we have sought to support customers who have been affected and ensure continued delivery of services.
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. The Company is particularly proud of its community support activities to assist members of the public affected by the loss of the Bilsdale mast. The Company is also part of the Broadcast 2040+ coalition working with various charities urging the government to commit to protecting essential and cost effective 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; Management conducts regular company-wide live broadcasts and hosts face-to-face connect days throughout the year to update employees on performance, strategy and other key developments; with opportunities for employees to ask questions in real time.

2. *Consultation*
   Arqiva 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.

3. *Involvement*
   Employees participate in annual bonus schemes which are based upon performance of the business throughout the year, encouraging employees to contribute to the success of the business. The Group's cultural value of curiosity 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; regular email communications with business updates and through the Arqiva Hub.

Modern Slavery Act: Slavery and Human Trafficking Statement

Overarching Statement
This statement sets out the steps we are implementing to combat slavery and human trafficking. We remain committed to further improving our practices in the future to combat slavery and human trafficking.

Organisation's Structure
We are a communications infrastructure and media services provider, operating at the heart of the broadcast, satellite communications, and smart metering markets. We're at the forefront of network solutions and services in the digital world. We provide much of the infrastructure behind television, radio satellite communications and smart metering in the UK and have a presence in Ireland, mainland Europe and the USA.

During the financial year ended 30 June 2023, Arqiva Limited and its subsidiaries, Arqiva Muxco Limited, and Arqiva Smart Metering Limited were part of the Arqiva group with head offices in the UK and over 1,200 employees. We operate in the UK and Europe.

Arqiva Limited (and its subsidiaries), Arqiva Muxco and Arqiva Smart Metering Limited each have an annual turnover of in excess of £36 million.

Our Supply Chains
The Arqiva Procurement team works in partnership with our suppliers, ensuring we meet our internal customer needs. The Arqiva values are core to how we interact with suppliers whether a high-volume preferred supplier or one-time only supplier.

We have an exceptionally diverse range of services and goods that are required by the business and sourced by our Procurement team including:

- Transmission – Arqiva has numerous transmission sites throughout the UK;
- Construction – Arqiva undertakes a broad range of construction activities from small changes to the construction of new transmission towers;
- Maintenance & Repairs;
- IT software and managed services;
- Satellite Capacity; and
- Corporate facilities (including corporate sites, stationery, recruitment, legal and professional fees).

Our Policies on Slavery and Human Trafficking
We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Suppliers are required to comply with our Supplier Code of Conduct, which reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

Due Diligence Process for Slavery and Human Trafficking
As part of our initiative to identify and mitigate risk we:

- Aim to identify and assess potential risk areas in our own business and our supply chains;
- Try to mitigate the risk of slavery and human trafficking occurring in our own business and our supply chains;
- Monitor potential risk areas in our own business and our supply chains;
- Where possible we build long standing relationships with suppliers and make clear our expectations of their business behaviour;
- Require our suppliers to comply with the Modern Slavery Act 2015 and have their own suitable anti-slavery and human trafficking policies and processes; and
- Encourage the reporting of concerns and support the protection of whistle blowers.

Supplier Adherence to our Values
We have zero tolerance to slavery and human trafficking. We expect all those in our supply chain to comply with those values and our Supplier Code of Conduct.

Our Procurement team, reporting into our CFO, is responsible for promoting and ensuring compliance with the Modern Slavery Act 2015 as part of our supplier relationships.

Training
Having previously trained all staff in 2022, a refresher training course was rolled out across the business in January 2023 and will be rerun again in January 2024.

Our Effectiveness in combating Slavery and Human Trafficking
We will use the following key performance indicators (KPIs) to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

- Use of robust supplier selection process including supplier questionnaires and compliance with Arqiva's Supplier Code of Conduct; and
- Use of our systems to ensure that purchase orders and payments to suppliers are limited to those who comply with our standards.

Steps taken during the financial year to 30 June 2023
In the past financial year, we have taken the following steps to ensure that slavery and human trafficking is not taking place in our supply chains, and in any part of our own business:

a) We continue to run our qualification process for all suppliers:
One Time Only suppliers (low value transactions of less than 3% spend in FY23) all use our standard Purchase Order T&Cs, which includes a mandatory compliance clause covering Modern Slavery and Human Trafficking Laws. Suppliers with ongoing relationships are all required to qualify via our e-procurement system. This process includes background checks and either (a) confirmation of acceptance of the Arqiva Supplier Code of Conduct (which covers modern slavery and human trafficking); or (b) demonstration that the Supplier has its own equivalent policies covering modern slavery and human trafficking. Purchase Orders cannot be placed with new ongoing suppliers before the confirmation has been given.

b) We continue to limit the number of active suppliers with Oracle to reduce risk. During the financial year to 30 June 2023 we had 877 suppliers registered on oracle and have traded with only 764 of these suppliers during the fiscal year (N.B. this figure has reduced from >2,300 in 2018).

c) We continue to use our "Speak Up" reporting website and telephone line to enable people to notify any concerns. These are overseen by the Internal Audit function and regular updates given to the Group's Audit & Risk Committee.

Statement
This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Arqiva Limited, Arqiva Muxco Limited and Arqiva Smart Metering Limited's slavery and human trafficking statement for the financial year ending 30 June 2023.

Note: The signed statement is available on the Company website at www.arqiva.com

Governance

Board of Directors and Executive Committee

Ownership

The Company is owned by a consortium of shareholders comprising Digital 9 Infrastructure (48%), Macquarie European Infrastructure Fund II (25%), plus other Macquarie managed fund (1.5%), Health Super Investments (5.5%), IFM Global Infrastructure Fund (14.8%) and Motor Trades Association of Australia (5.2%). 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 shareholding in the Group:

- D9 Wireless OpCo 2 Limited ('D9') (48%), a company owned by Digital 9 Infrastructure plc. The Company invests in the infrastructure of the internet that underpins the world's digital economy: digital infrastructure. The number 9 in Digital 9 Infrastructure comes from the UN Sustainable Development Goal 9, which focuses the fund on investments that increase connectivity globally and improve the sustainability of digital infrastructure. The assets DGI9 invest in typically comprise scalable platforms and technologies including (but not limited to) subsea fibre, data centres, terrestrial fibre, and wireless networks. D9 completed its purchase of the Canada Pension Plan Investment Board's entire 48% stake in Arqiva in October 2022. Digital 9 Infrastructure plc is listed on the London Stock Exchange (DGI9).
- Macquarie European Infrastructure Fund II ('MEIF II') (25%), an investment fund managed by 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 is composed of ten Directors representing our shareholder consortium as well as two members of the Executive Committee. The following Board members were in office during the year and up to the date of the signing of the annual report and financial statements.

Board Committee Membership

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

Mike Darcey, Chairman

Mike has been a member of the Board since 2018 and was appointed Chairman 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 (Chairman), M247 (Chairman), Home Retail Group (Senior Independent Director) and Sky New Zealand (Director). He is also Chairman of British Gymnastics.

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.

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.

Appointed by Digital 9 Infrastructure Limited

Arnaud Jaguin, Director

Arnaud has over 15 years experience in telecoms and digital infrastructure, with a strong focus on fibre and wireless networks. He led D9's acquisitions of Elio Networks and Arqiva. Within the team, Arnaud leads on investment analysis, portfolio management and strategy, and engages actively with investors. He also sits on the Boards of Aqua Comms, Verne Global, Elio Networks and Giggle Broadband.

He began his career in telecoms M&A advisory at UBS Investment Bank in London. He then had a varied career in the industry with Level3 Communications (corporate development and strategy), CenturyLink (marketing), RETN (sales operations) and Ontix (finance). Arnaud holds a Master's degree in Finance from Sciences Po Paris.

Andy Macleod, Director

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.

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.

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.

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.

Appointed by IFM Investors

Max Fieguth, Director

Governance and Remuneration Committee Chair

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.

Executive Committee

(also includes the Chief Executive Officer and the Chief Financial Officer on pages 48)

Vivian Leinster
Chief Simplification Officer

- Appointed Chief Simplification Officer June 2022 from her previous position in the Executive Committee as Chief People Officer, a role held since her appointment to **Arqiva** in June 2020.
- **MS Amlin:** Chief People Officer at specialist insurance provider
- Previously spent four years as People Director at **Bupa UK**, and 10 years in a variety of senior generalist and specialist HR roles at **BT**

Adrian Twyning
Chief of Operations

- Joined **Arqiva** in March 2021 with experience in energy, retail, health construction and professional services.
- **Dixons Carphone:** number of senior operations roles leading large-scale operations and business transformation
- Senior operation roles at British Gas leading 4,000 field operations team

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 Meggit:** 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 Wedgewood
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

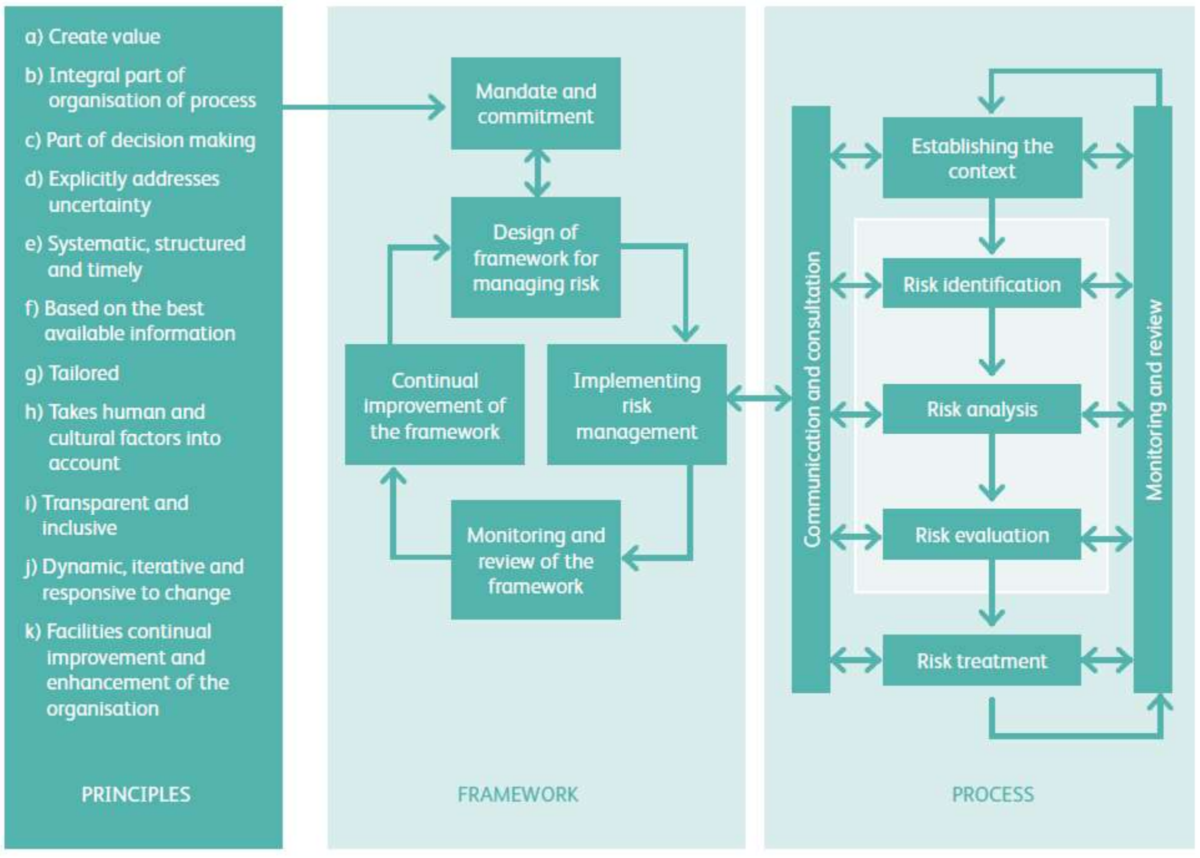
Principal Risks and Uncertainties

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 also adopted the ISO 27000 series for Information Security including 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.

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	Our new products do not gain traction in the market due to insufficient investment in product development, 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,	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 discussions which reflect market conditions e.g. with media customers on the	Arqiva remains in dialogue with customers and other stakeholders such as government and Ofcom or developments and opportunities in the markets. 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 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

	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	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 has long-term contracts in place with its regulated business customers – this provides an inherent level of protection to this risk.	process or discussions around C4 privatisation. 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.
	Customers challenge regulated pricing, impacting long-term contracts and returns on existing services and increasing volatility.	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.	
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 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 ageing 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	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 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	Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented. The Bilsdale mast fire and other incidents have prompted us to review lessons learned. Root cause of incidents are established to identify cases for greater investment. Maintenance capex is built into the long-term plan along with increased investment in security.

	greater than anticipated capital expenditure.	maintenance strategy and system owner reviews of platform health assessed. Mitigation requiring a Capex investment is prioritised within the Capex budget envelope.	
Political	Change in government plans, policy or priorities could lead to changes in licensing, spectrum access and duration impacting long-term contracts for the business e.g. potential funding model changes.	Arqiva maintains regular dialogue with our stakeholders to ensure the delivery of our programmes are efficient, timely and to specification. Where specification changes occur, Arqiva provides a detailed assessment of the potential costs of the scope change and seeks an informed recovery of these costs through mechanisms in our contracts. Arqiva's assets and operations remain predominantly in the UK and therefore our business has minimal exposure to the changing relationships with international markets. Arqiva acts to defend licences and spectrum and seeks to avoid changes in the number of DTT muxes and licences which could trigger a change or need to review the regulatory framework	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 or around the future of the PSB 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. Arqiva has secured an extension of its key DTT mux licences until the end of 2034. The launch of Broadcast 2040+ seeks to safeguard the terrestrial TV and radio broadcast products that underpin the core business of Arqiva and secure the longevity of these contracts. Arqiva has been involved in WRC23 including direct lobbying and engagement at an international level through membership and participation in Broadcast Networks Europe.
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	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	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. Operational resilience 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

	to configure to comply with information security standards	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.	98% of household's service restored. Arqiva has worked extensively in the community to support impacted viewers with positive feedback. 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 global computing component shortage bears an inherent risk of delays through the supply chain and therefore challenges to delivery through operational uncertainty and complexity. This results in delays to supply of water	The Group maintains an ISO270001 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 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. A task force has been established to coordinate the global supply chain (focus on water and energy meters) with orders placed in advance to de-risk supply. We	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 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. Component orders are placed in advance and contracts established with multiple providers. Progress in the year with improvements in the supply chain and increased

	metering devices and subsequent risk to customers on ability to meet water leakage targets as well as cash flow delays due to changes in customer investment plans or delays in contracting.	also seek to use multiple device manufacturers and meter providers.	deliveries of devices in the financial year.
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 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 culture 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 17 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 was launched in 2022 establishing the 3 culture goals to support the achievement of our strategy.
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. A simplification 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.
Financial	Details of the financial risks and details of mitigating factors are set out in the Directors' report on pages 75-76.		

Non-Financial Sustainability Information Statement

The aim of the Non-Financial Sustainability Information Statement ('NFSIS') is to improve transparency of organisations' climate-related risks and opportunities so that investors can make informed decisions on where to deploy their capital. Arqiva has produced this disclosure for its year ended 30 June 2023 in accordance with Companies Act requirements s414, as a qualifying UK large company with over £500m turnover and over 500 employees.

Arqiva's strategy is 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. Implementing carbon reduction across Arqiva's activities requires the development of various governance processes as climate challenge permeates across Arqiva's strategic decision-making channels.

We recognise climate change poses several physical (e.g. severe environmental shifts) and transition-related (e.g. demonstrably moving toward a greener economy) risks and opportunities for our business and industry. Arqiva has identified several climate change risks and opportunities and management strategies, our progress is summarised in this disclosure.

Part A - Governance Of Climate-Related Risks

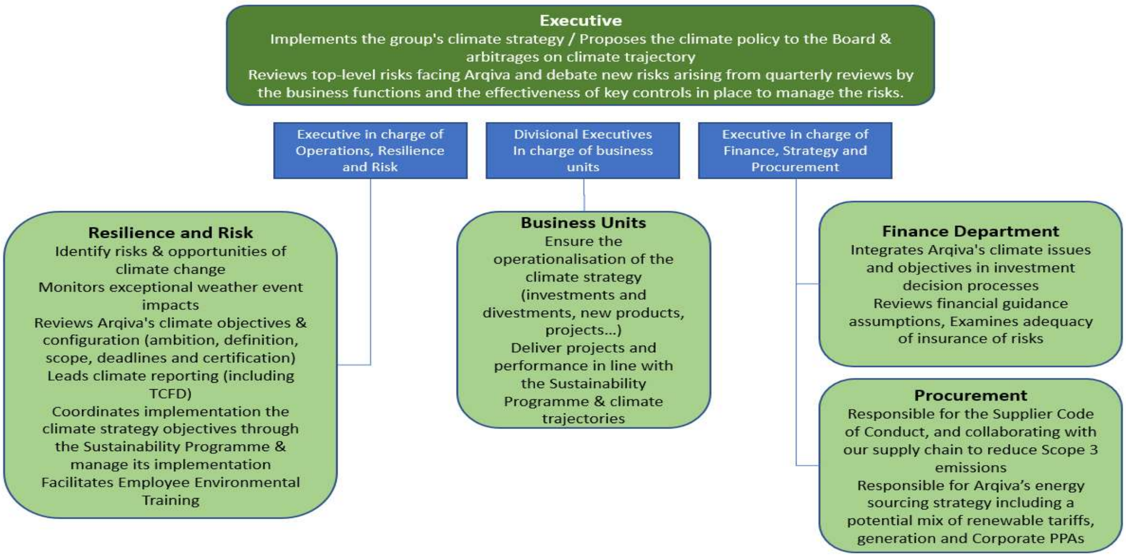
The Chief of Operations, a member of the Executive Committee, is the sponsor for the Sustainability agenda as part of our strategy and has overall accountability for climate change action within Arqiva including regular updates to the Board on the progress towards our climate-related goals. As the most 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.

Arqiva's Sustainability Programme sits within the Resilience and Risk team but permeates the wider organisation. Programme governance includes a Steering Group of senior responsible managers to provide insight, oversight and sponsorship across the wider business, and a Sustainability Leadership Group who consider the wider sustainability challenges Arqiva should consider and how agreed actions are brought into the programme. As well as establishing the detailed plans and targets to deliver the goals and developing Arqiva's sustainability capabilities, the Programme provides updates on any climate-related risks to the Executive Committee as required, as well as progress toward the sustainability goals overall. The Programme also manages Arqiva's sustainability reporting obligations including regular key stakeholder updates. Individual projects agreed and launched under the programme will be incorporated into existing Arqiva programmes of work for delivery in relevant areas, to benefit from Arqiva's established project governance and reporting and so that it remains an integral part of business operations.

Below is an overview of Management's role in overseeing the delivery of Arqiva's sustainability ambitions, including management of climate-related risks and opportunities

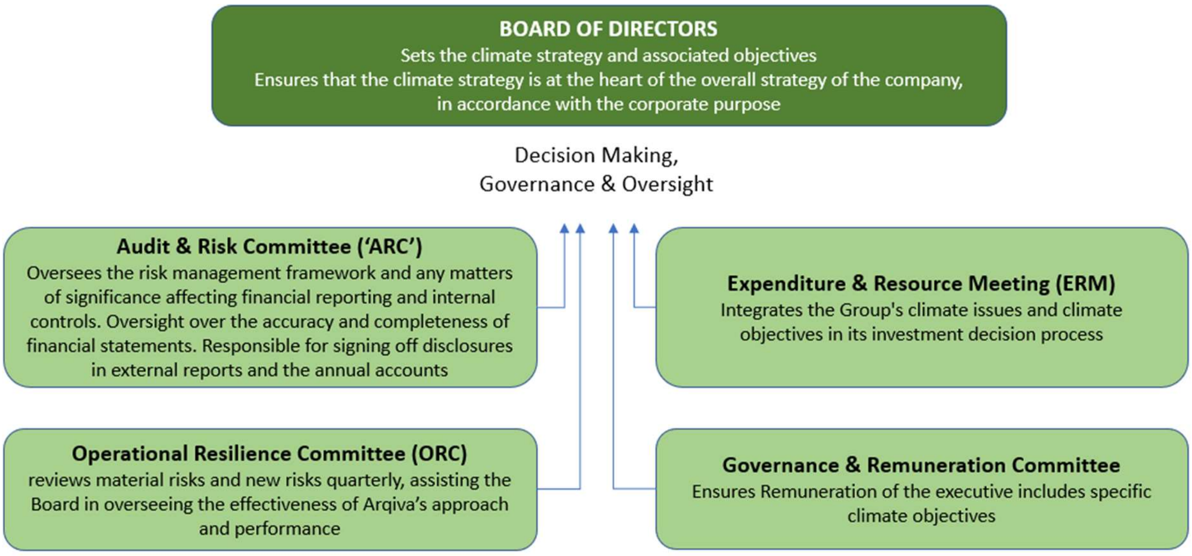
Climate governance – Executive/Management responsibilities



Formal reporting to the Arqiva Executive Committee is monthly. Risk reporting and discussion with our Board takes place three times a year as part of the Operational Resilience Committee, which is a subcommittee of the main Board. Climate-related risks and opportunities are documented in the Corporate Risk Register (CRR) and flagged to Internal Audit. Day to day management of risks is delegated to relevant managers in the business with the Chief officers of each function accountable for their management and a quarterly review of key risks. A Risk Review Group with representatives from each function reviews and discusses the top-level risks to feed into the ExCo debate.

The Board maintains oversight of climate-related risks through the boards and committees below.

Climate Governance – Board Responsibilities



Our governance has developed significantly over the year, we will continue evolving the governance and decision-making related to climate-related risks and opportunities.

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.

This year we conducted an initial identification of climate-related risks and opportunities from typical critical infrastructure risks, stakeholder views and industry peers. We engaged stakeholders across and outside of the business to shape our sustainability goals and to understand and manage climate-related risks and opportunities to better inform our business strategy and operations. This included the executive and key responsible business managers to ensure they were an integral part of delivering change and governance, our customers to investigate their appetite for re-engineering or replacement of technical equipment to decarbonise operations, and our suppliers in the decarbonisation of our supply chain. We also recognise that the availability and cost of capital provided by investors is, in part, dependent on our environmental performance, and continue to engage with investors on our environmental strategy through shareholder boards, and regular reporting including SFDR (Sustainable Finance Disclosure Regulations) and GRESB (Global Real Estate Sustainability Benchmark) as well as NFSIS and SECR declarations. We are collaborating actively with Customers and sharing progress through platforms including CDP (Carbon Disclosure Project) and ECOVadis.

To ensure management of climate-related risks is integrated into Arqiva's overall risk management process, having identified the climate-related risks with potential to affect our operations we carried out a materiality assessment to establish potential exposure (probability) and impact in each case, as well as proposing management strategies of the risks for ongoing development/review using our Enterprise Risk Management approach, which adopted ISO31000 as the Enterprise Risk Management standard and ISO Guide 73 terminology. This ensures consistency of approach, measurement, and risk categorisation across the organisation, with the value of local expertise and risk action plans using established processes, frameworks, and committees. Climate change risks are reported to the Executive Committee and other key stakeholders accordingly. Read more about Arqiva's Risk Management Framework on page 52.

The Enterprise Risk Management process assesses risks based on the following, to ensure they are managed in the right way and that the level of risk is understood;

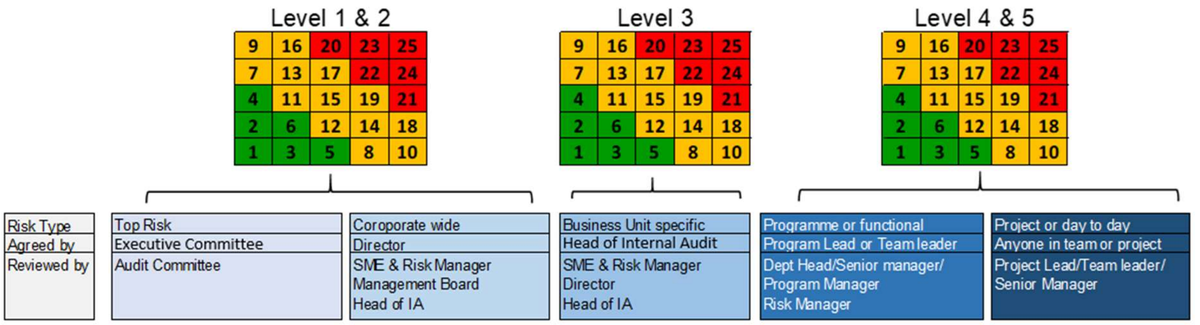
- **Risk Level**: designates who owns, reviews, and manages the risk. The concept of Risk Levels relates to who reviews and manages the risks in the register along with their criticality/significance to the business. There are 5 Levels shown at the bottom of the graphic below. Five is the lowest/least significant and one is the highest/most significant. Risks can be escalated if the impact or likelihood becomes more significant or de-escalated if the risk is mitigated and the risk rating reduces. Risks can be escalated through the levels if the Rating becomes more significant.

- **Risk Rating**: The overall Rating Score is derived from a combination of the impact and likelihood of a risk occurring. In the graphic below the rating and associated RAG is determined from the combination of (a) business impact on the horizontal axis (Very Low, Low, Moderate, High, Very High), and (b) probability (<10%, 1-30%, 30-50%, 50-70%, & >70%) on the vertical access in each case. Arqiva's risk model provides for a range of impact types including financial, Health & Safety, Legal, Project delivery, Service delivery, Information security, Technology, business continuity, and Supplier management. Each risk type has a defined rating criterion with a potential combination of factors, 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.*

These are the risks owned and managed by the Board. Principle risks and opportunities were assessed at level 2 or above, so significant to the Arqiva wide business but not yet critical. The Board are responsible for reviewing these risks on a quarterly basis.



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, a review of existing related risks, subject matter experts, industry knowledge and stakeholder guidance.
2. Evaluate the materiality of the risks using Arqiva's Enterprise Risk Management model to assign Risk Ratings and Risk Levels. This was considered over the short, medium, and long terms. Risk Scores have been submitted for Enterprise Risk Management validation, further evaluation and ongoing management with risk owners, and material risks will be reviewed regularly in the context of the ever-changing business and physical environment.
3. Management of the risks has been assigned to the relevant risk owners and forums accordingly.
4. Reporting of the material risks will be 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 RAG status inverted (i.e. red=green, green = red) to reflect the positive rather than negative impact.

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.

Risks and opportunities were identified as 'principal' on the basis that they were assessed with a Risk Level of 2 or above using the assessment methodology above. Principal opportunities could improve not just our financial performance, but also reduce our impact on the planet, and when working with our Customers and Suppliers, enable these organisations to reduce their impact as well.

We considered the materiality of these risks over different time horizons to better understand the potential impact of climate-related risks and opportunities on our business, we have yet to complete a more detailed scenario analysis (e.g. actual degrees above government targets, level/rate of government and policy intervention) at this time. The initial view of the management team on the impact and nature of the risk or opportunity over time are noted in each section. This will be explored further in subsequent reports incorporating any changing climate trends or science. For each risk and opportunity, we have described current controls in place which help build resilience against the potential impacts on the business.

We recognise the long-term nature of some climate-related risks along with data modelling challenges and a challenging macroeconomic environment make embedding financial planning assumptions difficult, but we continue to address these challenges with our internal and external stakeholders.

The following risks were assessed and rated using the methodology in the 'Risk Management and assessment of climate-related risks' section of this disclosure, and the impact/likelihood of the risk as it is understood today. The levels of risk are expected to reduce over time as risk mitigations continue to be refined and implemented.

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 across the markets we operate in. This 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 impact of these risks would increase over time, but the nature of the risks and impact do not materially change. Under our risk governance, controls and management strategies will be reviewed periodically to reflect this.

				Risk Rating		
	Climate Factor	**Risk**	**Risk Level**	**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	**2**	14	19	22
	Severe Weather	Interruption or reduction in the quality of services because of a higher frequency/severity of extreme weather events	**2**	14	19	22
	Severe Weather	Supply chain disruption due to climate impacts on key suppliers	**2**	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 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 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 impact of these risks has the potential to increase marginally over time, but that the nature of the risks and impact do not materially change. The exception is the risk of rising energy and materials costs which has already materialised but is expected to abate over time. Under our risk governance, controls and management strategies will be periodically reviewed to reflect these possible changes and impact over time.

				Risk Rating		
	Climate Factor	**Risk**	**Risk Level**	**Short term** *(< 5 years)*	**Med Term** *(5-10 years)*	**Long Term** *(>10 years)*
Risks: Transition	Policy & Legal	Emerging carbon regulations and carbon taxation, leading to increased stakeholder scrutiny over our performance	2	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.	2	15	17	22
	Market	Rising price of energy (renewable and non-renewable), and raw materials.	2	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. In 2023 we made a SBTi (Science-Based Target) commitment underpinned with targets to reduce our own emissions (Scope 1 and 2) to net zero by 2031 in line with reductions required to keep warming to 1.5°C. This is part of our 2040 target to achieve net zero emissions across the full value chain (scopes 1,2 and 3) which provides insights that reduce our exposure to transition risks. Cost increases because of rising energy prices are being mitigated as an opportunity under ‘renewable sourcing’ below.

Opportunity impact

In 2023, we identified three principal opportunities for our business relating to climate change associated with transition to a low-carbon economy, and 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 increase over time with increased appetite for services Arqiva can provide and market penetration over time.

			Risk Rating		
	Climate Factor	**Opportunity** *(All level 2)*	**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 smart utility network 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

We are identifying sustainable power solutions that can be deployed at scale as part of our energy sourcing strategy, potentially including a combination of investment in Power Purchase Agreements, self-generation, and purchase of Carbon Trust certified renewable energy. Combined with Arqiva's hedging strategy, this could reduce cost and would improve predictability in uncertain energy markets. Procurement continues to develop wider supply chain strategies to manage costs and drive diversity and competition in our supply chain to limit our exposure to climate risks in our supply chain and drive cost efficiencies through re-engineering.

As a leading UK communications infrastructure business, Arqiva provides broadcasting and transmission services, as well as smart network solutions for energy and water management across the United Kingdom. As technology changes we are uniquely positioned to introduce next generation technologies into these key markets, enabling carbon and other environmental improvements. We work with our engineering teams, suppliers and customers to ensure carbon efficiency and cost efficiencies that can be derived from this are a central consideration when replacing end-of-life equipment, which is now reflected in our investment governance and approvals.

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 also 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 ('AGPL'), registered company number 08085794, ("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 2023.

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 143.

Wates Corporate Governance Statement

For the year ended 30 June 2023, 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 are able to adopt the Wates principles as an appropriate framework when making a disclosure regarding corporate governance arrangements. We have adopted the disclosure in our 2023 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 during the year have been progressing 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. The Board has overseen the progress against the purpose and strategic priorities alongside the adoption of a detailed and robust long-term plan with appropriate cost and investment assumptions all of which are subject to review on an ongoing basis.
Capital structure	The Board has continued to monitor the Group capital structure to ensure its suitability for the business needs. This has included refinancing consisting of a $118m US private placement issue which completed in June 2023 and a £250million public bond issue which completed post year end in July 2023.
Customers	There has been a continued focus on strengthening customer relationships at all levels including senior engagement with key customers and stakeholders. The Group has also been working with customers on new collaborative projects such as the development of

	the Arqplex product in Media & Broadcast and proofs of concepts and trials in leakage detection and sewer level monitoring within the Utilities business.
People & Culture	We want to create a culture where everyone has the opportunity to succeed and create value. Arqiva's cultural transformation overseen by the Board, continues to drive our cultural goals of Accountability (being accountable for the promises we make); One Arqiva (working together as one team); and Curiosity (striving to look at things differently to discover a better way) with the aim of empowering its people to make good decisions while acting with integrity. With these cultural goals at the core of our people plans, we continue to invest in our people. Group activities have centred around attracting and retaining the best talent with a focus on an inclusive culture and diverse population. We have successfully improved our Executive Committee diversity mix (66% (6) male, 33% (3) female, 33% (3) ethnic minority). Another key focus has been on how we organise ourselves to operate effectively. This includes equipping our people with the skills and capabilities needed for our business (both now and in the future) through our skills management approach. This organisational focus has also included development of our leaders to inspire and drive performance through setting culturally and strategically aligned standards and development paths for themselves and the teams. During the year we also continued to focus on innovative new development approaches and methods through online coaching and learning tools such as Ezra coaching and LinkedIn Learning. There is a continued focus on wellbeing and listening to our people's concerns is an important aspect of this. For example, we have provided access to information, support and tools in response to concerns around the cost of living crisis. The Group approach to benefits and pay also takes a holistic view against the backdrop of the wider socioeconomic environment. During the year, the Group also introduced a new partnership with Matchable to enable our people to give back via volunteering opportunities in a flexible way.
Transformation	During the year, the Board has overseen the completion of the transformation programme and, beyond that, the continued simplification and improvement of systems and processes to enhance operational capability and bring efficiencies to the Group's operations. With the growth strategy in mind, a number of appointments/changes have been made to the Group's executive committee during the year including new Executive Directors for Utilities and Media & Broadcast, a new Chief Technology Officer and a new Chief Legal Officer.
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, security, business continuity and sustainability. The activities to rebuild the Bilsdale mast have been a key operational focus. The Board has overseen the restoration programme, with key priorities being supporting the community and returning coverage. The new mast began transmitting television services in May 2023.
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. Further details of our sustainability strategy can be found on page 19 of the annual report.

	Within the year, the Group set out a sustainability charter, baselined its Scope 1 and 2 emissions and identified a series of possible initiatives that could deliver absolute energy reductions working collaboratively with our suppliers and customers. The Board has approved the establishment of a sustainability programme overseen by the Operational Resilience Committee. The Executive are responsible for coordinating delivery of Arqiva's plans, working collaboratively with suppliers and customers, and establishing information flows and responsibilities across the organisation to embed the core sustainability principles across the business. Arqiva's inaugural Non-Financial Sustainability Information Statement report is available on page 58 of the annual report, setting out key climate-related risks and opportunities. 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 (outlined on page 44 of the annual report).

Values and culture
Arqiva's values are embedded throughout the organisation, and adherence to them forms part of employees' performance reviews and reward structure. Independent surveys of both employee and customer engagement are undertaken. There is also further engagement with employees via employee forums, an elected Employee Board and BECTU (all described under Principle 6 (Stakeholders) below). The Group's People & Culture team monitors absenteeism rates and processes are also in place to encourage and monitor exit interviews. These form part of matters reported upon to the Operational Resilience Committee, which reports into the Board.

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 Chair has actively encouraged open debate and discussion in the appropriate forums including main Board meetings which are scheduled to take place at least five times per year, and also at Board sub-committee meetings (further detail on the sub-committees is at Principle 3 (Director Responsibilities) below).

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 sector 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. The Board remains committed to developing a more diverse workforce and, as part of the new appointments to the Executive Committee and Senior Leadership groups, 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 Corporate responsibility statement on page 36 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 various changes to the Board over the course of the year following retirements and resignations. 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 to be appointed together with the Group's CEO and CFO (see pages 47-51 of the Annual Report for full details of the composition of the Board of Directors and Senior Executive Management).

Effectiveness
The Group has been working on implementing the recommendations from an extensive external Board effectiveness exercise presented in 2021. As a result:

- There is an increased emphasis on sustainability activities (now a key priority that forms part of the Group's strategic objectives) managed by the sustainability committee which is overseen by the Operational Resilience Committee which provides regular updates to the Board;
- The revised Governance & Remuneration Committee reviews diversity and inclusion along with succession planning and talent review matters on a regular basis reporting into the Board on these topics; and
- The remit for the Audit & Risk Committee reflects an increased focus in appraising strategic risk factors.

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. As a result of a review in this area, the number of sub-committees has been reduced from five to three and the Terms of Reference for each of those sub-committees has been revised. 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.

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 FY23 they have each 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 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 and continues to use its online risk assessment tool, which is used throughout the business (which is described on page 52 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 in detail on pages 53-58 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 annual bonus (which, again, is linked to personal performance and 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 other 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 2023, 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 Group's procurement operations function actively undertakes reviews of its supplier base to enhance its best practice in this field.

Workforce
Arqiva communicates to its employees through a variety of communication channels including regular email newsletters, updates over email and intranet directly from the CEO and local messaging from the Executive Management. The CEO and Executive Management also regularly hold local listening groups in person where possible. We support a hybrid approach to communication with the use of online events (including interactive live Q&A sessions with Executive Management) and the reintroduction of in person events in particular via the 'Let's Connect' series of events held at different sites to support our hybrid working approach. This hybrid approach has been well received by employees.

The Group has active union representation from BECTU, as well as an elected Employee Board, and employee forums throughout the different functions. The People & Culture team work closely with each of these bodies, consulting on any proposed changes to terms; policies and processes; as well as seeking feedback on workplace morale, culture and issues of concern or interest to the workforce.

We run engagement surveys three times a year to measure progress against our 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.

External impacts
The Group's Corporate Responsibility statement sets out, on pages 36-41 of the Directors' Report, 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. The statement also includes a summary of the Group's approach to environmental factors. The Group's Modern Slavery Act: Slavery and Human Trafficking Statement on pages 44-45 sets out a description of Arqiva's considerations in this area, including supply chain impacts.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with SECR requirements, the table below provides a breakdown of carbon emissions by scope in accordance with the Green House Gas Protocol, along with energy data for Arqiva Group for the financial year 2023, in comparison with the financial year 2022.

Arqiva Greenhouse Gas Emissions		*Year ended 30 June 2023*	*Year ended 30 June 2022*
Total Energy consumption (kWh)	Gas	1,900,630	1,772,197
	Gas Oil	637,705	
	Electricity	201,465,319	207,524,329
	Transport Fuel	6,862,592	5,414,256
	Total	**210,866,246**	**214,710,782**
Scope 1 emissions in t/CO2e	Gas	385	319
	Gas Oil	149	129
	Fluorinated Gases (HVAC)	280	618
	Owned transport (fleet)	1,408	1,208
	Fixed Diesel Generators	752	294
	Total*	**2,974**	**2,568**
Scope 2 emissions in t/CO2e*	Market Based****	40,000	9,943
	Location Based	41,842	40,131
Scope 3* *emissions in t/CO2e*	Business travel (employee owned and hire vehicles)	316	178
	Public Transport and Accommodation	470	231
	Water Consumption	29	21
	Waste in Operations	5	5
	Total	**820**	**435**
Total gross *emissions in metric tonnes CO2e (Scope 1,2 &3)*	Market Based****	43,794	12,946
	Location Based	45,636	43,134
Intensity Ratio *TCO2e / £m revenue*	Market based method	67.2	20.5
	Location based method	70.0	68.3

Notes:
Emissions sources reported are where we have verifiable data, exceptions are below;
* Does not include emissions associated with portable generators.
** These figures have been derived in part from estimated data due to billing reconciliation
*** This is not a complete financial year 22/23 Scope 3 Inventory. We are in the process of establishing our full Scope 3 emissions in line with latest guidance, using financial year 21/22 as the baseline year for SBTi purposes where Scope 3 emissions were provisionally 89ktCO2e measured using the methodology described below. Full Scope 3 emission disclosures will feature in future reports once our reporting methodology is in place to recalculate year on year.
**** The difference in market-based emissions since the last financial year reflects a move away from previously used unbundled REGOs during the previous financial year in favour of focusing on absolute energy reductions with customers. In parallel, from April 2024, Arqiva has committed to purchasing energy with Green Certificates auditable with the Carbon Trust and compliant with GHG Scope 2 guidance and CDP in Scope 2 Quality Criteria.

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 2023**: full set, used to report on 2023 greenhouse gas emissions. Access available via https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
- 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 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. Transport emissions are determined by fuel card reports for fleet over the period, with conversion factors applied by vehicle type. Scope 2 emissions are derived from metered consumption of energy and apportionment by contract type to determine market and location-based emissions. This year the table shows partial Scope 3 reporting, Travel and transport are determined from expensed consumption over the period with applied conversion factors by vehicle type, and metered water consumption with emissions calculated with conversion factors for supply and treatment. Metered data for gas and energy consumption is still subject to a level of reconciliation in the last quarter. For these months, emissions are extrapolated/levelized from historical consumption with any completed and measured efficiencies overlaid to establish the most accurate figure.

Our full Scope three emissions have been calculated for the previous financial year using spend over the period (89ktCO2e). Full Scope 3 emission disclosures will feature in future NFSIS reports once the reporting methodology is in place to recalculate year on year using the methodology established this year. The initial assessment of Arqiva's GHG emissions generated across our Value Chain (Scope 3) was made by applying industry recognised methodologies (GHG Protocol) and working with a specialist consultancy. The assessment was made based on spend based emissions factors, overlaying pro-rated supplier emissions where available from CSR Reports of top suppliers. Our Scope 3 inventory was then aligned to the GHG Protocol Corporate Value Chain methodology, emissions were apportioned to GHG categories as noted below;

- *Included: 1. Purchased Goods & Services – 16%, 2. Capital Goods – 50%, 3. Fuel- and energy-related activities – 16%, 4. Upstream transportation and distribution - <1%, 5. Waste generated in operations - <1%, 6. Business Travel – <1%, 11. Use of sold products – 16%.*
- *Categories established as low materiality were: 7. Employee Commuting, 8. Upstream leased assets, 9. Downstream transportation and distribution.*
- *Categories that are not relevant are 8. Upstream leased assets, 10. Processing of sold products, 13. Downstream leased assets, 14. Franchises, and 15. Investments.*
- *12. End-of-life treatment of sold products were not calculated in this initial assessment but are likely to be low materiality.*

Energy efficiency actions taken in the year

Establishing our environmental Strategy, Charter, and Sustainability Programme laid the foundations to deliver on our sustainability ambitions into the future. This has already enabled some specific achievements below.

Scope 1 and 2 Emissions

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

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, and the practicalities of adapting or replacing parts of the enabling asset base.

This financial year we reduced our energy consumption across Scopes 1 and 2 by approximately 4 Gigawatt hours. For Scope 2, this was achieved through a combination of power reduction and reconfiguration of equipment, installing more efficient technology, and switching off some legacy services. Scope 1 reductions came from optimising building management systems and installing more energy efficient lighting.

We have also committed to purchasing 100% renewable electricity from March 2024, we are identifying innovative sustainable power solutions that can be deployed at scale as part of the supply strategy, which will feature prominently where absolute reductions can't be made.

Scope 3 Emissions

We assessed our Scope 3 emissions against financial year 21/22 spend as our proposed baseline year, as it is considered representative of a typical year. 70% of emissions from Capital & Purchased goods were attributable to 26 suppliers, so we have started engaging these suppliers to continue firming our estimates and to set out our Scope 3 abatement plans and methodology in more detail moving forward.

Directors' Report

Financial Risk Management

The principal risks and uncertainties of the Group have been outlined previously in this report (see pages 53-58). 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 cashflow as well as the financial health of customers and suppliers	The Group uses derivative contracts to hedge its exposure to adverse impacts to debt as a result of inflation. Inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs. In June 2023 the Group completed its accretion RPI collar execution which caps future accretion exposure to inflation at circa 6%. Increase in power costs are in part managed via pass-through arrangements to customers. The Group's power contracts expired in March 2023, since then the Group has entered new contracts at higher market rates. The new power contracts secure power prices to March 2024 to mitigate volatility for the coming year. 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 index-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 forward power contracts have expired in the year leaving exposure to entering new energy purchasing contracts at higher market rates. The Group's power contracts expired in March 2023, since then the Group has entered new contracts at higher market rates. The new power contracts secure power prices to March 2024 to mitigate volatility for the coming year

		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 long-term plans of the business. Sustainability is a key focus for Arqiva including ways to reduce power consumption. Key revenue and cost milestones are set on larger projects to ensure the financial risks of volatile market pricing are mitigated. Regular monitoring of third party-savings initiatives are reviewed at both the ExCo and Shareholder Board levels.
Credit risk	The Group is exposed to credit risk on customer receivables.	Credit risk is managed through appropriate 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.
	The Group is exposed to counterparty risks in its financing operations.	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 2023, the Group had £35.3m cash available and £135m and £150m undrawn working capital and liquidity facilities respectively available to cover senior 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 (2023: £25.1m loss; 2022: £77.6 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. This risk is not currently considered to be material and no currency financial instruments are held at 30 June 2022.

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 52).

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 Chairman 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.

PwC were re-appointed as external auditor in 2016 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 Max Fieguth, is established to take a proactive role in liaising with Shareholders to manage the process of appointing a Chairman 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 38.

Political Donations

No political donations were made during the year (2022: none).

Charitable donations

The Group has made £0.1m (2022: £0.1m) of charitable donations in the 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 £2.8m (2022: £1.5m). 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 £2.2m (2022: £1.4m).

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 £66.9m (2022: £98.5m) and includes capitalised labour of £20.2m (2022: £26.1m). Other development costs are capitalised within intangible assets. In the year, new development costs capitalised total £1.2m (2022: £1.8m) with amortisation of £2.0m (2022: £2.5m) charged against such capitalised development costs.

Overseas branches

The Group has trading branches based in the Isle of Man, the Channel Islands and France.

Events after the reporting date

Post year end in July 2023, the Group completed its issue of £250m public bonds. These bonds have a maturity in 2028 and a coupon rate of 7.21%. Arqiva Financing plc (a subsidiary of the Group) is the borrower of this arrangement. The proceeds of this facility have been utilised to prepay the Group's outstanding £90m ITL and £172m EIB term debt.

In August 2023, the final stage payment of £16.0m was received from the insurers in relation to the Bilsdale fire. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement. This brings the total insurance proceeds received to date to £41m. No further insurance proceeds are expected. To date, the Group has incurred total rectification costs of £45.4m including £31.2m in capital expenditure for the rebuild of the mast and a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

Dividends and transfers to reserves

Now Digital (East Midlands), a Group company which includes a non-controlling interest, declared a dividend in the year of £0.4m (2022: £nil).

The Directors' of the Group have not recommended a dividend in the year (2022: nil).

The consolidated loss for the year of £50.3m (2022: restated[6] loss of £161.0m) was transferred to reserves.

[6] The prior year profit has been restated to reflect adjustments to the tax credits recognised. See note 12 to the financial statements for detail.

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 new debt facilities established post year end, see note 30 for further information. 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.

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 19.

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 47.

At 30 June 2023, Mike Darcey was the Group's independent Chairman and Sean West was the Company Secretary. Post year end on 28 July 2023 Nicola Phillips was appointed Company Secretary, Sean West resigned the role on this date.

For details on the background of the Board of Directors and the Executive Committee please refer to page 47.

Details of the statutory directors of the Company are shown on page 141.

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.

On behalf of the Board

Scott Longhurst

Director
21 September 2023

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 2023 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 2023; 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, which include a description of the significant accounting policies.

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 eight 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: £11,500,000 based on approximately 3.4% of Adjusted EBITDA.
- Overall Company materiality: £91,664,000 based on approximately 2% of Total Assets.
- Performance materiality: £8,625,000 (Group) and £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 103 and page 116 (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 the Smart Utilities Network 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 is 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 in the future cash flows management have recognised capex for sustainability and future transformation costs. We have reviewed the reasonableness of management's disclosure 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 £199.1m (2022: £188.2m) with a further £260.1m (2022: £226.9m) 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	We obtained management's detailed workings which set out the various elements of the deferred tax asset, including support for judgements taken on measurement and recognition. The appropriateness of this assessment was performed in conjunction with our taxation specialists. We challenged management's assumptions in particular in relation to tax losses and the evidence available to support their recognition, taking into account relevant tax legislation

Group's capital structure) and if there are sufficient probable forecast taxable profits. Refer to page 103 and page 123 (note 4 – critical accounting judgements and key sources of estimation uncertainty – deferred tax and note 19 –deferred tax).	and the Group's capital structure. We reviewed correspondence with relevant tax authorities and with the Group's tax advisors, and concluded that judgements made were appropriate. We obtained management's forecast of taxable profits and agreed those to the Board approved long term plan, and also agreed the consistency of these forecasts with those 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. 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 2023.
Valuation of defined benefit pension scheme obligation (Group) The Group operates one defined benefit plan which has a surplus at the year end of £51.2m (2022: £61.0m). The valuation of the defined benefit plan obligation (£158.9m, 2022: £184.6m) 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 103 and 136 (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 specialists we assessed the appropriateness of key assumptions used to derive the pension benefit obligation, including relativity to our acceptable ranges based on market data, and concluded that all of the key assumptions are appropriate. We also tested the key inputs used by management's expert to supporting evidence with no exceptions noted. We 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 data validation checks. We also performed risk assessment analytical procedures on both the financial and demographic assumptions. As a result of our work performed no material errors were noted in respect of the pension benefit obligation recognised in the financial statements at 30 June 2023.
Impairment of investments (Company) The Company has significant investments amounting to £2,521.3m as at 30 June 2023, following an impairment recognised in the year totalling to £972.0m. 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 149 (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 the consistency of the forecasts used to the goodwill impairment model and the key estimates within the forecast 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	£11,500,000.	£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 £0.04m and £10.9m. 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% of overall materiality, amounting to £8,625,000 for the Group financial statements and £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 £575,000 (Group audit) and £575,000 (Company audit) 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 2023 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
21 September 2023

Consolidated income statement

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m (Restated)[1]
Revenue[2]	5	613.3	598.2
Cost of sales		(195.4)	(178.9)
Gross profit		**417.9**	**419.3**
Depreciation	16	(91.7)	*(158.4)*
Amortisation	15	(12.9)	*(13.2)*
Exceptional operating expenses[3]	7	(6.7)	*(19.6)*
Exceptional loss on disposal of assets[3]	7	-	*(9.5)*
Impairment of assets	7	-	*(0.5)*
Other operating expenses		(96.7)	*(89.2)*
Total operating expenses		(208.0)	(290.4)
Other income		7.8	7.7
Exceptional other income	7	20.0	5.0
Operating profit	6	**237.7**	**141.6**
Finance income	9	3.2	1.9
Finance costs	10	(271.2)	(264.2)
Other gains and losses	11	(25.1)	(77.6)
Loss before tax		**(55.4)**	**(198.3)**
Tax	12	5.1	37.3
Loss for the year		**(50.3)**	**(161.0)**
Attributable to:			
Owners of the Company		(50.6)	(161.2)
Non-controlling interests		0.3	0.2
		(50.3)	**(161.0)**

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.

[1] 30 June 2022 figures have been restated to reflect a reclassification between the consolidated income statement and the consolidated statement of changes in equity. See note 12 for detail.
[2] Revenue is stated net of exceptional service credits recognised in the year. See note 7 for detail.
[3] 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 2023 £m	Year ended 30 June 2022 £m
Loss for the year		**(50.3)**	**(161.0)**
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss) / gain on defined benefit pension schemes	28	(12.2)	6.7
Movement on deferred tax relating to pension schemes		3.0	(1.7)
		(9.2)	**5.0**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		0.1	(0.2)
Total other comprehensive (loss) / income		**(9.1)**	**4.8**
Total comprehensive loss		**(59.4)**	**(156.2)**
Attributable to:			
Owners of the Company		(59.7)	(156.4)
Non-controlling interests		0.3	0.2
		(59.4)	**(156.2)**

All items of other comprehensive income relate to continuing operations.

Consolidated statement of financial position

	Note	As at 30 June 2023 £m	As at 30 June 2022 £m (Restated)[4]
Non-current assets			
Goodwill	14	1,458.0	1,458.0
Other intangible assets	15	57.0	36.4
Property, plant and equipment	16	1,238.8	1,301.1
Deferred tax	19	199.1	188.2
Retirement benefits	28	51.2	61.0
Interest in associates and joint ventures	17	0.1	0.1
Derivative financial instruments	24	34.8	31.9
		3,039.0	**3,076.7**
Current assets			
Trade and other receivables	18	253.9	226.3
Contract assets	18	9.3	13.0
Cash and cash equivalents	20	35.3	13.3
		298.5	**252.6**
Total assets		**3,337.5**	**3,329.3**
Current liabilities			
Trade and other payables	21	(1,658.5)	(1,499.6)
Corporation tax	21	-	(2.4)
Contract liabilities	21	(116.0)	(101.1)
Borrowings	22	(340.7)	(103.9)
Provisions	25	(3.3)	(3.9)
		(2,118.5)	**(1,710.9)**
Net current liabilities		**(1,820.0)**	**(1,458.3)**
Non-current liabilities			
Contract liabilities	21	(303.9)	(338.5)
Borrowings	22	(1,246.2)	(1,478.1)
Derivative financial instruments	24	(237.9)	(345.5)
Provisions	25	(77.9)	(83.0)
		(1,865.9)	**(2,245.1)**
Total liabilities		**(3,984.4)**	**(3,956.0)**
Net liabilities		**(646.9)**	**(626.7)**

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

[4] 30 June 2022 figures have been restated to reflect an adjustment to the 2022 tax charge. See note 12 for detail.

Equity		
Share capital	0.1	0.1
Accumulated losses	(923.7)	(863.9)
Merger reserve	(188.5)	(188.5)
Capital contribution reserve	464.0	424.7
Translation reserve	(0.6)	(0.7)
Total equity attributable to owners of the Parent	**(648.7)**	**(628.3)**
Non-controlling interest	1.8	1.6
Total equity	**(646.9)**	**(626.7)**

The notes on pages 95 to 139 form part of these financial statements. These financial statements on pages 89 to 140 were approved by the Board of Directors and authorised for issue on 21 September 2023 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[6] £m	Translation reserve[7] £m	Total Equity attributable to owners of the Parent £m	Non-controlling interest £m	Total equity £m
Balance at 1 July 2021		**0.1**	**(694.7)**	**(188.5)**	**378.3**	**(0.5)**	**(505.3)**	**1.4**	**(503.9)**
Restatement of Capital Contribution[5]		-	(13.0)	-	13.0	-	-	-	-
Restated balance at 1 July 2021		**0.1**	**(707.7)**	**(188.5)**	**391.3**	**(0.5)**	**(505.3)**	**1.4**	**(503.9)**
Loss for the year (Restated)[5]		-	(161.2)	-	-	-	(161.2)	0.2	(161.0)
Other comprehensive income / (loss)		-	5.0	-	-	(0.2)	4.8	-	4.8
Total comprehensive loss / income (Restated)[5]		-	**(156.2)**	-	-	**(0.2)**	**(156.4)**	**0.2**	**(156.2)**
Capital contribution (Restated)[5]		-	-	-	33.4	-	33.4	-	33.4
Balance at 30 June 2022 (Restated)[5]		**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 income / (loss)		-	(9.2)	-	-	0.1	(9.1)	-	(9.1)
Total comprehensive loss		-	**(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)**

*Comprises 50,001 (2022:50,001) authorised, issued and fully paid ordinary shares of £1 each.

5 Capital contributions as at 1 July 2021 and in the year ended 30 June 2022 have been restated to reflect a reclassification between the consolidated income statement and the consolidated of changes in equity. Capital contributions increased by £13.0m in the period to 30 June 2021 and £16.6m in the period to 30 June 2022. The capital contribution reserves prior to the restatement were £378.3m and £395.1m as at 1 July 2021 and 30 June 2022 respectively. See note 12 for detail.
Accumulated losses as at 1 July 2021 and in the year to 30 June 2022 have been restated due to the reclassification noted above and the recalculation of the deferred and current tax for the period to 31 December 2021 as a consequence of this reclassification. Opening accumulated losses are also restated as a result of disallowed finance expenses under the Corporation Interest Restriction legislation (see note 12 for detail). Accumulated losses prior to the restatements were £694.7m, and £834.3m as at 1 July 2021, and 30 June 2022 respectively.

6 The capital contribution reserve arose as a result of a shareholder transactions. These transactions represent cash injections into the company..

7 The translation reserve relates to the translation of foreign subsidiaries financial results into the functional currency of the consolidated accounts (GBP). Amounts represent the gains or loss on translation of the foreign subsidiary financial results.

Consolidated cash flow statement

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Net cash inflow from operating activities	26	**277.9**	**336.2**
Investing activities			
Interest received		1.1	0.2
Purchase of tangible assets		(58.4)	(83.9)
Purchase of intangible assets		(6.3)	(4.8)
Proceeds on disposal of tangible assets		0.8	-
Receipt of insurance stage payments		20.0	5.0
Net cash outflow from investing activities		**(42.8)**	**(83.5)**
Financing activities			
Raising of external borrowings	22	95.3	34.0
Repayment of external borrowings	22	(69.3)	(56.7)
Repayment to parent undertakings	22	(9.9)	(272.2)
Movement in borrowings		16.1	(294.9)
Interest paid		(55.3)	(51.6)
Repayment of capital element of lease rentals	23	(21.2)	(22.1)
Interest element of lease rentals	23	(5.4)	(6.7)
Cash settlement of principal accretion on inflation-linked swaps	24	(146.9)	(90.0)
Debt issue costs and facility arrangement fees		(0.4)	(1.3)
Net cash outflow from financing activities		**(213.1)**	**(466.6)**
(Decrease) / increase in cash and cash equivalents		**22.0**	**(213.9)**
Cash and cash equivalents at the beginning of the financial year		13.3	227.2
Cash and cash equivalents at end of the financial year	20	**35.3**	**13.3**

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 2023 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 16 to 18.

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 141 to 150.

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.

Initial Application of IFRS 17 and IFRS 9 (Amendments to IFRS 17)	Comparative Information about financial assets presented on initial application of IFRS 17.
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction International tax reform - pillar two model rules

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

Amendment to IFRS 16	Leases on sale and leaseback
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance

3 Significant 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 143.

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 2023.

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 cashflows.

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 as set out in note 27. This is further supported by the new debt facilities established post year end, see note 30 for further information. 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.

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.

Cash received or invoices raised in advance are taken to deferred income 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 income 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 income 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 2023 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.

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/exchange) 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.

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 held separately from those of the Group, in separate trustee administered funds. 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.

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 is 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 arises 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.

Provisions and contingent liabilities

Critical accounting judgements:

As disclosed in note 25, the Group's provisions principally relate to obligations arising from contractual obligations, restructuring and property remediation plans and decommissioning obligations.

The identification of such obligations in the context of daily operations which require provisions to be made requires judgement.

Judgement is also required to distinguish between provisions and contingent liabilities. See note 27 for detail.

Impairment of goodwill

Critical accounting judgements:

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

Critical accounting judgements:

The Group's defined benefit plan liabilities are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The Group selects these assumptions in consultation with an external qualified actuary.

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, the salary progression of our current employees and price inflation. 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 monitor 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 (2022: approximately £14m), 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.

Management has estimated the impact of reducing the decommissioning timetable by one year to be £0.8m (2022: £0.2m) in relation to the unwinding of provision discounting. If all site decommissioning was recognised in line with potential earlier expiration dates, there would be an impact of up to £19m across the portfolio. Such movement in any one financial year is not considered likely.

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 2023	Media Distribution £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**

Year ended 30 June 2022	Media Distribution £m	Smart Utilities Networks £m	Total £m
Rendering of services	464.2	106.6	570.8
Engineering projects	2.1	-	2.1
Sale of goods	-	25.3	25.3
Revenue	**466.3**	**131.9**	**598.2**

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 2023 is £3,143.0m (2022: £3,328.2m).

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

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**

Year ended 30 June 2022	< 1 year £m	1-2 years £m	2 – 5 years £m	5-10 years £m	> 10 years £m	Total £m
Rendering of services	497.5	430.4	1,017.9	1,023.4	359.0	3,328.2
Revenue	**497.5**	**430.4**	**1,017.9**	**1,023.4**	**359.0**	**3,328.2**

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

	30 June 2023 £m	30 June 2022 £m
Contract assets		
Current	9.3	13.0
Contract liabilities		
Current	116.0	101.1
Non-current	303.9	338.5
	419.9	**439.6**

£76.5m of the contract liability recognised at 30 June 2022 was recognised as revenue during the year (2022: £97.8m). Impairment losses of £0.1m (2022: £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.

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 (2022: £0.8m). Amortisation recognised as a cost of providing services during the year was £0.1m (2022: £0.1m).

Year ended to 30 June 2023	Commercial		Other			
	Media Distribution	Smart Utilities Networks	Operations	Technology	Corporate	Consolidated
	£m	£m	£m	£m	£m	£m
Revenue	**462.4**	**150.9**	**-**	**-**	**-**	**613.3**
Functional result* (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 result is defined as total operating profit before the items set out below.

Year ended to 30 June 2022	Commercial		Other			
	Media Distribution	Smart Utilities Networks	Operations	Technology and Transformation	Corporate	Consolidated
	£m	£m	£m	£m	£m	£m
Revenue	**466.3**	**131.9**	**-**	**-**	**-**	**598.2**
Functional result* (EBITDA)	**343.0**	**65.4**	**(25.3)**	**(28.5)**	**(14.8)**	**339.8**
Depreciation and amortisation						(171.6)
Loss on disposal of fixed assets						(2.1)
Exceptional operating expenses						(19.6)
Exceptional loss on disposal of assets						(9.5)
Impairment of assets						(0.5)
Other income						7.7
Exceptional other income						5.0
Exceptional service credits						(7.6)
Operating profit						**141.6**
Finance income						1.9
Finance costs						(264.2)
Other gains and losses						(77.6)
Loss before tax						**(198.3)**

*Functional result 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. 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 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[6] 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 2023 £m	Year ended 30 June 2022 £m
Operating profit		237.7	141.6
Depreciation	16	91.7	158.4
Amortisation	15	12.9	13.2
Loss on disposal of fixed assets	6	0.7	2.1
Exceptional operating expenses	7	6.7	19.6
Exceptional loss on disposal of assets	7	-	9.5
Impairment of assets		-	0.5
Other income		(7.8)	(7.7)
Exceptional other income	7	(20.0)	(5.0)
Exceptional service credits	7	15.3	7.6
EBITDA		**337.2**	**339.8**

	Media Distribution £m	Smart Utilities Networks £m	Other* £m	Consolidated £m
Capital expenditure:				
For the year ended 30 June 2023	33.5	11.4	19.8	**64.7**
For the year ended 30 June 2022	29.5	15.9	43.3	**88.7**

*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 £58.4m (2022: £83.9m) and intangible assets of £6.3m (2022: £4.8m) as referred to in the cash flow statement.

[6] 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.

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.

The following revenue was generated from external customers:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
UK	607.0	592.6
Rest of European Economic Area (EEA)	5.5	5.1
Rest of World	0.8	0.5
Revenue	613.3	598.2

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

	30 June 2023 £m	30 June 2022 £m
UK	2,752.4	2,793.9
Rest of European Economic Area (EEA)	1.5	1.5
Rest of World	-	-
	2,753.9	**2,795.4**

Information about major customers
Included in the revenues arising from Media and Broadcast are revenues of £150.3m (2022: £146.3m) 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 2023 £m	Year ended 30 June 2022 £m
Net foreign exchange losses / (gains)	0.3	(0.2)
Research and development costs	2.8	1.5
Depreciation of property, plant and equipment (See note 16):		
Owned assets	69.1	135.9
Leased assets	22.6	22.5
Loss on disposal of property, plant and equipment and intangible assets	0.7	2.1
Amortisation of intangible assets (see note 15)	12.9	13.2
Grant income	(8.2)	(9.2)
Employee costs (see note 8)	79.7	74.4
Exceptional operating expenses (See note 7)	6.7	19.6
Exceptional loss on disposal of assets (See note 7)	-	9.5
Exceptional other income (See note 7)	(20.0)	(5.0)
Exceptional service credits (See note 7)	15.3	7.6

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 2023 £m	Year ended 30 June 2022 £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**	**0.3**
Other audit fees	**0.4**	**0.3**
Non-audit services		
Other services	**-**	**-**
Total cost of services provided by the Group's Auditors	**1.0**	**0.7**

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. Further information is disclosed in note 3.

Loss before tax is stated after charging:

	Year ended 30 June 2023 Total £m	Year ended 30 June 2022 Total £m
Revenue:		
Exceptional service credits	(15.3)	(7.6)
	(15.3)	**(7.6)**
Operating expenses:		
Reorganisation and severance	(2.1)	(5.4)
Corporate finance activities	(0.3)	(4.2)
Restoration costs	(4.3)	(10.0)
	(6.7)	**(19.6)**
Loss on disposal of fixed assets	**-**	**(9.5)**
Other exceptional items:		
Other income	20.0	5.0
	20.0	**5.0**
Total exceptional items	**(2.0)**	**(31.7)**

Reorganisation and severance expenses include costs relating to changes in the organisational design and restructuring of the business and delivery of the Group's transformation programme. This was a one-off multi-year transformation programme that helped Arqiva streamline processes, modernise IT systems and achieve significant cost efficiencies and savings. The transformation programme was completed during the year.

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 are deductible for the purpose of taxation.

Bilsdale – Project Restore
The restoration costs relate to costs incurred to reinstate services present at the Bilsdale transmitter site following a fire which broke out on 10 August 2021 and include £4.3m of predominantly community support activities. During the year the rebuild of a 300 metre permanent mast was completed and went live with transmission starting in May 2023.

Costs recognised are those which have been incurred to the year end and can be reliably measured, including £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.

Management has engaged with the Group's insurers. Exceptional other income relates to stage payments received from insurance claims related to the Bilsdale transmitter site fire discussed above totalling £25m received by 30 June 2023. This income is subject to UK corporation tax. Post year end, in August 2023 the final stage payment of £16.0m was received from the insurers. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement. This brings the total insurance proceeds received to date of £41m. No further insurance proceeds are expected. To date the Group has incurred total rectification costs of £45.4m including £31.2m in capital expenditure for the rebuild of the mast and a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

See note 27 for further details of contingent liabilities and assets in relation to the Bilsdale fire.

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

	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 payment – 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 2023 Number	Year ended 30 June 2022 Number
UK	1,265	1,268
Non-UK	19	19
Total employees	**1,284**	**1,287**

	Year ended 30 June 2023 Number	Year ended 30 June 2022 (Re-presented)[7] Number
Media Distribution	31	37
Smart Utilities Networks	21	20
Operations	565	571
Technology	376	361
Corporate	291	298
Total employees	**1,284**	**1,287**

[7] 30 June 2022 figures have been re-presented to reflect a reclassification between the business units. The total employee figure remains the same as previously reported.

Their aggregate remuneration comprised:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Wages and salaries	85.1	86.2
Social security costs	8.9	8.7
Other pension costs	5.9	5.6
Total staff costs	99.9	100.5
Capitalised staff costs	(20.2)	(26.1)
Income statement expense	**79.7**	**74.4**

9 Finance income

	Year ended 30 June 2023 Total £m	Year ended 30 June 2022 Total £m
Bank deposits	1.0	0.2
Other finance income	2.2	1.7
Total finance income	**3.2**	**1.9**

Other finance income includes £2.4m (2022: £1.0m) in relation to net finance income on the defined benefit pension scheme.

10 Finance costs

	Year ended 30 June 2023 Total £m	Year ended 30 June 2022 Total £m
Interest on bank overdrafts and loans	18.6	20.8
Other loan interest	36.0	30.4
Bank and other loan interest	**54.6**	**51.2**
Amortisation of debt issue costs	0.6	0.6
Interest on lease obligations (note 24)	5.4	6.7
Interest payable to other group entities	187.4	180.8
Other interest	17.8	20.7
Total interest payable	**265.8**	**260.0**
Unwinding of discount on provisions	5.4	4.2
Total finance costs	**271.2**	**264.2**

11 Other gains and losses

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Foreign exchange loss on financing (a)		-	-
Fair value loss on derivative financial instruments	**24**	(25.1)	(77.6)
Total other gains and losses		**(25.1)**	**(77.6)**

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

12 Tax

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m (Restated)
UK corporation tax:		
- Current year	5.2	(9.8)
- Adjustment in respect of prior years	(2.4)	-
Total current tax	2.8	(9.8)
Deferred tax (see note 19):		
- Origination and reversal of temporary differences	17.2	(11.5)
- Adjustment in respect of prior years	(23.0)	(4.4)
- Impact of rate change	(2.1)	(11.6)
Total deferred tax	(7.9)	(27.5)
Total tax credit for the year	**(5.1)**	**(37.3)**

UK corporation tax is calculated at a blended rate of 20.5% (2022: 19.0%) of the taxable profit 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 2023 £m	Year ended 30 June 2022 £m (Restated)
Loss before tax	(55.4)	(198.3)
Tax at the UK corporation tax rate of 20.5% (2022: 19.0%)	(11.4)	(37.7)
Tax effect of expenses that are not deductible in determining taxable profit	0.1	(0.2)
Deemed interest on intercompany balances (a)	(5.6)	-
Change in unrecognised deferred tax asset (b)	39.3	16.6
Adjustments in respect of prior years (c)	(25.4)	(4.4)
Impact of change in tax rate	(2.1)	(11.6)
Total tax credit for the year	**(5.1)**	**(37.3)**

The current year UK corporation tax charge (2022: credit) principally represents the payment made by (2022: 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 20.5% during the year. 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 2022: between 19% and 25%; depending on the period it is forecast to reverse in).

(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 in respect of prior years relates to refinements of estimates of taxable profits arising from the completion of the tax compliance process and, in the period to 30 June 2023, £14.7m relates to a change in judgement as described in Note 4.

There has been a restatement of the income statement tax credits for the year ended 30 June 2022 due to a revision of group relief amounts resulting from the need to recalculate the amount of group relief provided (to Companies outside of this consolidation), the payments received for that group relief and the recalculation of the current tax for the period ended 30 June 2022 as a consequence of these changes. To the extent current tax credits have been reduced, payments for group relief have been reclassified as capital contributions within the consolidated statement of changes in equity. Prior to the restatement, the total current tax credit was £26.4m; the deferred tax credit was £27.5m and the total tax credit was £53.9m for the year ended 30 June 2022.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception allowed by an amendment to IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Tax in Consolidated Statement of Comprehensive Income

There is a tax charge of £3.0m (2022: charge of £1.7m) in respect of the actuarial loss of £12.2m (2022: £6.7m) in the Consolidated Statement of Comprehensive Income.

13 **Dividends**

	Year ended 30 June 2023		Year ended 30 June 2022	
	£ per share	**£m**	**£ per share**	**£m**
Now Digital (East Midlands) Limited	40.0	0.1	-	-
Total dividends payable to minority interests		**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 (2022: £nil).

14 **Goodwill**

	£m
Cost:	
At 1 July 2021, 30 June 2022 and 30 June 2023	**1,458.4**
Accumulated impairment losses:	
At 1 July 2021, 30 June 2022 and 30 June 2023	**0.4**
Carrying amount:	
At 30 June 2023	**1,458.0**
At 30 June 2022	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 Distribution 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 2023 £m	**30 June 2022 £m**
Media Distribution	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 2023, 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 Distribution CGU is 8.7% (2022: 8.3%). For Smart Utilities networks CGU the discount rate is 9.1% (2022: 8.3%).

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 (2023: 1.9%; 2022: 2.0%). The growth rate has been benchmarked against externally available data.

Sensitivities
There is headroom in both CGUs. For Smart Utilities Networks, the value in use exceeds the carrying value of the CGU by approximately £35.8m. 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 9.7%; or
- A reduction in the terminal growth rate to 1.2%.

For Media Distribution 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 2021	13.7	22.5	15.4	104.7	-	156.3
Additions	-	1.9	-	-	3.0	4.9
Transfers from AUC (note 16)	-	-	-	4.4	-	4.4
Disposals	-	(3.0)	-	(45.7)	-	(48.7)
At 30 June 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**
Accumulated amortisation						
At 1 July 2021	8.2	11.2	15.4	81.2	-	116.0
Amortisation	1	2.5	-	9.7	-	13.2
Disposals	-	(3.0)	-	(45.7)	-	(48.7)
At 30 June 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**
Carrying amount						
At 30 June 2023	**1.3**	**10.0**	**-**	**38.2**	**7.5**	**57.0**
At 30 June 2022	4.5	10.7	-	18.2	3.0	36.4

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.

Disposals in the year relate to old software replaced as part of the Group's transformation programme, a partial disposal of the 28Ghz license and access rights on contracts that have completed.

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 2023, the Group had entered into contractual commitments for the acquisition of intangibles amounting to £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 2021	273.1	176.9	1,848.0	128.8	2,426.8
Additions	-	4.8	7.3	79.4	91.5
Completion of AUC	2.3	0.9	91.6	(94.8)	-
Transfers to other intangibles (note 15)	-	-	-	(4.4)	(4.4)
Disposals	(3.3)	(13.6)	(20.3)	-	(37.2)
Impairment	(0.5)	-	-	-	(0.5)
At 30 June 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**
Accumulated depreciation					
At 1 July 2021	**5.5**	**84.6**	**944.7**	**-**	**1,034.8**
Depreciation	7.9	11.1	139.4	-	158.4
Disposals	(2.5)	(7.1)	(8.5)	-	(18.1)
At 30 June 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**
Carrying amount					
At 30 June 2023	**256.5**	**70.5**	**812.1**	**99.7**	**1,238.8**
At 30 June 2022	260.7	80.4	851.0	109.0	1,301.1

Freehold land included above but not depreciated amounts to £155.3m (2022: £155.9m).

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 £3.1m (2022: £4.6m) included within leasehold buildings.

At 30 June 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £14.0m (2022: £16.6m) – 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 146) 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 (2022: £nil) for the year with the interest in associates and joint ventures being £0.1m (2022: £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 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 2023 £m	30 June 2022 £m
Trade and other receivables		
Trade receivables	65.2	64.5
Amounts receivable from other group entities	143.0	127.0
Other receivables	14.3	4.3
Prepayments	31.4	24.2
Taxation and social security	-	6.3
	253.9	**226.3**
Contract assets – accrued income	**9.3**	**13.0**

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 2023 £m	30 June 2022 £m
Up to 30 days overdue	4.8	4.5
Between 31 and 90 days overdue	2.0	1.8
Between 91 and 150 days overdue	0.4	2.1
More than 150 days overdue	2.5	1.7
	9.7	**10.1**

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

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Allowance at 1 July	4.7	4.5
Amounts utilised	(1.5)	(1.1)
Provided during the year	3.2	1.3
Allowance at 30 June	**6.4**	**4.7**

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% (2022: 0.4%). At 30 June 2023 the lifetime expected loss provision for trade receivables and contract assets is as follows:

30 June 2023	Current £m	Up to 30 days overdue £m	Between 31 and 90 days overdue £m	Between 91 and 150 days overdue £m	More than 150 days overdue £m	Total £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

30 June 2022	Current	Up to 30 days overdue	Up to 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	47.0	4.6	2.1	3.0	4.9	61.6
- Contract assets	13.0	-	-	-	-	13.0
	60.0	4.6	2.1	3.0	4.9	74.6
Loss provision - Expected	0.2	-	-	-	-	0.2
Loss provision - Specific	0.1	0.1	0.3	0.9	3.1	4.5
	0.3	0.1	0.3	0.9	3.1	4.7

£0.1m (2022: £0.1m) of the £6.4m (2022: £4.7m) 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 2023 is £199.1m (2022: £188.2m). 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 2021	**28.0**	**24.2**	**74.6**	**47.4**	**174.2**
Credited / (charged) to the income statement	15.0	17.6	(5.5)	2.1	29.2
At 30 June 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**

Deferred tax liabilities	**Retirement benefits**	**Total**
	£m	**£m**
At 1 July 2021	11.7	11.7
Charged to the income statement	1.8	1.8
Charged to the statement of comprehensive income	1.7	1.7
At 30 June 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**

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.

There is an unrecognised deferred tax asset of £260.1m (2022: £226.9m). This is in respect of tax losses of £39.6m (2022: £39.6m) and deferred interest expenses £220.5m (2022: £187.3m). 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 2030. 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 2023 £m	30 June 2022 £m
Cash at bank	**20.0**	**8.3**
Short term deposits	**15.3**	**5.0**
Total cash and cash equivalents	**35.3**	**13.3**

21 Trade and other payables

	30 June 2023 £m	30 June 2022 £m
Current		
Trade and other payables		
Trade payables	30.6	38.2
Amounts payable to other group entities	1,561.1	1,398.8
Taxation and Social Security	0.8	-
Other payables	2.9	2.9
Accruals	63.1	59.7
	1,658.5	**1,499.6**
Corporation tax	**-**	**2.4**
Contract liabilities	**116.0**	**101.1**
Non-current		
Contract liabilities	**303.9**	**338.5**

22 Borrowings

	Denominated currency	30 June 2023 £m	30 June 2022 £m
Within current liabilities:			
Lease liabilities	Sterling	18.3	18.8
Bank facilities	Sterling	15.0	34.0
Bank loans	Sterling		
- Senior debt	Sterling	262.0	-
- Issue costs	Sterling	(0.4)	-
Senior bonds, notes and private placements	Sterling	45.3	50.4
Accrued interest on junior and senior financing[8]	Sterling	0.5	0.7
Borrowings due within one year		**340.7**	**103.9**
Within non-current liabilities:			
Bank loans		**-**	**261.5**
- Senior debt	Sterling	-	262.0
- Issue costs	Sterling	-	(0.5)
Other loans		**698.7**	**653.0**
- Senior bonds, notes and private placements	Sterling	611.7	657.0
- Senior bonds, notes and private placements	US Dollar	93.5	-
- Issue costs	Sterling	(6.5)	(4.0)
Amounts payable to other group entities	Sterling	**496.8**	**496.8**
Lease liabilities	Sterling	**50.7**	**66.8**
Borrowings due after more than one year		**1,246.2**	**1,478.1**
Analysis of total borrowings by currency:			
Sterling		1,493.4	1,582.0
USD		93.5	-
Total borrowings		**1,586.9**	**1,582.0**

Included within the £1,586.9m (2022: £1,582.0) are debt issue costs of £6.9m (2022: £4.5m). Total borrowings excluding these amounts are £1,593.8m (2022: £1,586.4m) which comprises debt principal and interest, the maturity of which is included in the table below.

	30 June 2023 £m	30 June 2022 £m
Borrowings falling due within:		
One year	340.7	103.9
One to five years	314.7	549.1
More than five years	938.4	933.4
Total	**1,593.8**	**1,586.4**

[8] The balance at 30 June 2023 includes £nil (2021: £nil) interest receivable under swap arrangements associated with the underlying financing.

The weighted average interest rate of borrowings is 5.41% (2022: 5.36%). **Bank loans** form part of the Group's **senior debt**. **Other loans** comprises 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 2022	Lease movements	Amounts drawn	Amounts repaid	At 30 June 2023
		£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)	34.0	-	-	(19.0)	15.0
Senior bonds, notes and US private placement	(d)	707.4	-	93.5	(50.4)	750.5
Total bank loans and private placements		**1,003.4**	**-**	**93.5**	**(69.4)**	**1,027.5**
Lease liabilities	(e)	85.6	(16.6)	-	-	69.0
Amounts payable to other group entities		496.8	-	-	-	496.8
Total borrowings excluding accrued interest		**1,585.8**	**(16.6)**	**93.5**	**(69.4)**	**1,593.3**

The Group's borrowings outlined in the table above incorporate:

(a) an institutional term loan (2023: £90.0m outstanding; 2022: £90.0m) with an expected maturity date of December 2023.

(b) a loan from the European Investment Bank (2023: £172.0m outstanding; 2022: £172.0m) with an expected maturity date of June 2024.

(c) Working capital facility (2023: £15.0m outstanding; 2022: £34.0m), 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 £270.0m (2022: £216.0m) 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 2023, the Group has £417.3m (2022: £444.0m) sterling denominated bonds outstanding with fixed interest rates ranging between 4.88% and 5.34% (2022: 4.88% and 5.34%). These bonds are repayable between December 2023 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 £239.7m (2022: £263.4m) of sterling denominated floating rate US private placements that are amortising in nature with repayments due between December 2023 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 £93.5m (2022: £nil) of US dollar denominated floating rate US private placements. At the hedged rate these are valued at £95.1m (2022: £nil). 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 £379.2m (2022: £474.8m) whilst their carrying value was £417.3m (2022: £444.0m).

The remaining £333.2m (2022: £263.4m) of senior debt relates to other unquoted borrowings.

The directors consider the fair value of all other un-quoted 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 2021	**64.6**	**35.3**	**99.9**
Depreciation charge for the year	(9.3)	(13.2)	(22.5)
Additions to right-of-use assets	1.0	0.3	1.3
Effect of modification to lease terms	(1.8)	1.8	-
Derecognition of right-of-use assets	(0.9)	-	(0.9)
At 30 June 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)
Balance at 30 June 2023	**46.3**	**14.8**	**61.1**

Amounts recognised in the Income Statement

Leases under IFRS 16	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Expense relating to variable lease payments not included in the measurement of lease liabilities	2.7	2.6
Interest on lease liabilities	5.4	6.7

Amounts recognised in the Cash flow Statement

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Repayment of capital element of lease rentals	21.1	22.1
Interest element of lease rentals	5.4	6.7

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 26; 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 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 gains and 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;
- 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 0.1% (2022: 1.3%) of operating profit and 0.2% (2022: 0.1%) 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 2023 £m	30 June 2022 £m
Monetary assets:		
- US Dollar	2.1	4.1
- Euro	12.2	11.9
- Other (including SGD*)	0.1	1.3
Total	**14.4**	**17.3**
Monetary liabilities:		
- US Dollar	(2.3)	(1.4)
- Euro	(4.5)	(7.1)
Total	**(6.8)**	**(8.5)**

* refers to Singapore dollar, being the most frequently transacted currency within 'other monetary assets and liabilities'.

Currency risk management

In June 2023, the Group entered in to cross currency swaps (nominal value 2023: USD 118m; 2022: nil) to fix the exchange rate to $1.241/£1 in relation to US dollar denominated senior notes (nominal value 2023: USD 118.0m; 2022: nil). 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 £604.2m of debt in the next 5 years to 30 June 2028. 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 un-discounted basis. Accordingly, these amounts may not reconcile directly with the amounts disclosed in the statement of financial position.

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
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
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**

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.

30 June 2022	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
Trade payables	38.2	-	-	-	38.2	-	-	**38.2**
Other payables	2.9	-	-	-	2.9	-	-	**2.9**
Accruals	59.7	-	-	-	59.7	-	-	**59.7**
Borrowings**	84.4	307.3	178.6	925.5	1,495.8	-	-	**1,495.8**
	185.2	**307.3**	**178.6**	**925.5**	**1,596.6**	**-**	**-**	**1,596.6**
Lease liabilities	18.8	16.2	27.9	22.7	85.6	-	-	**85.6**
Interest on borrowings	20.6	18.5	55.9	52.2	147.2	-	(146.5)	0.7
Interest rate swaps	(9.1)	(10.1)	(10.7)	(2.7)	(32.6)	0.7	-	(31.9)
Inflation linked interest rate swaps	136.5	54.7	182.2	-	373.4	(27.9)	-	345.5
	127.4	44.6	171.5	(2.7)	340.8	(27.2)	-	313.6
Total financial liability	**377.0**	**410.8**	**458.8**	**1,000.6**	**2,247.2**	**(27.2)**	**(223.5)**	**1,996.5**

**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 2023 £m	30 June 2022 £m
Secured bank facilities:		
- Amount utilised	15.0	34.0
- Amount unutilised	270.0	216.0
Total	**285.0**	**250.0**

As debt was refinanced in September 2022, the Group also restructured the associated swaps to reflect the new maturity profile.

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 2023 for the next 12 months was 5.6% (2022: 5.05%) and the weighted average period of funding was 5.9 years (2022: 6.4 years). Within the Group's financial liabilities were borrowings of £1,586.9m (2022: £1,586.4m) (see note 24), which includes £516.7m (2022: £559.4m) 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 £35.3m (2022: £13.3m) and other financial assets of £222.4m (2022: £195.8m) 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 and cross currency swaps.

At the year end, the Group held interest rate swaps with notional amounts of £179.5m (2022: £420.5m) which hedge senior interest obligations of the Group's floating rate debt. The average fixed rate on these instruments is 0.3% (2022: 0.2%). 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 index linked swaps (notional amounts of £681.8m in 2023; 2022: £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 2023 financial year accretion settlement amounted to £146.9m (2022: £90.0m).

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 £470.4m (2022: £600.5m) 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 (2022: nil) 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.

In June 2023 Arqiva has agreed to close out a set of interest rate swaps of £9.7m. Effective 4th of July with settlement on 6th of July 2023. 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 become surplus to Group's hedging requirements. These are held as other receivables at 30 June 2023.

The fair value of the interest rate, inflation linked swaps and cross currency swaps at 30 June 2023 is a liability of 203.1m (2022: £313.6m). 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 2023 £m	30 June 2022 £m
Within non-current assets		
Interest rate swaps	34.8	31.9
	34.8	31.9
Within non-current liabilities		
Interest rate swaps	-	-
Inflation-linked interest rate swaps	(235.8)	(345.5)
Cross-currency swaps	(2.1)	-
	(237.9)	(345.5)
Total	**(203.1)**	**(313.6)**
Change in fair value recognised in the income statement:		
- Attributable to changes in market conditions	(28.3)	(74.0)
- Attributable to changes in perceived credit risk	3.4	(3.6)
Change in fair value on foreign exchange	(1.8)	-
Total loss recognised in the income statement	**(26.7)**	(77.6)
Cash settlement of principal accretion on inflation-linked swaps	146.9	90.0
Accrued settlement on close out of inflation linked swaps	(9.7)	-
Total change in fair value	**110.5**	12.4

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 2022	78.2	1.1	3.7	3.9	86.9
Income statement expense	0.3	-	-	1.3	1.6
Adjustments through property, plant and equipment	(11.8)	-	-	-	(11.8)
Unwind of discount	5.0	-	0.3	-	5.3
Utilised	(0.1)	(0.7)	-	-	(0.8)
At 30 June 2023	**71.6**	**0.4**	**4.0**	**5.2**	**81.2**

	30 June 2023	30 June 2022
	£m	£m
Analysed as:		
Current	3.3	3.9
Non-current	77.9	83.0
	81.2	**86.9**

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. A discount rate of 7.2% has been applied in calculating the decommissioning provision (2022: 5.6%) based on the Group's weighted average cost of capital. Due to this discount rate increase we have had a large decrease in PPE of £11.8m as disclosed in note 16.

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 2023 £m	Year ended 30 June 2022 £m
Operating profit	237.7	141.6
Adjustments for:		
Depreciation of property, plant and equipment	91.7	158.4
Amortisation of intangible assets	12.9	13.2
Exceptional loss on disposal of assets	-	9.5
Impairment of assets	-	0.5
Loss on disposal of property, plant and equipment	0.7	2.1
Gain on lease modification	(1.6)	-
Other income	(7.8)	(7.7)
Revenue service credits	15.3	7.6
Receipt of insurance stage payments	(20.0)	(5.0)
Operating cash flows before movements in working capital	328.9	320.2
Decrease in receivables	2.8	41.9
Decrease in payables	(54.5)	(20.3)
Increase / (decrease) in provisions	0.7	(6.1)
Curtailments relating to the defined benefit Pension Plan	-	0.6
Cash generated from operating activities	**277.9**	**336.3**
Taxes paid	-	(0.1)
Net cash from operating activities	**277.9**	**336.2**

Analysis of changes in financial liabilities:

	At 1 July 2022 £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 2023 £m
Current borrowings (Note 22)	103.2	(105.8)	-	-	343.2	340.6
Non-current borrowings (Note 22)	1,478.1	95.3	(1.8)	-	(318.9)	1,252.7
Accrued interest on borrowings (Note 22)	0.7	(55.3)	-	-	55.1	0.5
Derivative financial instruments (Note 24)	313.6	(146.9)	1.8	24.9	9.7	203.1
Total	**1,895.6**	**(212.7)**	**-**	**24.9**	**89.1**	**1,796.9**

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 2023 £m	30 June 2022 £m
Within one year	7.3	9.7
Within two to five years	10.3	6.9
Total capital commitments	**17.6**	**16.6**

There are no capital commitments payable in more than five years.

<u>Contingent assets and other liabilities</u>

Bilsdale Tower Fire

Management continues to work with specialist advisors to assess any further potential financial penalties and service credits that may be due to third parties. At the current time it is not possible to determine the expected outcome or quantification of such amounts over and above the amounts already provided. The group holds insurance coverage and management continues to engage with the group's insurers to assess the value of losses and restoration costs.

At the current time such insurance claims are considered contingent assets and are not therefore recognised in the statement of financial position in accordance with accounting standards. Interim stage payments received to date of £25.0m (£20m received in 2023 and £5m received in 2022) from the Group's insurers, insurers in June 2023 which has been recorded as exceptional other income (see note 7).

A final stage payment was received post year end in August 2023. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement.

28 Retirement benefits

Defined contribution scheme
Arqiva Limited has operated a Defined Contribution Scheme during the year, for those employees who are not members of the Group's Defined Benefit Plan. Contributions payable in respect of this Scheme for the year were £5.8m (2022: £5.4m). The assets of the Scheme are held outside of the Group.

An amount of £0.9m (2022: £0.9m) is included in accruals being the outstanding contributions to the Defined Contribution Scheme.

Defined benefit plan
In the year to 30 June 2023, 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 the assets of the Plan.

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, longevity risk, and salary risk.

Investment risk	The present value of the defined benefit Plan liability for IAS19 purposes is calculated using a discount rate determined by reference to high quality corporate bond yields, which is different to how the Plan assets are invested. Currently the Plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the Plan liabilities, the trustees of the Plan consider it appropriate that a reasonable portion of the Plan assets should be invested in equity securities to leverage the expected return generated by the Plan assets.
Interest risk	A decrease in the bond interest rate will increase the valuation of the Plan's IAS19 liability but this will be partially offset by an increase in the value of the Plan's corporate bond investments.
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.
Salary risk	The present value of the defined benefit Plan liability is calculated by reference to the future salaries of Plan participants. As such, an increase in the salary of the Plan participants will increase the Plan's liability.

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 16 years.

The triennial valuation carried out as at 30 June 2020 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 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 2023	**30 June 2022**
Key assumptions		
Discount rate	5.20%	3.90%
Price inflation (RPI)	3.30%	3.30%
Life expectancy of a male / female age 60 (current pensioner)	25.8/28.7yrs	26.0/28.7yrs
Life expectancy of a male / female age 60 (future pensioner)	27.6/30.4yrs	27.7/30.4yrs
Other linked assumptions		
Price inflation (CPI)	2.60%	2.50%
Pension increases (RPI with a minimum of 3% and maximum of 5%)	3.70%	3.70%
Pension increases (RPI with a maximum of 10%)	3.30%	3.30%
Salary growth	n/a	n/a

Amounts recognised in the consolidated income statement in respect of the defined benefit plan were as follows:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Net interest on the defined benefit asset	2.4	1.0
Loss on curtailments	-	(0.6)
	2.4	0.4

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 2023 £m	Year ended 30 June 2022 £m
(Loss) on plan assets excluding Interest Income	(38.6)	(53.6)
Experience (losses) arising on the Plan's liabilities	(9.5)	(7.2)
Actuarial gains arising from changes in financial assumptions	34.9	66.9
Actuarial gains arising from changes in demographic assumptions	1.0	0.6
	(12.2)	**6.7**

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 2023 £m	30 June 2022 £m
Fair value of Plan assets	210.1	245.6
Present value of defined benefit Plan liabilities	(158.9)	(184.6)
Surplus at 30 June	**51.2**	**61.0**

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 2023 £m	Year ended 30 June 2022 £m
Surplus at 1 July	61.0	47.1
Amount recognised in profit or loss	2.4	0.4
Amount recognised in Other Comprehensive Income	(12.2)	6.7
Company contributions	-	6.8
Surplus at 30 June	**51.2**	**61.0**

The present value of the plan liabilities has moved over the year as follows:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
At 1 July	(184.6)	(248.8)
Contributions by employees	-	-
Interest cost	(7.1)	(4.6)
Benefits paid	6.3	9.1
Expenses paid	0.1	-
Experience (losses) / gains arising on the Plan's liabilities	(9.5)	(7.2)
Actuarial gains arising from changes in financial assumptions	34.9	66.9
Actuarial gains arising from changes in demographic assumptions	1.0	0.6
Loss on curtailments	-	(0.6)
At 30 June	**(158.9)**	**(184.6)**

The fair value of the plan assets has moved over the year as follows:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
At 1 July	245.6	295.9
Interest income	9.5	5.6
Loss on Plan assets excluding interest income	(38.6)	(53.6)
Contributions by employer	-	6.8
Contributions by employees	-	-
Benefits paid	(6.3)	(9.1)
Expenses paid	(0.1)	-
At 30 June	**210.1**	**245.6**

The major categories and fair values of Plan assets at the end of the reporting year for each category are as follows:

	30 June 2023 £m	30 June 2022 £m
Equity instruments	25.9	80.6
Diversified growth funds	11.2	19.7
Corporate bonds	70.4	61.4
Multi asset credit	16.8	16.9
Government bonds	85.6	63.3
Cash and equivalents	0.2	3.7
Total	**210.1**	**245.6**

As at 30 June 2023 £nil (2022: £7.4m) 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.

The Plan includes holdings of gilts and corporate bonds, which are intended to partially hedge the financial risk from liability valuation movements associated with changes in gilt and corporate bond yields. IAS19 liability movements from changes in the discount rate will also be partially hedged by the Plan's corporate bond holding.

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 triennial valuation carried out as at 30 June 2020, was approved and signed on 27 January 2022, 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, will now be paid in September 2023.

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 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

The sensitivity of the 2022 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	£2.9m	£2.0m	£6.1m

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 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 2023 £m	**Year ended 30 June 2022 £m**	**Year ended 30 June 2023 £m**	**Year ended 30 June 2022 £m**
Associates	-	0.1	-	0.1
Joint ventures	4.8	4.4	2.8	2.2
Entities under common influence	20.1	13.8	-	-
Other group entities	75.4	57.4	-	-
	100.3	**75.7**	**2.8**	**2.3**

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 2023, the amount receivable from associates was £nil (2022: £nil) and the amount payable to associates was £nil (2022: £nil). As at 30 June 2023 the amount payable to joint ventures was £0.3m (2022: £0.2m). As at 30 June 2023, the amount receivable from entities under common influence was £5.3m (2022: £2.6m). As at 30 June 2023, 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 2023 £m	Year ended 30 June 2022 (Re-presented) £m
Short-term employee benefits	6.9	3.9
Termination benefits	0.4	0.2
Post-employment benefits	0.1	0.6
	7.4	**4.7**

There are no members of the Directors and key management personnel (2022: 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 145.

30 Events after the reporting period

Post year end in July 2023, the Group completed its issue of £250m public bonds. These bonds have a maturity in 2028 and coupon rate of 7.21%. Arqiva Financing plc (a subsidiary of the Group) is the borrower of this arrangement. The proceeds of this facility have been utilised to prepay the Group's outstanding £90m ITL and £172m EIB term debt.

In August 2023, the final stage payment of £16.0m was received from the insurers in relation to the Bilsdale fire. At 30 June 2023, this represented a contingent asset and has therefore not been recognised in the income statement. This brings the total insurance proceeds received to date of £41m. No further insurance proceeds are expected. To date the Group has incurred a total rectification costs of £45.4m including £31.2m in capital expenditure for the rebuild of the mast and a further £14.3m of exceptional operating expenses in respect of community support activities and restoration costs.

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 2023.

The Directors are responsible for the preparation of the financial statements as explained in the Statement of Directors' Responsibilities, set out on page 78.

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 £972.0m (2022: £nil) and has net assets of £2,521.3m (2022: £3,493.3m).

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 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 33 and 34.

Dividends and transfers to reserves
The Directors do not propose to pay a dividend (2022: nil).

The loss for the financial year of £972.0m (2022: £nil) 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 72 to 74.

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:
Mike Parton (Resigned 1 February 2023)
Shuja Khan
Christian Seymour (Resigned 17 January 2023)
Sally Davis (Resigned 31 January 2023)
Neil King (Resigned 18 October 2022)
Michael Darcey
Daniel Jaffe (Resigned 1 February 2023)
Paul Donovan (Appointed 1 July 2022)
Maximilian Fieguth (Appointed 6 December 2022)
Arnaud Jaguin (Appointed 5 December 2022)
Batiste Ogier (Resigned 18 October 2022)
David Stirton (Appointed 2 February 2023)
Jackie Sarpong (Appointed 20 February 2023)
Matthew Postgate (Appointed 17 November 2022)
Scott Longhurst (Appointed 1 February 2023)
Susana Leith-Smith

Katrina Dick resigned from her position as Company Secretary on 6 December 2022. 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 2023 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

Scott Longhurst - Director
21 September 2023

Company statement of financial position

	Note	30 June 2023 £m	30 June 2022 £m
Non-current assets			
Investments	3	2,521.3	3,493.3
Other receivables	4	2,061.9	1,884.4
		4,583.2	**5,377.7**
Current assets			
Other receivables	4	-	-
Total current assets		**-**	**-**
Other payables	5	(1,565.1)	(1,387.6)
Net current liabilities		**(1,565.1)**	**(1,387.6)**
Borrowings		(496.8)	(496.8)
Net assets		**2,521.3**	**3,493.3**
Equity			
Share capital		0.1	0.1
Capital contribution reserve		2,521.2	3,493.2
Total equity		**2,521.3**	**3,493.3**

The accounting policies and notes on page 145 form part of these financial statements.

The loss for the financial year for the Company was £972.0m (2022: £nil).

During the year the Company incurred an impairment charge of £972.0m 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 143 to 149 were approved by the Board of Directors on 21 September 2023 and were signed on its behalf by:

Scott Longhurst - Director

Company statement of changes in equity

	Share capital* £m	Capital contribution reserve £m	Total equity £m
Balance at 1 July 2021	**0.1**	**3,493.2**	**3,493.3**
Result for the financial year	-	-	-
Balance at 30 June 2022	**0.1**	**3,493.2**	**3,493.3**
Loss for the financial year	-	(972.0)	(972.0)
Balance at 30 June 2023	**0.1**	**2,521.2**	**2,521.3**

*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 notes:

EU-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.

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 (2022: none). None of the Directors (2022: 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 (2022: 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 £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 2023 £m	Year ended 30 June 2022 £m
Aggregate remuneration	2.8	1.6
Amounts due under long term incentive plans - accrued	0.3	0.6
Amounts due under long term incentive plans - reversed	(0.4)	-
Amounts due under long term incentive plans - total	(0.1)	0.6
Termination benefits	-	0.6
Total remuneration	**2.7**	**2.8**

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 (2022: £nil) in relation to the Company. Accordingly, no remuneration in respect of these Directors is recognised in the Company.

There are two directors to whom retirement benefits accrued in respect of qualifying services (2022: two).

Highest paid director
Included in the above is remuneration in respect of the highest paid Director of

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Aggregate remuneration	1.3	1.1
Amounts due under long term incentive plans	0.3	0.6
Total remuneration	**1.6**	**1.7**

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 No. 1 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 (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 2022	3,493.3
Accumulated Impairment losses	
At 1 July 2022	-
Impairment	(972.0)
At 30 June 2023	**(972.0)**
Carrying value	
At 30 June 2023	**2,521.3**
At 30 June 2022	**3,493.3**

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 £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 2023	30 June 2022
	£m	£m
Within non-current assets		
Amounts receivable from other Group entities	2,061.9	1,884.4
Total	**2,061.9**	**1,884.4**

Amounts receivable from other Group entities are unsecured, repayable on demand and interest has been charged at 9.5%.

5 Other payables

	30 June 2023	30 June 2022
	£m	£m
Amounts payable to other Group entities	1,565.1	1,387.6
Total	**1,565.1**	**1,387.6**

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 No. 3 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.