Arqiva Limited

Registered number 02487597

Annual Report and Financial Statements

For the year ended 30 June 2023

Contents

Corporate Information

As at the date of this report (16 October 2023):

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

Company website:
www.arqiva.com

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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
02487597

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 Company 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 Company, 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 Company 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 Company operates, which may impact the ability of the Company 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 Company operates;
- the ability of the Company 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 Company to develop, expand and maintain its media & broadcast and utilities network infrastructure;
- the ability of the Company to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- the Company'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 Limited ('AGL') and its subsidiaries (i.e. the ultimate parent group) and markets as the context may require. Arqiva Limited is the largest trading entity within the Group therefore any references to the Group are considered relevant for the Company. Where figures relating to financial position and performance are stated, they relate specifically to Arqiva Limited ('AL') (i.e. the Company). References to the 'Company' refer to the results and performance of Arqiva 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. ASML has contracted with Arqiva Limited (the Company) 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 Company is expected to benefit from the substantial majority, but not all, of the smart metering contract through 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 in order to unlock new opportunities for our customers. We work in partnership, building and operating the infrastructure through which data and content can flow effectively, securely, and sustainably.

Arqiva is the UK's pre-eminent national provider of television and radio broadcast infrastructure and provides end-to-end connectivity solutions in the media and utility industries. It 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. Arqiva 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

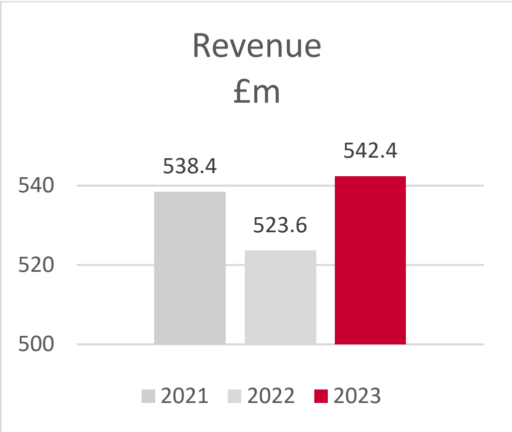
Transition global media to cloud solutions

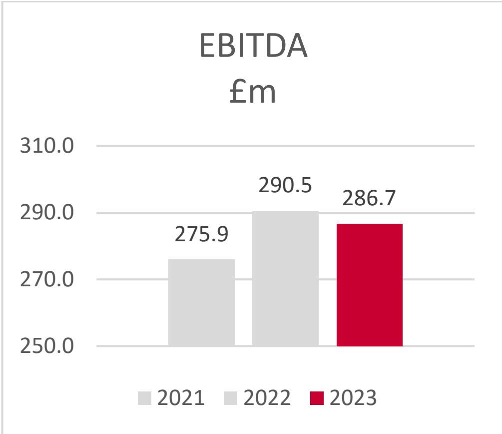
UK's leading smart utilities platform

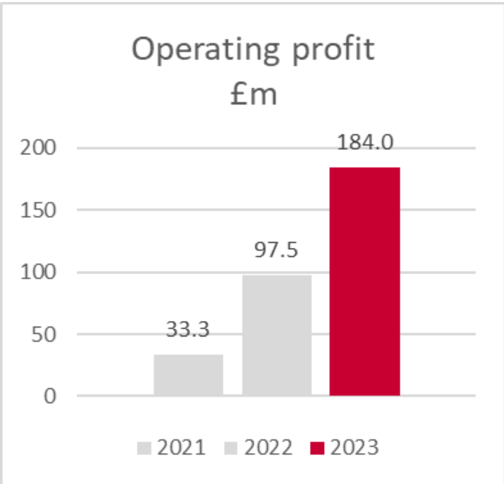
Innovator of scalable solutions for new connectivity sectors

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 Company 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 22.

Key financials in the year:

- Revenue increase of 3.6%, but with lower margins resulting in an EBITDA reduction of 1.3% compared to the prior year however operating profit has increased 88.7%
- Increases in revenue, EBITDA and operating profit from broadcast TV and radio distribution products with RPI linked contracts
- Increase in customer services credits arising from the fire on the Bilsdale site negatively impacting revenue (2023: £15.3m; 2022: £8.0m)
- 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

Strategic Report

Page

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 £1.1bn 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.

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 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 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.

Arqiva 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. Arqiva 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. Arqiva'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.

Arqiva 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"). Arqiva has a 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. It 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, Arqiva is the service provider for the BBC national digital radio Multiplex. Arqiva 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.

Arqiva'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. Arqiva provides services to 25% of fully managed channels for UK DTH. Arqiva operates more than 80 uplink dishes in five teleports (ground stations that act as a hub to connect a satellite network to a terrestrial telecommunications network), accessing more than 25 satellites and delivering media content to five continents. Arqiva 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 Company to provide customers with a comprehensive range of services to deliver their data, broadcast content and media services internationally. In addition, Arqiva provides encryption, multiplexing, uplinking and satellite space to channel operators through its global media distribution offering. Arqiva also provides video-on-demand, streaming, metadata management and other OTT and cloud-based services. Arqiva 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.

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. Arqiva 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 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, Arqiva 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. Arqiva is the market leading provider of AMI metering networks at scale. Arqiva 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.

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 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

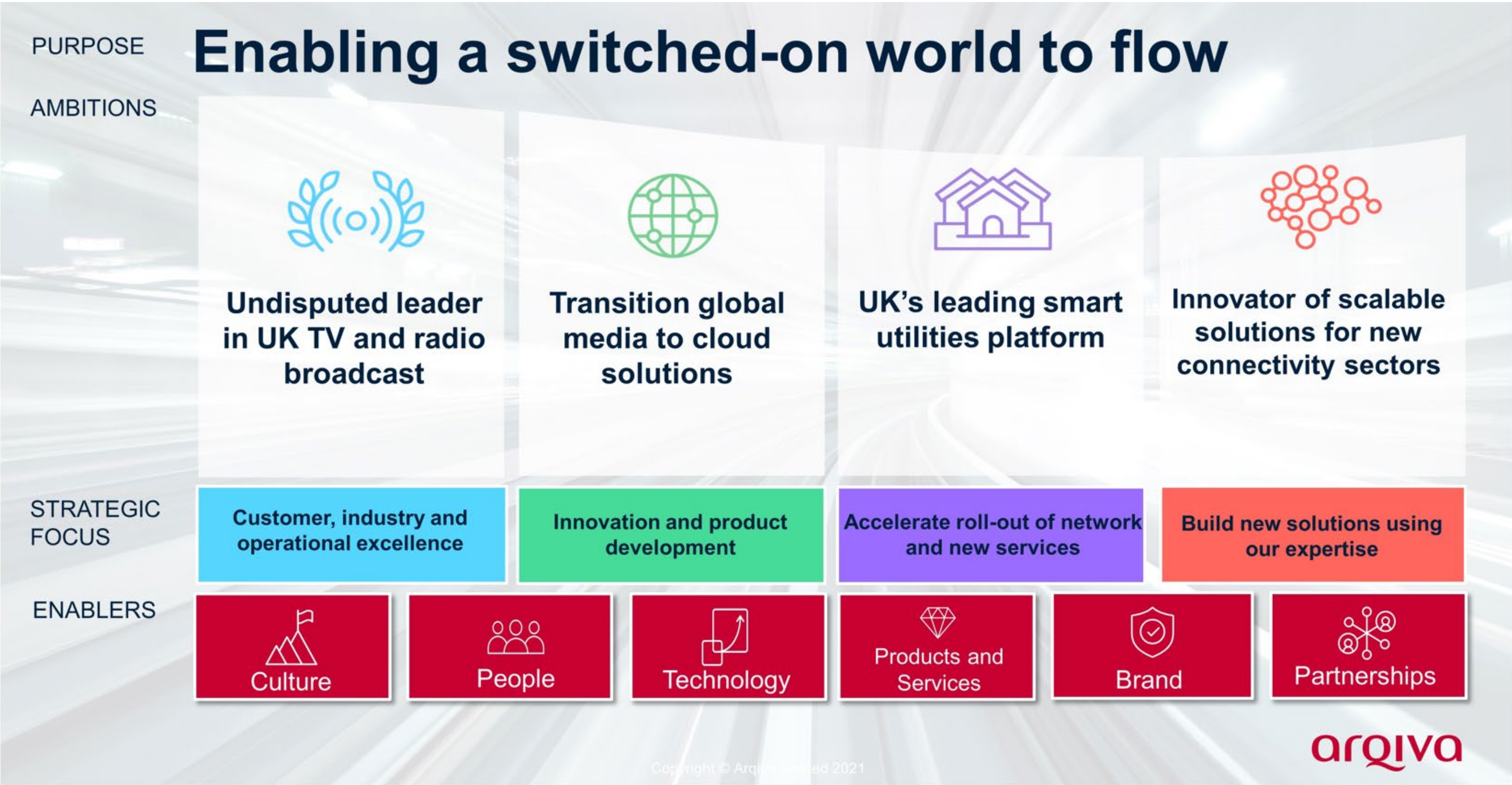
Our technology function operates across the business comprising engineering, product management, product marketing, information security, data and insight and transformation.

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 Company'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 17 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 26.

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:

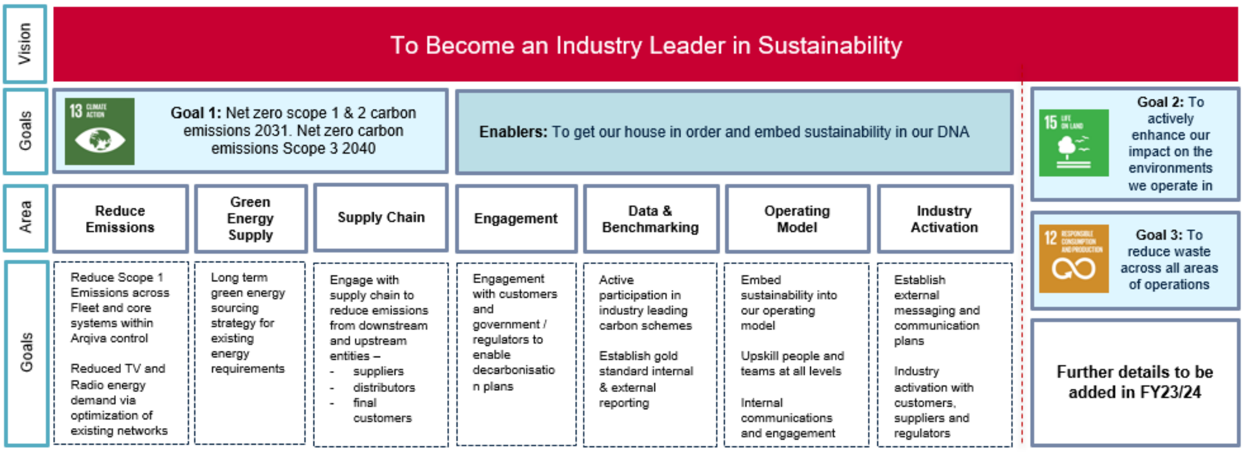
- Reducing energy demand at a time of high energy prices and market volatility in high areas of consumption for essential TV and radio platforms. Reducing consumption in the short term on AM radio, while reshaping our FM and DAB infrastructure
- Participation in renewable purchase energy programs to 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 our goals and progress see page 26, and for details on our emissions metrics see page 62 in the Directors report.

Business Update

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, (Arqiva'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 Arqiva 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 both 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
Arqiva’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 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.

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.

Arqiva 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, Arqiva 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 Arqiva has taken legal advice and is defending the claim.

See page 22 for further information on the financial impacts of the fire.

Financial review

Financial Performance

For the year ended 30 June 2023, revenue for the Company was £542.4m, an increase of 3.6% from £523.6m in the prior year on a total.

Media and Broadcast product revenue has decreased. Our 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. 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: £8.0m) 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.

Revenue from Smart Utilities Networks has increased 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 increased 0.5% year on year from £348.5m to £350.4m primarily driven by the increases in revenue. Related costs have also increased in the year reflecting the lower margin nature of the increases in revenue.

Other operating expenses from the Company were £79.9m, up 17.3% from £68.1m in the prior year. Despite cost savings attributable to one off costs incurred in the prior year on project consultancy and IT licenses and maintenance established from the Company'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 Company 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 under IFRS 16 lease accounting 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 22.

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 £286.7m, a 1.3% decrease from the prior year of £290.5m. 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 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. Within Smart Utilities Networks business the margin is however slightly impacted due the increase in revenues from device sales as a relatively lower margin product.

In the year, depreciation has decreased by £57.6m (2023: £93.0m; 2022: £150.6m) and amortisation has decreased by £0.3m (2023: £12.8m; 2022: £13.1m). The collective decrease of depreciation and amortisation of 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 Company'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 £6.3m, 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 Company 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 8 to the financial statements for further disclosure on the full financial impacts incurred.

Arqiva 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 88.7% (2023: £184.0m; 2022: £97.5m) across the Company. This increase is driven by the improved trading performance of the Company 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	184.0	97.5
Exceptional items charged to operating profit	6.3	19.6
Exceptional service credits	15.3	8.0
Depreciation	93.0	150.6
Amortisation	12.8	13.1
Impairment	-	0.5
Exceptional loss on disposal of fixed assets	-	9.5
Loss on disposal of fixed assets	0.7	2.1
Other Income	(5.6)	(5.4)
Exceptional Other Income	(20.0)	(5.0)
Other	0.2	-
Total EBITDA	**286.7**	**290.5**

Finance income (net of finance costs) were £246.2m, an increase of 25.9% from £195.5m in 2022. This increase is driven primarily by the compounding effect of interest on outstanding amounts owed from group undertakings.

Profit before tax for the Company was £430.2m increasing from £293.0m in the prior year.

The profit before tax is reported after non-cash charges of £110.3m (2022: £180.0m) 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
Profit before tax	430.2	293.0
Depreciation	*93.0*	*150.6*
Amortisation	*12.8*	*13.1*
Impairment	-	*0.5*
Exceptional loss on disposal of fixed assets	-	*9.5*
Loss on disposal of fixed assets	*0.7*	*2.1*
Other non-cash financing costs[2]	*3.8*	*4.2*
Total non-cash charges	***110.3***	***180.0***
Adjusted profit before tax and non-cash charges	**540.5**	**473.0**

Financial Position

Net assets were £3,312.0m, representing an increase of 11.2% from £2,979.2m in the prior year. The increase principally arises from the trading profits and increased amounts receivable from other group entities.

Going Concern

The Company meets our day-to-day working capital and financing requirements through the net cash generated from our operations. Arqiva 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 downside scenarios. The Company 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. For this reason, the Directors are confident that the Company 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.

[2] Includes unwinding of discount on provisions and imputed interest

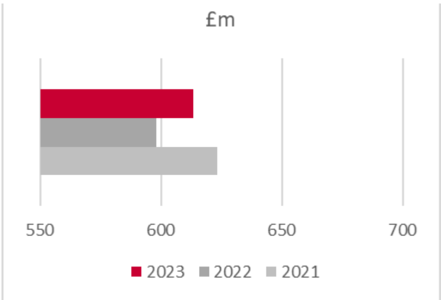
Key Performance Indicators

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

See page 13 for further information on our strategic ambitions:

Financial KPIs

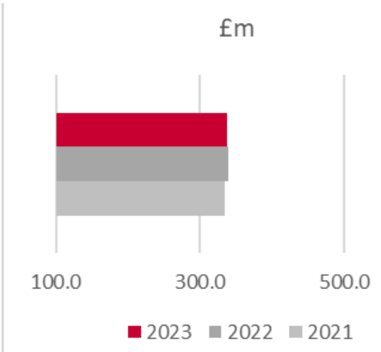
Revenue



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

Revenue has increased 3.6% from the prior year (2023: £542.4m; 2022: £523.6m). 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: £8.0m).

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 22 for its reconciliation to operating profit.

Total EBITDA has decreased 1.3% (2023: £286.7m; 2022: £290.5). 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.

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

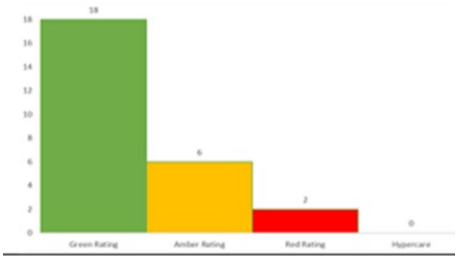
- Arqplex, Arqiva's first customer cloud multiplexing deployment product, is in build and has 2 customer deployments supporting ITV and Paramount.
- Arqade, a cloud-based channel and live event content exchange has launched demonstrating the value of integration with traditional broadcast infrastructure.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

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 62 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
Arqiva has an ongoing commitment to the health and emotional wellbeing of our people. We run 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. Arqiva 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 Arqiva's diversity and inclusion policies.

Employees
The average number of persons employed by the Company during the year was 1,274 (2022: 1,268). 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%
Company Employees	293 / 23%	981 / 77%	292 / 23%	976 / 77%

Arqiva 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.

Arqiva 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 with 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 Company’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.

Arqiva’s employee forums provide an effective channel for communication and collective consultation across the Company. They play an important role in enabling employees to help Arqiva 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. Arqiva’s intranet, ‘The Hub’, makes information available to employees on all matters including performance, growth, and issues affecting the industry. Arqiva 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 AGL Group. The AGL 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 AGL Group during the longer-term. As with the annual bonus scheme, the AGL 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 AGL 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 34 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, Arqiva 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 Company, 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

Arqiva'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).

Arqiva is a primarily UK based infrastructure company. 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 Arqiva's UK profits or revenues by transferring revenue or profit out of the UK. Arqiva'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 24 October 2023 and signed on its behalf by:

Scott Longhurst

24 October 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	13-16
Interests of employees	Employee Engagement Supporting our people Employees	32 26 (Corporate Responsibility) 29
Fostering relationships with suppliers, customers and others	Stakeholder Engagement Business Update	Below 17-20
Impact of operations on the community and the environment	Environment / Sustainability Energy Consumption and Waste management Charity	26 62 28
Maintaining high standard of business conduct	Governance Health & Safety Modern Slavery Act, Anti-Bribery & Corruption	37-41 29 34
Acting fairly between members	Stakeholder Engagement Accountability	Below 59

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 28-31) 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. Arqiva'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. Arqiva'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 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

Page

Board of Directors and Executive Committee

Ownership

The ultimate parent 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 Arqiva, 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

Arqiva'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 38)

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

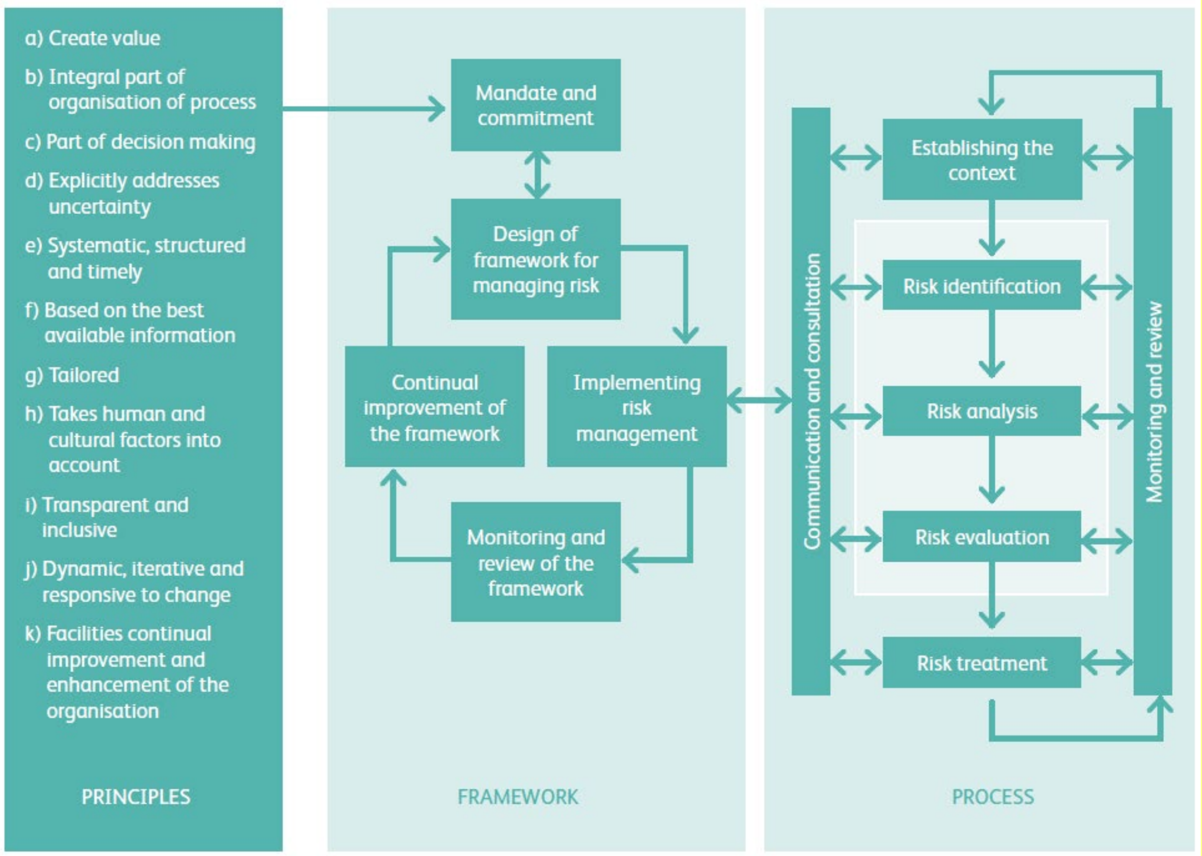
Principal Risks and Uncertainties

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. Arqiva's centralised Internal Audit and Risk function provides training and support to ensure risks are captured effectively and on a timely basis. The Internal Audit and Risk function works with the Chief Executive Officer to review and consolidate the most significant business risks into a corporate risk register for scrutiny at quarterly Executive Committee and Audit and Risk Committee meetings. The Executive Committee makes recommendations for ensuring the risk management framework remains effective going forward.

Business Management:

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

Senior Executive Management:

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

Audit and Risk function / Audit committee:

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

Management has identified the following risks as the most significant business risks affecting the Company, 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.	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 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
	Customer demand and ability to pay reduces due to high inflation impacts as well as listening trends, faster migration to non-linear and IP delivered services or structural	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	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

	changes to the broadcast market seeing players exit or consolidate to fewer DTT channels resulting in lower cash flows for Arqiva. Customers challenge regulated pricing, impacting long term contracts and returns on existing services and increasing volatility.	customers on the multiplexes Arqiva operates on DTT or DAB and through its use of transponder capacity. Arqiva seeks to support the industry in instances where changes could undermine the long-term demand or ability to pay. Arqiva 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 requirement for greater	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	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. 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 Arqiva 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

	than anticipated capital expenditure.	framework to prioritise our maintenance strategy and system owner reviews of platform health assessed. Mitigation requiring a Capex investment is prioritised within the Capex budget envelope.	with increased investment in security.
Political	Change in government plans, policy or priorities could lead to changes in licencing, 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. Arqiva has in place a crisis management plan for public relations and external communications to provide support should there be any	Arqiva maintains ISO27001 certification regarding information security and holds periodic reviews of the security environment and training to 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

	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. Arqiva continues to invest in our infrastructure and perform site inspections and maintenance.	temporary mast was erected with 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 Company 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	Arqiva 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 is scanning is 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 Arqiva'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 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

	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.	supply chain and increased deliveries of devices in the financial year.
People and Culture	The risk that the Company 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 Company 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. Arqiva operates a competitive annual bonus plan for employees and a long-term incentive plan for our leadership team. Additionally, Arqiva operates formal retention and succession planning in knowledge-critical areas of the business. Arqiva 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 us 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 Arqiva 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. Arqiva 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 65-66.		

Directors' Report

The Directors of Arqiva Limited ('AL'), registered company number 02487597, ("the Company") submit the annual report and audited 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.

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	Arqiva 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 Arqiva'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. Arqiva 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. Arqiva's 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. Arqiva's approach to benefits and pay also takes a holistic view against the backdrop of the wider socioeconomic environment. During the year, Arqiva 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 Company's operations. With the growth strategy in mind, a number of appointments/changes have been made to the Arqiva'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, Arqiva 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 also notes the Sustainability Development Goals of Reduced Inequalities and Peace, Justice and Strong Institutions. Arqiva work's 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. Arqiva 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). Arqiva'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
Arqiva'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 AGL 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. Arqiva 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. Arqiva recognises that there is further work to do in this area and continues to promote relevant initiatives. Page 29 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 Arqiva. 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 Arqiva's CEO and CFO (see pages 37-41 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 66-67 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 Company as well as developments in technology and regulation.

Arqiva 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

Arqiva's Board maintains a focus on how the Company 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

Arqiva 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 42 of the Annual report). Arqiva'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 43-48 of the Annual Report.

Responsibilities

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

- Arqiva'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 42 of the 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 30 of this annual report provides more detail and explains how remuneration is structured to recognise and reward high performance for achieving targets in line with Arqiva'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 AGL Group's objectives).

Policies

Arqiva 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.

Arqiva'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.

Arqiva 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
Arqiva'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. Arqiva 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. Arqiva'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.

Arqiva 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 Company's Corporate Responsibility statement sets out, on pages 26-31 of the Directors' Report, a description of Arqiva'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 Arqiva's approach to environmental factors. Arqiva's Modern Slavery Act: Slavery and Human Trafficking Statement on page 34-35 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 the 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 Company have been outlined previously in this report (see pages 43-48). As a result of these, as well as the on-going business activities and strategy of the Company, 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 Company 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 another entity within 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. Arqiva's power contracts expired in March 2023, since then Arqiva 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 Company's revenue contracts with customers within core TV and radio products are RPI index linked.
Purchase price risk	Energy is a major component of the Company's cost base and is subject to price volatility and significant pressure from energy price inflation.	The Company's forward power contracts have expired in the year leaving exposure to entering new energy purchasing contracts at higher market rates. The Company's power contracts expired in March 2023, since then Arqiva 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 Company 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.
Liquidity risk	Ensuring the Company has sufficient available funds for working capital requirements and planned growth and funding for the Defined Benefit pension scheme.	The Company maintains cash reserves and access to undrawn committed facilities to cover forecast requirements. As at 30 June 2023 the Company had £23.0m cash available. The AGL Group has £190m and £150m undrawn working capital and liquidity facilities respectively available to cover senior interest payment if required. These facilities are held by other group companies in the AGL Group and can be on-lent 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.	Intercompany loan balances held by the Company are at fixed interest rates.
Foreign exchange risk	The Company 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 Company'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.

Internal control over financial reporting

The Board of Directors review the effectiveness of the Arqiva's systems of internal control, including risk management systems and financial and operational controls (see page 42).

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 Arqiva'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 Arqiva'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. Arqiva'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 Company'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 Arqiva's risk management function, ensuring adequate resources and access to information for effective function, review the appropriateness of the 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 Company.

Further responsibilities include reviewing Arqiva'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 Company-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 Arqiva (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 Company continues, and the appropriate training is arranged. It is the policy of the Company 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 28.

Political Donations

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

Charitable donations

The Company has made £0.1m (2022: £0.1m) of charitable donations in the year.

Research and development

The Company 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 Arqiva's accounting policy. The research costs expensed in the year were £2.8m (2022: £1.5m). In addition, the Arqiva 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. Arqiva'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 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 Company 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

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

The profit for the year of £342.0m (2022: profit of £246.8m) 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 Company. Notes 18 and 20 of the consolidated financial statements include information on the Company's cash, borrowings and derivative respectively; and financial risk management information presented within this report.

The Company meets our day-to-day working capital and financing requirements through the net cash generated from our operations. Arqiva performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios. The Company 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. For this reason, the Directors are confident that the Company 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 Company plans to continue in its commercial and operational business in accordance with its strategy. Further detail is contained within the Strategic report on page 13.

Ownership and Directors

A description of the ownership of the ultimate parent 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 37.

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 37.

Details of the statutory directors of the Company during the year are shown on below:

Michael Darcey
Susana Leith-Smith
Shuja Khan
Sean West
Paul Donovan (appointed 1 July 2022)
Maximilian Fieguth (appointed 6 December 2022)
Arnaud Jaguin (appointed 5 December 2022)
Scott Longhurst (appointed 1 February 2023)
Andrew Macleod (appointed 1 July 2023)
Matthew Postgate (appointed 17 November 2022)
David Stirton (appointed 2 February 2023)
Mike Parton (resigned 1 February 2023)
Christian Seymour (resigned 17 January 2023)
Sally Davis (resigned 31 January 2023)
Neil King (resigned 18 October 2022)
Batiste Ogier (resigned 18 October 2022)
Thorsten Johnsen (appointed 31 October 2022, resigned 21 November 2022)

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.

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 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 Company and of the profit or loss of the Company 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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, 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 Company will continue in business.

The Directors are responsible for safeguarding the assets of the 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

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

- so far as the Director is aware, there is no relevant audit information of which the 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 Company's auditors are aware of that information.

On behalf of the Board

Scott Longhurst

Director
24 October 2023

Financial Statements

Financial Statements

Independent auditors' report to the members of Arqiva Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arqiva Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of its profit for the year then ended;
- 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
- 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 Statement of financial position as at 30 June 2023; the Income statement; the Statement of comprehensive income; and the Statement of changes of 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 Company 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

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 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 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 Company and its 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 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 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 Company 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 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 posting inappropriate journal entries and management bias in accounting 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 estimates as well as reviewing associated financial statement disclosures as disclosed in Note 5 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; and
- As required by ISA (UK) 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.

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.

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 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
24 October 2023

Income Statement

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Revenue[1]	5	542.4	523.6
Cost of sales		(192.0)	(175.1)
Gross profit		**350.4**	**348.5**
Depreciation	14	*(93.1)*	*(150.6)*
Amortisation	13	*(12.8)*	*(13.1)*
Exceptional operating expenses[2]	*7*	*(6.3)*	*(19.6)*
Exceptional loss on disposal of assets	*7*	-	*(9.5)*
Other administrative expenses		*(79.8)*	*(68.1)*
Impairment of assets		-	*(0.5)*
Total operating expenses		**(192.0)**	**(261.4)**
Other income		5.6	5.4
Exceptional other income	7	20.0	5.0
Operating profit	6	**184.0**	**97.5**
Finance income	9	273.3	225.0
Finance costs	10	(27.1)	(29.5)
Profit before tax		**430.2**	**293.0**
Tax	11	(89.7)	(46.2)
Profit for the year		**340.5**	**246.8**

Further comments on Income Statement line items are presented in the notes to the financial statements.

1 Revenue is stated net of exceptional service credits recognised in the year. See note 7 for detail.
2 Exceptional items are presented to assist with the understanding of the Company's performance. See note 7 for further information.

Statement of comprehensive income

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Profit for the year		340.5	246.8
Items that will not be reclassified to profit or loss			
Actuarial (loss) / gains on defined benefit pension schemes	23	(12.2)	6.7
Movement on deferred tax relating to pension schemes		3.0	(1.7)
Total other comprehensive (loss) / income for the year		**(9.2)**	**5.0**
Total comprehensive income		**331.3**	**251.8**

All items of other comprehensive income relate to continuing operations.

Statement of financial position

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Non-current assets			
Goodwill	12	43.5	43.5
Other intangible assets	13	56.7	35.9
Property, plant and equipment	14	1,051.0	1,113.7
Deferred tax	22	143.4	129.3
Retirement benefits	23	51.2	61.0
Investments in subsidiaries	17	66.3	66.3
Other receivables	16	4,101.3	3,516.1
		5,513.4	**4,965.8**
Current assets			
Trade and other receivables	16	143.5	134.8
Contract assets	16	7.0	10.8
Cash and cash equivalents	17	23.0	12.6
		173.5	**158.2**
Total assets		**5,686.9**	**5,124.0**
Current liabilities			
Borrowings	19	(16.4)	(16.1)
Trade and other payables	18	(1,833.8)	(1,564.9)
Contract liabilities	18	(98.4)	(85.1)
Provisions	21	(3.2)	(4.0)
		(1,951.8)	(1,670.1)
Net current liabilities		**(1,778.3)**	**(1,511.9)**
Non-current liabilities			
Contract liabilities	18	(295.9)	(328.1)
Borrowings	19	(51.0)	(63.6)
Provisions	21	(77.7)	(83.0)
		(424.6)	**(474.7)**
Total Liabilities		**(2,376.4)**	**(2,144.8)**
Net assets		**3,310.5**	**2,979.2**
Equity			
Share capital	24	30.0	30.0
Share premium	25	90.8	90.8
Retained earnings		3,180.8	2,849.5
Other reserve		(4.5)	(4.5)
Capital Reserve		13.4	13.4
Total equity		**3,310.5**	**2,979.2**

The notes on pages 71 to 101 form part of these financial statements.
The financial statements on pages 67 to 101 were approved by the Board of Directors on 24 October 2023 and were signed on its behalf by:

Scott Longhurst - Director

Statement of changes in equity

	Share capital £m	Share premium £m	Retained earnings £m	Other reserve[3] £m	Capital reserve[4] £m	Total equity £m
Balance at 1 July 2021	**30.0**	**90.8**	**2,597.7**	**(4.5)**	**13.4**	**2,727.4**
Profit for the year	-	-	246.8	-	-	246.8
Other comprehensive income	-	-	5.0	-	-	5.0
Total comprehensive income	-	-	251.8	-	-	251.8
Balance at 30 June 2022	**30.0**	**90.8**	**2,849.5**	**(4.5)**	**13.4**	**2,979.2**
Profit for the year	-	-	340.5	-	-	340.5
Other comprehensive loss	-	-	(9.2)	-	-	(9.2)
Total comprehensive income	-	-	331.3	-	-	331.3
Balance at 30 June 2023	**30.0**	**90.8**	**3,180.8**	**(4.5)**	**13.4**	**3,310.5**

[3] Other reserve relates to trade that has been hived up into the Company from subsidiaries, these subsidiaries are now dormant.

[4] Capital reserve relates to a historic transfer of net assets to the company on business combinations

Notes to the financial statements

1 General Information

Arqiva Limited (the 'Company') is a private Company limited by shares and incorporated in England, United Kingdom ("UK") under the Companies Act under registration number 02487597. The address of the registered office is Crawley Court, Winchester, Hampshire, SO21 2QA.

The nature of the Company's operations and its principal activities are set out in the Strategic report on page 8.

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

None of the above are expected to have a material impact on the Company.

3 Principal accounting policies

Basis of preparation

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 other than where set out in the accounting policies, and in accordance with the Companies Act 2006. The Group's consolidated financial statements are available online at www.arqiva.com.

The requirements have been applied in accordance with the requirements of the Companies Act 2006.

The following disclosure exemptions, as permitted by paragraph 8 of FRS 101, have been taken in these Company financial statements and notes:

UK-adopted IFRS	Relevant disclosure exemptions
IAS 1 *Presentation of financial statements*	The requirements of paragraph 38; comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment (iii) paragraph 118(e) of IAS 38 Intangible assets.
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 to136.
IAS 7 *Statement of Cash Flows*	All disclosure requirements.
IAS 8 *Accounting policies, changes in accounting estimates and errors*	The requirements of paragraphs 30 and 31.
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 and key management personnel.
IAS 36 *Impairment of Assets*	The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e).
IFRS 13 *Fair Value Measurement*	The requirements of paragraphs 91 to 99.
IFRS 15 *Revenue from Contracts with Customers*	The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.
IFRS 7 *Financial Instruments: Disclosures*	All disclosure requirements.

The following accounting policies have been applied consistently in relation to the Company's financial statements:

Exemption from consolidation

The Company is a wholly owned subsidiary of Arqiva Holdings Limited and of its ultimate parent, Arqiva Group Limited ('AGL'). It is included in the consolidated financial statements of AGL which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate individual Company financial statements.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including any severe but plausible scenarios.

The Company adopts the going concern basis in preparing its financial statements, based on the support from its ultimate parent undertaking, the future cash flow forecasts of the Group and Company and available facilities, which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence and continue to meet debt and interest payments as they fall due.

Revenue recognition

Revenue represents the gross inflow of economic benefit for services provided utilising Arqiva's communications infrastructure, completion of significant engineering projects 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 4.

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.

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

Delivery of engineering projects

The Company 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 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.

Leases

The Company as lessee

When the Company 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 Company 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 Company 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 Company'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.

Foreign currency translation

The financial statements of the Company are presented in 'Pounds Sterling' (£), which is also the entity's functional currency. Foreign currency transactions are translated into the functional currency using the rate of exchange prevailing on the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the re-translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Retirement benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution plans.

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 23) 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).

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.

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 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 Company'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 Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost (which includes costs directly attributable to bringing the assets into working condition), less accumulated depreciation and any provision for impairment. Or, where this is not considered to be the fair value of the assets acquired, an allocated fair value is calculated using alternative valuation methods.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, 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 land and 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.

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.

Intangible assets

Recognition and measurement

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)
Software	5 - 10 years

Internally-generated intangible assets – research and development expenditure

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 profit or loss 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.

Acquired goodwill

The amount initially recognised for acquired goodwill is the historic purchase cost incurred or deemed cost. Subsequently the acquired goodwill is reported at cost less accumulated impairment losses, on the same basis as other intangible assets acquired separately stated at original purchase cost less any provision for impairment. Goodwill is considered to have an indefinite useful life.

De-recognition of intangible assets

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.

Impairment of non-financial assets

At each reporting period date, the Company 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 Company 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 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are shown at cost less provision for impairment.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 Company will be required to settle an obligation or a reliable estimate cannot be made of the amount of the obligation the Company discloses a contingent liability in the notes to the financial statements.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed or equipment sold in the ordinary course of business. These balances 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 Company'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.

Trade and other payables

Trade and other payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. They are not interest bearing and are stated at their nominal value.

Cash and cash equivalents

Cash includes cash at bank and in hand and bank deposits repayable on demand.

Interest

Interest income and expense are accounted for on an accruals basis and comprise amounts receivable and payable on deposits, finance leases and intercompany balances respectively, plus any unwinding of discount on provisions.

Exceptional items

Exceptional items are those that are considered to be one-off, non-recurring in nature or so material that the Directors believe that they require separate disclosure to avoid the distortion of underlying performance. Underlying performance is the reported performance excluding significant one-off and non-recurring events that more fairly represents the on-going trading performance of the business. These items are presented separately on the face of the Income Statement.

4 Critical accounting estimates and judgements

In the application of the Company'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 Company's accounting policies

The following are the critical judgements, and those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Deferred tax

Critical accounting judgements:

As disclosed in note 22, the Company has a significant unrecognised deferred tax asset, primarily in respect of deferred interest expenses and tax losses. 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 but the judgement relating to these unrecognised assets will remain under review and reassessed as the Group's circumstances and relevant tax legislation evolves.

Provisions and contingent liabilities

Critical accounting judgements:

As disclosed in note 21, 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 26 for detail.

Impairment of goodwill

Key estimates:

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

Actuarial assumptions used to determine the carrying amount of the Company's defined benefit plan liabilities

Critical accounting judgements:

The Company'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 Company selects these assumptions in consultation with an external qualified actuary.

Key estimates:

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 25.

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 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.

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 14, and those for property, plant and equipment are disclosed in note 15.

Provisions

Important 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 21).

5 Revenue

The Company 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 revenue was generated by the Company:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Rendering of services	506.9	496.7
Engineering projects	-	1.6
Sale of goods	35.5	25.3
Revenue	**542.4**	**523.6**

All revenue relates to sales originating in the UK.

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

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Contract assets		
Current	7.0	10.8
Contract liabilities		
Current	98.4	85.1
Non-current	295.9	328.1
	394.3	**413.2**

£64.1m of the contract liability recognised at 30 June 2022 was recognised as revenue during the year (2022: £75.5m). Impairment losses of £0.1m were recognised on contract assets during the year (2022: £0.1m). 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 Company has also recognised an asset in relation to the prepayment of costs to fulfil a contract. This is presented within other receivables in the Statement of financial position and totalled £0.5m (2022: £0.8m). Amortisation recognised as a cost of providing services during the year were £0.1m (2022: £0.1m).

6 Operating profit

Operating profit is stated after charging / (crediting):

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Wages and salaries	83.7	84.9
Social security costs	8.4	8.3
Other pension costs	5.8	5.4
Employee costs	**97.9**	**98.6**
Capitalised staff costs	(19.8)	(25.7)
Income statement expense	**78.1**	**72.9**
Depreciation of property, plant and equipment	93.1	150.6
Amortisation of intangible assets	12.8	13.1
Management recharge to fellow Group company	(14.3)	(16.9)
Impairment of investments	-	-
Exceptional operating expenses (See note 7)	6.3	19.6
Exceptional loss on disposal of assets (See note 7)	-	9.5
Exceptional other income (See note 7)	(20.0)	(5.0)
Exceptional revenue (See note 7)	15.3	8.0

The Company has levied a management recharge, in respect of various staff costs and central facilities and support costs, to other trading entities within the Group. The management recharge to the Group companies is included within the Income Statement.

Services provided by the Company's Auditors and network firms

The Company's audit fee for the year was £100,000 (2022: £83,000). Fees paid to the Company's Auditors for services other than the statutory audit of the Company totalled £440,000 (2022; £296,500), comprised of £120,000 (2022: £121,500) for other audit services and £320,000 (2022: £175,000) for other assurance services. The Company has paid the Company's Auditors £497,000 (2022: £371,000) in relation to the audit of other group companies and these amounts were not recharged

7 Exceptional items

The Company recognises exceptional items which are considered to be one-off and non-recurring in nature or material items which 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 34.

Profit 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)	(8.0)
	(15.3)	(8.0)
Operating expenses:		
Reorganisation and severance	(2.1)	(5.4)
Corporate finance activities	(0.3)	(4.2)
Restoration costs	(3.9)	(10.0)
	(6.3)	(19.6)
Loss on disposal of fixed assets	-	(9.5)
Other exceptional items		
Other income	20.0	5.0
Total exceptional items	**(1.6)**	**(32.1)**

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 this 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 26 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 (income) / expense	Balance sheet debit / (credit)
	£m	£m
Internal labour – within other operating expenses	1.2	-
Restoration costs – within exceptional operating expenses	3.9	-
Insurance- stage payment – within exceptional other income	(20.0)	-
Revenue service credits – within exceptional revenue	15.3	-
Capital expenditure	-	16.8
Total	**0.4**	**16.8**

8 Employees and Directors

Employees

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

	Year ended 30 June 2023	Year ended 30 June 2022 (Re-presented)
	Number	Number
Media Distribution	28	32
Smart Utilities Networks	23	19
Corporate	290	306
Operations	554	561
Technology & Transformation	379	350
Total employees	**1,274**	**1,268**

Directors

The aggregate of the amounts paid to Directors in respect of their services as a Director of the Company are set out below:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Aggregate remuneration	3.8	2.1
Amounts due under long term incentive plans - accrued	0.5	0.8
Amounts due under long term incentive plans - reversed	(0.5)	-
Amounts due under long term incentive plans - total	-	0.8
Termination benefits	-	0.6
Total remuneration	**3.8**	**3.5**

Certain Directors were representatives of the ultimate parent company's shareholders and their individual remuneration reflects the services they provide to the Company and other Group companies.

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	1.2
Amounts due under long term incentive plans - accrued	0.3	0.6
Total remuneration	**1.6**	**1.8**

9 Finance income

	Year ended 30 June 2023 Total £m	Year ended 30 June 2022 Total £m
Bank deposits	0.7	0.1
Interest receivable from Group entities	270.2	223.2
Other loans and receivables	2.4	1.7
Total finance income	**273.3**	**225.0**

Other loans and receivables include £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 £m	Year ended 30 June 2022 £m
Bank charges	0.1	0.1
Other loan interest payable	17.2	19.4
Interest on lease obligations	4.9	5.8
Total interest expense	**22.2**	**25.3**
Unwinding of discount on provisions (see note 21)	4.9	4.2
Total finance costs	**27.1**	**29.5**

11 Tax

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Current tax:		
UK corporation tax		
- Current year	95.7	71.0
- Prior period adjustment	5.1	1.9
	100.8	**72.9**
Deferred tax:		
Origination and reversal of timing differences	(7.4)	(15.5)
Impact of change in tax rates	(4.9)	(9.2)
Prior period adjustment	1.2	(2.0)
	(11.1)	**(26.7)**
Tax charge for the year	**89.7**	**46.2**

UK Corporation tax is calculated at the 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 charge for the year can be reconciled to the profit in the income statement as follows.

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Profit before tax	430.2	293.0
Tax at the UK Corporation tax rate of 19.0% (2022: 19.0%)	88.2	55.7
Tax effect of expenses not deductible for tax purposes	0.1	(0.2)
Impact of change in tax rates	(4.9)	(9.2)
Prior period adjustment	6.3	(0.1)
Total tax charge for the year	**89.7**	**46.2**

The current year UK corporation tax charge (2022: charge) represents the payment made to (2022: payments made to) 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%.

Tax in Statement of Comprehensive Income

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

12 Goodwill

	£m
Cost	
At 1 July 2022 and 30 June 2023	**43.5**
Carrying amount:	
At 30 June 2023	**43.5**
At 30 June 2022	43.5

Goodwill figure was acquired as part of historic business acquisitions made by the Company.

13 Other intangible assets

	Licences	Development costs	Access rights	Software	Assets under the course of construction (AUC)	Total
	£m	£m	£m	£m	£m	£m
Cost						
At 1 July 2022	11.4	17.9	7.0	66.3	3.0	105.6
Additions	-	2.0	-	-	4.4	6.4
Transfers from AUC (note 14)	1.3	(0.7)	-	26.4	0.2	27.2
Disposals	(8.1)	-	(2.7)	(15.4)	-	(26.2)
At 30 June 2023	**4.6**	**19.2**	**4.3**	**77.3**	**7.6**	**113.0**
Accumulated amortisation and impairment						
At 1 July 2022	7.1	9.9	7.0	45.7	-	69.7
Amortisation	4.3	2.0	-	6.5	-	12.8
Disposals	(8.1)	-	(2.7)	(15.4)	-	(26.2)
At 30 June 2023	**3.3**	**11.9**	**4.3**	**36.8**	**-**	**56.3**
Carrying amount						
At 30 June 2023	**1.3**	**7.3**	**-**	**40.5**	**7.6**	**56.7**
At 30 June 2022	4.3	8.0	-	20.6	3.0	35.9

Development costs in respect of products and services that are being developed by the Company 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.

Other intangible assets are recognised at cost and are amortised over their estimated useful lives.
Disposals in the year relate to old software replaced as part of the Group's transformation programme.

At 30 June 2023, the Group had entered into contractual commitments for the acquisition of intangibles amounting to £3.6m – see note 26 for further details.

14 Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and equipment £m	Assets under the course of construction (AUC) £m	Total £m
Cost					
At 1 July 2022	191.2	141.6	1,776.4	108.6	2,217.8
Additions	-	3.6	6.7	61.5	71.8
Adjustments through PPE for provisions	-	(1.0)	(10.8)	-	(11.8)
Completion of AUC	2.4	1.1	40.0	(43.5)	-
Transfers to other intangibles (note 13)	-	-	-	(27.2)	(27.2)
Disposals	(3.1)	(4.9)	(41.6)	-	(49.6)
At 30 June 2023	**190.5**	**140.4**	**1,770.7**	**99.4**	**2,201.0**
Accumulated depreciation and impairment					
At 1 July 2022	38.4	66.2	999.5	-	1,104.1
Depreciation	5.5	12.0	75.6	-	93.1
Disposals	(2.3)	(3.3)	(41.6)	-	(47.2)
At 30 June 2023	**41.6**	**74.9**	**1,033.5**	**-**	**1,150.0**
Carrying amount					
At 30 June 2023	**148.9**	**65.5**	**737.2**	**99.4**	**1,051.0**
At 30 June 2022	152.8	75.4	776.9	108.6	1,113.7

Freehold land included above but not depreciated amounts to £81.3m (2022: £70.7m).

The Company's current and non-current assets have been pledged as security under the terms of the Group's external debt facilities (see note 26). In addition, the Company's lease obligations (see note 20) are secured by the lessors' title of the leased assets, which have a carrying amount of £3.1m (2022: £4.6m).

At 30 June 2023, the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £14.0m (2022: £16.6m) – see note 26 for further details.

15 Investments in subsidiaries

	Investments in subsidiaries £m
Cost	
At 1 July 2022	122.5
At 30 June 2023	**122.5**
Provision for impairment	
At 1 July 2022	56.2
Impairment	-
30 June 2023	**56.2**
Net book value	
At 30 June 2023	**66.3**
At 30 June 2022	66.3

The Directors consider the carrying value of the Company's investments in its subsidiaries and joint ventures 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.

Impairments recognised relate to investments held by the Company in other Group entities which are now dormant. The impairments were identified following an assessment of recoverability by management when considering future cashflows and the value of assets held in subsidiaries.

The Company's investments (held indirectly unless stated) are shown below:

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
ABHL Multiplex Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva (Scotland) Limited	United Kingdom	Transmission services	30-Jun	100% (held directly)
Arqiva Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Defined Benefit Pension Plan Trustees Limited	United Kingdom	Pension company	30-Jun	100% (held directly)
Arqiva Inc.	USA	Satellite transmission services	30-Jun	100% (held directly)
Arqiva Limited	Ireland	Transmission services	30-Jun	100% (held directly)
Arqiva Media Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 10 Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva No. 11 Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva Pte Limited	Singapore	Satellite transmission services	30-Jun	100% (held directly)
Arqiva SAS	France	Satellite transmission services	30-Jun	100% (held directly)
Arqiva SRL	Italy	Satellite transmission services	30-Jun	100% (held directly)
Arqiva Broadcast Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva Digital Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva Finance Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
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 Public Safety Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Satellite Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Transmission Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Wireless Limited	United Kingdom	Dormant company	30-Jun	100%
Capablue Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
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% (held directly)
Inmedia Communications (Holdings) Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Group Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Inmedia Communications Limited	United Kingdom	Dormant company	30-Jun	100%
J F M G Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Macropolitan Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
NWP Spectrum Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Scanners (Europe) Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Scanners Television Outside Broadcasts Limited	United Kingdom	Dormant company	30-Jun	100%
Selective Media Limited	United Kingdom	Dormant company	30-Jun	100%
Spectrum Interactive (UK) Limited	United Kingdom	Dormant company	30-Jun	100%

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
Spectrum Interactive Limited	United Kingdom	Holding company	30-Jun	100% (held directly)
Joint ventures				
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	31-Dec	40.0%
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	31-Dec	25.0%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for radio	31-Jun	10.0%

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.
Associate undertakings	
Muxco Limited	Greenworks Dog And Duck Yard, Princeton Street, London, England, WC1R 4BH
UK Digital Radio Limited	15 Alfred Place, London, England, WC1E 7EB

16 Trade and other receivables

	30 June 2023 £m	30 June 2022 £m
Within non-current assets		
Amounts receivable from other Group entities	4,101.3	3,516.1
Within current assets		
Trade receivables	64.6	63.9
Amounts receivable from other Group entities	45.9	44.9
Other receivables	4.6	4.3
Prepayments	28.4	21.7
	143.5	**134.8**
Contract assets – accrued income	**7.0**	**10.8**

Amounts receivable from other Group entities are unsecured and repayable on demand. Within non-current assets, interest has been charged on £4,080.9m at 9.5% (2022: £3,495.8m at 9.5%) in relation to structured loan balances, and £20.4m at 0.0% (2022: £20.3m at 0.0%).

Within current assets, £45.9m has been charged at 0.0% (2022: £44.9m at 0.0%) in relation to trading and working capital loan balances.
Amounts receivable from other Group entities are stated after deducting allowances for impairment of £6.3m (2022: £4.6m).

Trade receivables are stated after provisions for credit loss of £4.6m (2022: £3.6m). Contract assets are stated after provisions for impairment of £0.1m (2022: £0.1m).

17 Cash and cash equivalents

	30 June 2023 £m	30 June 2022 £m
Cash at bank	23.0	12.6
Total cash and cash equivalents	**23.0**	**12.6**

18 Trade and other payables

	30 June 2023 £m	30 June 2022 £m
Current:		
Trade payables	30.5	38.1
Amounts payable to other Group entities	1,718.5	1,449.0
Taxation and social security costs	23.0	16.3
Other payables	1.9	2.1
Accruals	59.9	59.4
Total current trade and other payables	**1,833.8**	**1,564.9**
Contract Liabilities – deferred income	**98.4**	**85.1**
Non-current		
Contract Liabilities – deferred income	295.9	328.1

Amounts payable to other Group entities are unsecured, interest free, and are repayable on demand.

19 Borrowings

	30 June 2023 £m	30 June 2022 £m
Within current liabilities:		
Lease liabilities (see note 20)	16.4	16.1
Borrowings due within one year	**16.4**	**16.1**
Within non-current liabilities:		
Loans from other Group entities	5.4	5.3
Lease liabilities (see note 0)	45.6	58.3
Borrowings due after more than one year	**51.0**	**63.6**

All borrowings are sterling denominated.
Loans from other Group entities are unsecured, interest free and repayable in more than five years.

20 Leases

Leases as lessee (IFRS 16)

The Company 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 (other than investment property) 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
Balance at 1 July 2021	**64.7**	**22.4**	**87.1**
Depreciation charge for the year	(9.2)	(10.6)	(19.8)
Additions to right-of-use assets	1.0	0.4	1.4
Effect of modification to lease terms	(1.8)	1.8	-
Derecognition of right-of-use assets	(0.9)	-	(0.9)
Balance at 30 June 2022	**53.8**	**14.0**	**67.8**
Depreciation charge for the year	(8.8)	(11.1)	(19.9)
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)	-	(0.3)
Balance at 30 June 2023	**46.5**	**8.7**	**55.2**

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	2.7
Interest on lease liabilities	4.9	5.8

The Company's lease liabilities are disclosed in note 19 Borrowings. The total cash outflow for leases in the year ended 30 June 2023 was £24.0m (2022: £25.4m).

21 Provisions

	Decommissioning £m	Restructuring £m	Remediation and maintenance £m	Other £m	Total £m
At 1 July 2022	**79.3**	**1.1**	**2.6**	**4.0**	**87.0**
Adjustments through property, plant and equipment	(11.8)	-	-	-	(11.8)
Income Statement expense	0.3	-	-	1.3	1.6
Unwind of discount	4.8	-	0.1	-	4.9
Utilised	(0.1)	(0.7)	-	-	(0.8)
Released to Income Statement	-	-	-	-	-
At 30 June 2023	**72.5**	**0.4**	**2.7**	**5.3**	**80.9**

Provisions are analysed between current and non-current based on expected utilisation as follows:

	30 June 2023 £m	30 June 2022 £m
Analysed as:		
Current	3.2	4.0
Non-current	77.7	83.0
	80.9	**87.0**

Provisions are made for decommissioning costs where the Company 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 of 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 14.

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.

22 Deferred tax

The balance of deferred tax recognised at 30 June 2023 is £143.4m (2022: £129.3m). 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	**Fixed assets temporary differences**	**Other temporary differences**	**Total**
	£m	**£m**	**£m**
At 1 July 2021	**64.8**	**51.2**	**116.0**
Credited to the Income Statement	26.4	2.1	28.5
At 30 June 2022	**91.2**	**53.3**	**144.5**
Credited to the Income Statement	16.4	(4.7)	11.7
At 30 June 2023	**107.6**	**48.6**	**156.2**

Deferred tax liabilities	**Pension**	**Total**
	£m	**£m**
At 1 July 2021	11.7	11.7
Charged to the Income Statement	1.8	1.8
Credited 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.

Deferred tax assets are not recognised unless it is probable that there are sufficient taxable profits against which they will be realised.

The Company continues to recognise the deferred tax asset based on forecast taxable profits that will arise based upon the long-term forecast results prepared for the Company.

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 Company based on reasonably possible trading forecasts.

23 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 3.0% and maximum of 5.0%)	3.70%	3.70%
Pension increases (RPI with a maximum of 10.0%)	3.30%	3.30%
Salary growth	n/a	n/a

Amounts recognised in the 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) / return 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 amounts included in the statement of financial position arising from the Company's obligations in respect of its defined benefit plan were 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 Company have considered the impact of IFRIC14 and in line with the Plan's Rules, the Company 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
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 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)
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
1 July	245.6	295.9
Interest income	9.5	5.6
Return 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)	-
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.

24 Share capital

	30 June 2023 £m	30 June 2022 £m
Authorised, allotted and fully paid:		
30,000,201 (2022: 30,000,201) ordinary shares of £1 each (2022: £1 each)	**30.0**	**30.0**

25 Share premium account

	£m
At 30 June 2022 and 30 June 2023	**90.8**

26 Financial commitments and contingent liabilities

Financing commitments

Under the terms of the Group's external debt facilities, the Company has provided security over substantially all of its tangible, intangible and other assets by way of a Whole Business Securitisation ('WBS') 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
Less than one year	7.3	9.7
Within one to five years	10.3	6.9
Total	**17.6**	**16.6**

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

Contingent assets and 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 6).

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.

27 Related party transactions

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 and key management personnel.

28 Events after the reporting period

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 £42m less £1m deductibles. No further insurance proceeds are expected. 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.

29 Controlling parties

The Company's immediate parent undertaking is Arqiva Holdings Limited ('AHL'). The ultimate parent undertaking is AGL, which is the parent undertaking of the largest group to consolidate these financial statements. The parent of the smallest group to consolidate these financial statements is Arqiva Group Parent Limited ('AGPL').

Copies of the AGL and the AGPL consolidated financial statements can be obtained from the Company Secretary of each Company at Crawley Court, Winchester, Hampshire, SO21 2QA.

The Company is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities.

D9 acquired Canada Pension Plan Investment Board's (CPPIB) entire 48% stake in Arqiva. This deal completed in October 2022. At this point the representatives from CPPIB appointed to the Board of Directors were replaced by representatives from Digital 9 Infrastructure. This has not changed the day-to-day operations of our business.