

INVESTOR REPORT FOR ARQIVA GROUP PARENT LIMITED

SCHEDULE 7

Period ending 31 March 2025

Date: 30 May 2025

QUARTERLY INVESTOR REPORT

To: The Issuer Security Trustee, the Rating Agencies and the Paying Agents.

GENERAL OVERVIEW

Arqiva is the UK's leading enabler of digital connected solutions across the Media Distribution and Utilities markets. It generates predictable earnings, supported by strong market positions, diverse revenue streams, long-life assets and long-term inflation linked contracts. The Group had a contracted orderbook of £2.9bn as at 30 June 2024 on a real basis.

Recent developments

Media Distribution

DTT Multiplexes

DTT platform capacity utilisation remained at 97% during the period. We are in discussions with a number of large customers to extend contracts to the early 2030s, with two having concluded in April 2025, covering 5 channels on the platform. Further live discussions continue in respect of capacity and we anticipate concluding the next one by the end of the Arqiva financial year which will increase the committed order book for these platforms.

Radio

Both national DAB multiplexes remain fully occupied with 80% of Digital 1 ("D1") multiplex capacity being contracted until 2035. The second national multiplex also has a significant number of contracts secured until its current licence end date of 2028. Demand for national and local DAB multiplexes remains strong, and we continue to secure contract renewals with large customers.

The network of local DAB muxes experienced an average of 83% occupation with significant contracts secured to 2030. AM site disposals continue with the talkSPORT network shutting down a further 7 transmitters as forecasted. FM renewals have continued, securing a number of contracts out to 2030.

Direct to Home (DTH)

The DTH platform remains close to full capacity, supported by renewals secured to 2029 with a number of key customers. We continue to win a high proportion of channels new to market, with 5 new HD channels planned to launch in the two quarters to 30 September 2025.

Media Management Products

Arqiva has secured a contract to migrate Hearst Networks to cloud-based Video on Demand (VOD) platform. Delivering VOD assets across 40+ Pay TV and OTT platforms across EMEA from mid-2025.

Arqplex, the Group's on premise and cloud multiplexing deployment, is in service, supporting multiple PSB and global customers to deliver their content to millions of people in the UK and internationally.

Arqade, Arqiva's cloud-based video content exchange product enables media companies to interchange their content with multiple platforms efficiently across the world. We currently deliver all feeds for a large global media company outside the Americas via Arqade as well as deployments for many other global media groups. We now have over 700 channels accessible within the Arqade platform.

Arqads, Arqiva's addressable advertising solution, facilitates targeted ad insertion into television channels, enhancing the precision and relevance of television advertising to boost revenue generation. The product enables new customer services for Sky AdSmart with the Arqads platform hosting a portfolio of channels supporting two major media organisations to monetise their channels more effectively on the Sky Platform. Product features are in development to support targeted advertising on the Freeview TV platform, targeted to launch mid-2025.

We have received much customer interest in our newly launched Streaming Optimisation product which allows the customer to optimise their use of Content Delivery Networks (CDN), delivering deeper insight via analytics with improved audience experience and cost savings through CDN switching and peer-to-peer networking.

Response from the market has been very positive. We are in ongoing talks to deliver several proofs of concept (PoC) for a number of media customers.

There remains an exciting and growing pipeline of potential customers across this comprehensive portfolio of new products, with bids active on several opportunities with UK and international customers.

Position, Navigation and Timing (PNT) services (eLoran)

In November Hellen Systems and Arqiva announced a partnership to develop a commercial eLoran service in the UK. eLoran is a sovereign, independent, resilient terrestrial radio navigation system, providing an alternative to the existing global PNT services.

Arqiva and Hellen Systems continue to monitor developments in this sector, including the outcome of the Government spending review determining whether a free funded service is to be provided and explore Arqiva's involvement in any Government funded initiative.

Government / Regulatory updates

The forum, established earlier in the year; to advise on the future of TV distribution led by the DCMS Minister, Stephanie Peacock MP continues to make progress. The review will run until at least the end of 2025 with the objective of providing clarity on the long-term future of the DTT platform. Arqiva is actively involved in the forum along with other stakeholders including broadcasters, infrastructure players and audience groups. This review builds on work completed by Ofcom published in May 2024 which set out options for the long-term future and highlighted the importance of a decision and providing certainty for industry stakeholders.

The government has also announced plans to review the BBC Royal Charter, with the current Charter set to expire on December 31, 2027. The government has committed to maintaining the current licence fee structure, adjusted annually for inflation, until the Charter's end in 2027. In parallel, Ofcom has outlined the terms for its 2025 review of public service media. The review will be conducted in two phases: the first will evaluate the performance of PSBs from 2019 to 2023, while the second will explore strategies to ensure the sustainability and relevance of public service media in the face of changing audience behaviours and technological advancements.

In the Office of the Adjudicator consultation report (2/2025) on the Adjudicator's Position on the Scope of the Adjudicator's Powers in Relation to Amendments to Existing Contracts <https://ota-bts.org.uk/wp-content/uploads/2025/04/Consultation-2-2025.pdf> the Adjudicator published his view (having taken legal advice) that, subject to limited exceptions, any guidance, directions or adjudications made under the Undertakings would not affect the terms of an existing contract between Arqiva and a customer. The Adjudicator's view as published indicates that if the Adjudicator updated the Weighted Average Cost of Capital (WACC) or inflationary mechanism, this would only apply prospectively (i.e. not to existing contracts). The Adjudicator has invited submissions on this position and the consultation is open until 29 May 2025.

Smart Utilities Networks

Regulatory Environment - Water

Ofwat has released its final determinations on water company business plans for Price Review 2024 (PR24) - the regulated price period between 2025-2030. PR24 will see investments of over £100bn going into infrastructure and systems to support the objectives of the sector, including towards meeting new environmental requirements.

Significant investment will be allocated to 'protecting our water and wastewater system', which includes £2.5bn allocated towards the further rollout of smart meter meters with an additional ten million meters set to be delivered. Ofwat has set a 17% reduction target on leakage over 2025-30 and the overall investment will help companies to achieve this, using smart technologies and better data, including from expanding metering.

Anglian Water

Since the award of the Anglian Water contract in June 2020, the Group has deployed 1.1m meters during the 2020-2025 regulatory period. Our performance to date has resulted in Anglian awarding Arqiva a 20-year contract for the next regulatory period (AMP8 2025-2030) to rollout an additional 1.1m meters with associated network. They have also increased their focus on adding sensors to the network with both sewer level and

chlorine sensors being developed for trial this year. Six Network AMP8 sites have been delivered up to the end of March 2025.

United Utilities

United Utilities has awarded Arqiva a contract, in December 2024, of at least 15 years to provide 1.1m meters in support of their AMP8 smart meter rollout programme. Arqiva is the prime contractor in a new to market configuration providing the communication network, meters and consumer side installation services. The network deployed will cover the majority of the United Utilities region in the Northwest of England and will offer the potential of a further growth opportunity of 2m meters during AMP9 (and AMP10). Four Network sites have been delivered up to the end of March 2025.

Affinity Water

Arqiva has signed a 15 year contract with Affinity Water, in December 2024, to provide 0.4m meters in support of their AMP8 smart meter rollout programme. Arqiva will provide the communications network, managed service and meters. Affinity Water's overall programme for smart meters is 1.2m which will offer the potential for new growth opportunities during AMP9 (2030-2035) and AMP10 (2035-2040). 76 LoraWan Gateways and more than 20,000 meters have been installed to the end of March 2025.

Thames Water

Since April 2015, Arqiva has delivered a smart metering network for Thames Water and in January 2025 achieved delivery of over 1.2m meters. This is the largest smart water metering network in the UK and has high coverage across the Thames Water London region. We continue to develop joint plans for additional meters in areas we already serve as well as ways to support delivery of their full commitments in AMP8.

Portsmouth Water

Arqiva has signed a 20 year (8 years delivery, 12 additional years providing support service) contract with Portsmouth Water, in February 2025, to install 326,568 total meters (157,900 in AMP8 and 168,668 in AMP9) in support of their AMP8 smart meter programme. Arqiva will provide the communications network, managed service and meters. In the period to March 2025 one mast and 520 meters have been installed.

SGN Hybrid Connectivity

Since the original 5-year contract was awarded by SGN earlier this year to provide connectivity solutions for 230 of their sites, Arqiva has expanded this contract to serve an additional 174 sites over the 5 year period.

Smart energy metering rollout

The Group's smart metering communication network in the North of England and Scotland continues to deliver for 4m customers, supporting 10m devices, day in, day out and performance against our contractual KPIs is consistently strong. Alongside this we work closely with the DCC to identify and deliver against opportunities for improved experience and have been actively engaged in a jointly sponsored programme to improve the installation experience of new smart meters over the past months which has delivered good results.

Arqiva is in the middle of technology development which will deliver enhancements to the platform to support the growth forecast in the next couple of years, with key deliverables already achieved in Q3 and the next set of milestones on track for Q4.

Corporate Update

CFO change

Arqiva's Chief Financial Officer, Sean West, announced his resignation from the Group which was effective from the end of March 2025. Nathan Hodge, Arqiva's existing Group Finance Director, is acting as interim CFO from April 2025 whilst a recruitment process for the permanent position is being completed.

Capital Expenditure

During the nine-month period ended 31 March 2025 the Group incurred the following capital expenditure:

£m	Nine months ended 31 March		Change
	2025	2024	
Growth Capex – contracted	20.1	18.4	1.7
Growth Capex – non contracted	7.9	7.4	0.5
Maintenance	20.0	21.1	(1.1)
Bilsdale – Project Restore	1.6	5.0	(3.4)
Total Capex	49.4	51.9	(2.5)

Contracted growth capex primarily relates to the Group's major projects including the continued rollout and enhancement of the smart energy and water metering networks and delivery of broadcast services. This has increased compared to prior year, primarily driven by accelerated water site build roll out and continued delivery of smart energy networks technology improvements.

Non-contracted growth capex has increased from the prior year period primarily due to the scale-up of product development to compete for new water smart metering contracts alongside system improvement work to simplify operations between Cellnex and Arqiva for site management. This capex development is now being utilized by the four new AMP8 water contracts that have been awarded to Arqiva.

Maintenance capex principally includes expenditure associated with structural projects such as mast strengthening, network transformation and IT. Overall spend is broadly in line with prior year.

Bilsdale (Project Restore) capital expenditure has reduced by £3.4m compared to prior year, as the project comes to an end with final site restoration activities including access and site improvements.

Financing

The Group's senior debt continues to be rated BBB+/BBB by S&P/Fitch respectively.

Ratios

We confirm that in respect of the investor report dated 27 February 2025, by reference to the most recent financial statements that we are obliged to deliver to you on a semi-annual basis in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 2 (Covenants) of the Common Terms Agreement:

Historic Net Debt to EBITDA for the relevant Test Period ending on (and including) 31 December 2024 was 3.09;

Historic Cashflow ICR for the relevant Test Period ending on (and including) 31 December 2024 was 4.63;

Historic Cashflow DSCR for the relevant Test Period ending on (and including) 31 December 2024 was 3.13 (together with (a) and (b) above, the **Historic Ratios**);

Projected Net Debt to EBITDA for the relevant Projected Test Period commencing on (but excluding) 31 December 2024 is 2.80;

Projected Cashflow ICR for the relevant Projected Test Period commencing on (but excluding) 31 December 2024 is 4.35; and

Projected Cashflow DSCR for the relevant Projected Test Period commencing on (but excluding) 31 December 2024 is 2.04 together with (d) and (e) above, the **Projected Ratios**).

We confirm that:

each of the above Ratios has been calculated in respect of the relevant Test Period(s) or Projected Test Period(s) or as at the relevant dates for which it is required to be calculated under the Common Terms Agreement;

no Ratings Downgrade Event has occurred;
no Modified Net Debt to EBITDA Ratio Breach has occurred;
no Default or Trigger Event has occurred and is continuing; and
the statements set out in this Investor Report are accurate in all material respects.

Current Hedging Position

We remain in compliance with hedging covenants.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'W. E. S.', with a long horizontal stroke extending to the right.

CFO

Signing without personal liability, for and on behalf of

Arqiva Financing No 1 Limited as Borrower