Registered number: 06137899

ARQIVA FINANCING NO 2 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2025

The directors present their strategic report for the year ended 30 June 2025.

Introduction

The principal activity of Arqiva Financing No 2 Limited (the 'Company') throughout the year has been that of an intermediate holding company within the Arqiva Group Limited ('AGL') group of companies (the 'Group') and as issuer for the external junior debt. The Company holds an investment in an operational sub-group of companies which it funds via intercompany debt and external junior debt.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties arising from its activities as an intermediate holding company are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the annual report and consolidated financial statements of AGL, a copy of which is available from the address in note 23 of these financial statements or the Group's website at www.arqiva.com.

Financial key performance indicators

The Company has made a loss for the financial year of £27,336,000 *(2024 restated - £34,225,000)*. The Company has net assets of £1,293,920,000 *(2024 restated - £1,321,256,000)*.

Financial KPIs
Given the straightforward nature of the Company's activities, the Directors are of the opinion that analysis using KPIs is not necessary for the understanding of the development, performance or position of the business.

The KPIs of the Group are managed as a whole and are discussed within the annual report and consolidated financial statements of AGL, a copy of which is available from the address in note 23 of these financial statements or the Group's website at www.arqiva.com.

Stakeholder engagement

Throughout the year, the Board has continued to ensure engagement with relevant stakeholders both in day to day business, and as part of key developments. How this has been achieved is discussed within the Annual Report and Consolidated Financial statements of AGL on pages 44 to 46, a copy of which can be obtained from the address in note 23 of these financial statements or the Group's website at www.arqiva.com.

Directors' statement of compliance with duty to promote the success of the Company

The Companies Act 2006 sets out the general duties owed by directors to a company, including a list of matters to which the Directors must have regard, which are set out in s.172(1)(a) to (f). During the year, in continuing to exercise their duties, the Directors have had regard to these matters, as well as other factors, in considering proposals from the management team and continuing to govern the Company on behalf of its shareholders. See below for how the Directors have ensured this:

Consequences of any decisions in the long term:

- During the year Arqiva Financing No 2 Limited continued to act as an intermediate holding company for the Group and as a borrower of funds under the shareholder loan notes for the use within the wider Group. Day-to-day running of the Company is managed by the Company's management team, which are the employees of Arqiva Limited.
- During the year, the Company did not raise any further injections under the shareholder loan notes and as such there were no key decisions made by the Directors this year.

Interests of the company's employees:

- This Company has no employees. Employees of the Group are employed and managed by another group company, Arqiva Limited.

Fostering relationships with suppliers, customers and others:

- The Company's only key relationship relates to the shareholder loan note borrowings held in the Company which is maintained through the regular reporting cycles. The Company did not have any external customers or trading arrangements with suppliers.

Impact of operations on the community and the environment:

- There are no operations carried out by this company, given it is a financing vehicle for the Group. Therefore there is no impact of operations on the community and the environment given there is no trade in the business. For a review of the Group's impact, refer to the AGL FY25 Financial Statements, Section 172 Statement.

Maintaining a high standard of business conduct:

- As a financing vehicle, this Company sets a high standard by supporting the Group in meeting its requirements under debt covenants and including timely servicing of debt to external debt owners. All such payments were made on time and covenant requirements under debt obligations met for the financial year.

Acting fairly between members:

- AGL manages the business at the Group level, not at an individual entity level. Therefore, the Company does not need to manage intercompany relationships, as decisions are made to benefit the group as a whole. Further the Group's letter of support ensures intercompany balances are recoverable.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2025

Future developments and outlook

It is the intention of the Company to continue to hold investments in a group of operating companies. The Company's activity of holding external shareholder loan notes in relation to junior group finance is to be ceased and superseded by new shareholder loan notes through a Group refinance, with Arqiva Broadcast Finance plc taking on these new shareholder loan notes.

The Strategic report was approved by the board on 3 December 2025 and signed on its behalf.

Scott Longhurst
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2025

The directors present their report and the financial statements for the year ended 30 June 2025.

Results and dividends

The loss for the year, after taxation, amounted to £27,336,000 *(2024 - loss restated £34,225,000)*.

The Company has net assets of £1,293,920,000 *(2024 restated - £1,321,256,000)*. These financial statements have been restated for the periods ended 30 June 2024 and 1 July 2023. The Investment asset and reserves balances have been restated due to a previously omitted impairment trigger. See note 24 for further details of the adjustment.

The Company has not declared any dividends for the year (2024: £nil). The loss for the year of £27,336,000 *(2024 restated - £34,225,000)* was transferred to reserves.

Principal risks and uncertainties

Details of the principal risks and uncertainties are included in the Strategic report on page 1.

Future developments

The future developments of the Company are discussed within the Strategic report on page 2.

Engagement with suppliers, customers and others

Details of the Company's engagement with suppliers are discussed within the Strategic report on page 2.

Risk management

The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk, interest rate risk and credit risk. The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

Liquidity risk
Throughout the financial year, the Company has been funded through reserves and external junior debt. The Company's capital requirements are managed by the Group's treasury team. The maturity of the Company's borrowings is shown in note 16. The Group carefully manages the credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions which have satisfactory credit ratings assigned by international credit rating agencies.

As discussed in the Post balance sheet events disclosure, the Group refinanced its junior debt in July 2025. From then, the Company now holds a fixed rate intercompany loan in respect of the refinanced Junior debt which has reduced its exposure to liquidity and interest rate risks.

Interest rate risk
Throughout the financial year, the Company was exposed to interest rate risk arising from its variable rate bank borrowings. The Company has maintained a hedging policy to manage interest rate risk and to ensure the certainty of future interest cash flows and compliance with debt covenants. It held fixed rate hedging, split between interest rate swaps and inflation-linked interest rate swaps. Interest rate swaps convert variable rate interest costs to fixed rate interest costs while inflation swaps convert fixed rate interest costs to RPI-linked costs, which fluctuate in line with the RPI index as do a significant proportion of the Group's revenue contracts.

These hedging instruments were held until June 2025, at which point they were closed out in anticipation of the prepayment of the junior debt in July 2025. Following this transaction, the Company now holds an intercompany loan in respect of the refinanced junior debt, which carries a fixed interest rate, thereby significantly reducing exposure to interest rate fluctuations.

Other intercompany loan balances held by the Company are either interest-free or carry fixed interest rates. The Company's capital requirements and treasury activities are managed centrally by the Group's treasury function.

Credit risk
The Company is exposed to credit risk to the extent of external junior debt balance. The levels of credit risk are monitored through the Group's on-going risk management processes, which include a regular review of the credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.

As discussed, the junior debt held by this Company has been fully prepaid in July 2025 and replaced with an intercompany loan matching the terms of the external junior secrued notes entered into by Arqiva Broadcast Finance plc at the same date, reducing the credit risk for the Company as it no longer holds external debt.

The Company is otherwise exposed to credit risk in respect of intercompany balances within the Group. It does not have an external customer base. The intercompany debt is covered by an intercompany agreement. The intercompany receivable balance is with a fellow wholly owned subsidiary of the Group. The Directors have assessed that the credit risk is low.

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 parent 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 severe but plausible downside scenarios.

The Capital Structure Committee regularly reviews the debt position of the group to ensure it is appropriate and has concluded it has sufficient cash to service its debt structure obligations. The parent Group has provided a letter of support which confirms that Arqiva Group Limited will provide such financial assistance to all its wholly owned (directly and indirectly held) subsidiaries in order to meet liabilities as they fall due for a period of 12 months from the date of signing the 30 June 2025 financial statements.

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 for the 12 month period post signing of these financial statements.

Post balance sheet events

In July 2025, subsequent to the year end, fellow Group company Arqiva Broadcast Finance plc successfully completed the issuance of £500 million Junior Secured Notes. The proceeds of this facility have been utilised to fully prepay the outstanding £450 million Junior Loan held by Arqiva Financing No 2 Limited.

The new loan was leant onto this Company via an intercompany loan matching the terms of the external loan, which has a maturity in 2030 and coupon rate of 8.625%.

Subsequent to the reporting date, Macquarie Asset Management announced its intention to dispose of its investments in the Arqiva Group. The transaction is subject to completion and regulatory approvals and, as at the date of these financial statements, remains outstanding. Based on current information, the directors do not expect the proposed disposal to have a material impact on the Group’s ongoing operations. No adjustments have been made to these financial statements in respect of this event.

Directors

The directors who served during the year were:

Jonathan Carter (appointed 27 February 2025)
Drummond Clark (appointed 28 February 2025)
Paul Donovan (resigned 31 August 2025)
Susana Leith-Smith
Scott Longhurst
James O'Halloran (appointed 30 December 2024)
Michael Osborne (appointed 26 November 2024)
Matthew Postgate
David Stirton
Patrick Tillieux (appointed 24 April 2025)
Michael Darcey (resigned 18 March 2025)
Maximilian Fieguth (resigned 28 February 2025)
Arnaud Jaguin (resigned 31 October 2024)
Andrew Macleod (resigned 26 November 2024)
Diego Massidda (resigned 11 December 2024)

Qualifying third party indemnity provisions

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’. Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2025

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors' report was approved by the board on 3 December 2025 and signed on its behalf.

Scott Longhurst
Director

Independent auditors' report to the members of Arqiva Financing No 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arqiva Financing No 2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2025 and of its loss 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 2025; the Income Statement and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

We remained independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 2025 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 Directors' responsibilities statement, 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 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 to manipulate the financial performance of the Company and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance, and the entity's in-house legal team around actual and potential litigation, claims, and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates (because of the risk of management bias); 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.

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
3 December 2025

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 £000	*As restated* *2024* *£000*
Administrative expenses		**(32)**	*(34)*
Operating loss	4	**(32)**	*(34)*
Finance income	7	**217,843**	*202,955*
Finance costs	8	**(250,011)**	*(232,623)*
Other finance income / (expense)	9	**1,156**	*(4,034)*
Loss before tax		**(31,044)**	*(33,736)*
Tax on loss	10	**3,708**	*(489)*
Loss for the financial year		**(27,336)**	*(34,225)*

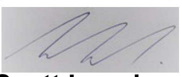
There are no items of other comprehensive income for 2025 or 2024 other than the loss for the year. As a result, no separate Statement of comprehensive income has been presented.

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 £000	2025 £000	*As restated 2024 £000*	*As restated 2024 £000*
Fixed assets					
Investments	11		**1,549,219**		*1,549,219*
			1,549,219		*1,549,219*
Current assets					
Debtors: amounts falling due after more than one year	12	**2,388,492**		*2,219,702*	
Debtors: amounts falling due within one year	12	**23,247**		*19,414*	
Bank and cash balances	13	**97**		*781*	
		2,411,836		*2,239,897*	
Creditors: amounts falling due within one year	14	**(2,181,887)**		*(1,979,087)*	
Net current assets			**229,949**		*260,810*
Total assets less current liabilities			**1,779,168**		*1,810,029*
Creditors: amounts falling due after more than one year	15		**(485,248)**		*(488,773)*
			1,293,920		*1,321,256*
Net assets			**1,293,920**		*1,321,256*
Capital and reserves					
Called up share capital	19		**50**		*50*
Capital redemption reserve	20		**3,301,637**		*3,301,637*
Profit and loss account	20		**(2,007,767)**		*(1,980,431)*
Total equity			**1,293,920**		*1,321,256*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 December 2025.



Scott Longhurst
Director

The notes on pages 15 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2023 (as previously stated)	**50**	**3,301,637**	**(991,406)**	**2,310,281**
Prior year adjustment - correction of error	**-**	**-**	**(954,800)**	**(954,800)**
At 1 July 2023 (as restated)	**50**	**3,301,637**	**(1,946,206)**	**1,355,481**
Loss for the year (as restated)	**-**	**-**	**(34,225)**	**(34,225)**
Total comprehensive expense for the year	**-**	**-**	**(34,225)**	**(34,225)**
At 1 July 2024 (as restated)	**50**	**3,301,637**	**(1,980,431)**	**1,321,256**
Loss for the year	**-**	**-**	**(27,336)**	**(27,336)**
Total comprehensive expense for the year	**-**	**-**	**(27,336)**	**(27,336)**
At 30 June 2025	**50**	**3,301,637**	**(2,007,767)**	**1,293,920**

The notes on pages 15 to 33 form part of these financial statements.

1. General information

Arqiva Financing No 2 Limited (the ‘Company’) is a private company, limited by shares, incorporated and domiciled in England, United Kingdom (‘UK’) under the Companies Act under registration number 06137899. 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 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Arqiva Group Limited as at 30 June 2025 and these financial statements may be obtained from www.arqiva.com.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2. Accounting policies (continued)

2.4 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 parent 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 severe but plausible downside scenarios.

The Capital Structure Committee regularly reviews the debt position of the group to ensure it is appropriate and has concluded it has sufficient cash to service its debt structure obligations. The parent Group has provided a letter of support which confirms that Arqiva Group Limited will provide such financial assistance to all its wholly owned (directly and indirectly held) subsidiaries in order to meet liabilities as they fall due for a period of 12 months from the date of signing the 30 June 2025 financial statements.

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 for the 12 month period post signing of these financial statements.

2.5 Impact of new international reporting standards, amendments and interpretations

New and amended standards adopted by the Company

Amendment to IAS 1 - Non-current Liabilities with Covenants
The amendment listed above did not have any material impact on the amounts recognised in prior years and is not expected to have a material impact on current or future periods.

New standards, interpretations and amendments not yet effective
The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

- Amendment to IAS 21 - Lack of Exchangeability
- Amendments IFRS 9 and IFRS 7 - Regarding the classification and measurement of financial instruments
- Amendment to IFRS 18 - Presentation and Disclosures in Financial Statements

The new and revised standards not yet effective are not expected to have a material impact on the Company.

2.6 Finance income

Finance income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

An impairment charge arises when the fair value of investments is lower than its net book value. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations (‘VIU’).

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

2. Accounting policies (continued)

2.14 Financial instruments (continued)

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's material accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these judgements, estimates and assumptions.

The judgements, estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised.

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

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

Impairment of investments

Key estimates:
The calculation of impairment of investments in subsidiaries held is considered to be a critical accounting estimate, as the value of the Company's investment in Arqiva Broadcast Intermediate Limited is sensitive to future cash flow projections, specifically in relation to the debt financing operations of the Group. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment.

4. Operating loss

The Company has received a £5,000 *(2024 - £5,000)* management recharge in respect of senior executive management costs within the group, from a fellow Group company. The management recharge is included within operating expenses within the income statement.

The remaining operating expenses of £27,000 *(2024 - £29,000)* relate to agency fees.

5. Auditors' remuneration

The Company's audit fee for the year of £31,000 *(2024 - £25,000)* was borne by Arqiva Limited, a fellow Group company and was not recharged.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

6. Employees

Employees
The Company had no employees during the year *(2024 - none)*.

Directors
There are no recharges *(2024 - £nil)* made to the Company in respect of any remuneration for any Directors, as their duties in respect of the Company are incidental to their normal duties on behalf of their employer companies.

The Directors are either representatives of the ultimate UK parent undertaking's shareholders or other Group companies and their individual remuneration reflects the services they provide to the Company and other Group companies. It is not possible to make an accurate apportionment of each Director's emoluments in respect of their services to the Company. Accordingly, no emoluments in respect of these Directors services have been disclosed.

7. Finance income

	2025 £000	*2024 £000*
Interest receivable from group undertakings	**217,843**	*202,955*
	217,843	*202,955*

8. Finance costs

	2025 £000	*2024 £000*
Amortisation of debt issue costs	**3,602**	*3,602*
Other loan interest payable	**41,472**	*44,578*
Interest payable to group undertakings	**199,414**	*181,879*
Other interest payable	**5,523**	*2,564*
	250,011	*232,623*

9. Other finance income / (expense)

		2025 £000	*2024 £000*
Fair value gain / (loss) on derivative financial instruments	17	**1,156**	*(4,034)*
		1,156	*(4,034)*

10. Tax on loss

	2025 £000	*2024 £000*
Corporation tax		
Current tax on profits for the year	**(5,490)**	*(3,813)*
Adjustments in respect of previous periods	**-**	*5,311*
	(5,490)	*1,498*
Total current tax	**(5,490)**	*1,498*
Deferred tax		
Origination and reversal of timing differences	**1,782**	*(1,009)*
Total deferred tax	**1,782**	*(1,009)*
Tax on loss	**(3,708)**	*489*

10. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2024 - the same as)* the standard rate of corporation tax in the UK of 25% *(2024 - 25%)*. The differences are explained below:

	2025 £000	*As restated 2024 £000*
Loss on ordinary activities before tax	**(31,044)**	*(33,736)*
Loss before tax on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	**(7,761)**	*(8,434)*
Effects of:		
Deemed interest on intercompany balances (a)	**4,053**	*3,612*
Adjustments to tax charge in respect of prior periods (b)	**-**	*5,311*
Total tax (credit) / charge for the year	**(3,708)**	*489*

Factors that may affect future tax charges

The current year UK corporation tax credit *(2024 - credit)* represents the payment received from other Group companies for the provision of tax losses by way of group relief.

(a) Deemed interest expense in respect of inter-company debt, taxable for corporation tax purposes.
(b) The adjustment in respect of prior years relates to refinements of estimates of taxable profits arising from the completion of the tax compliance process. This is primarily as a result of the introduction by the Group of a revised intra-group interest charging policy for tax purposes commencing in the year ended 30 June 2023.

On 20 June 2023, Finance (No.2) Bill 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%; the implications of this upon the Companies in the group are set out in the Arqiva Group Limited financial statements. The Company has applied the temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules.

11. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2024	**3,493,261**
At 30 June 2025	**3,493,261**
Accumulated impairment	
At 1 July 2024 (as previously stated)	**1,040,342**
Prior Year Adjustment	**903,700**
At 1 July 2024 (as restated)	**1,944,042**
At 30 June 2025	**1,944,042**
Net book value	
At 30 June 2025	**1,549,219**
At 30 June 2024 (as restated)	*1,549,219*

11. Fixed asset investments (continued)

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

The recoverable amounts is determined from value-in-use calculations ('VIU').

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

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

Projected cash flows and the 'recoverable amount'
The value in use is determined from the cash flow forecasts derived from the most recent financial forecasts approved by the Board for the next nine years. They reflect management's expectations of revenue, EBITDA growth, capital expenditure and working capital based on past experience and future expectations of performance. IAS36 sets out the expectation of a five year period to be used when forecasting the recoverable amount of a CGU. Management has however elected to use a nine year forecast as this aligns with the Group's Long-Term Plan (LTP) which is a thorough forecast for future cash flows and Management consider this to be more appropriate as it enables the Group to better capture the long-term value creation from existing long-term contracts included in the Group's LTP, and better captures the full trajectory of strategic initiatives, investment cycles, and market developments that are expected to unfold over the longer term.

Discount rate
The pre-tax discount rate applied to the Group's cash flow forecasts are derived using the capital asset pricing model for comparable businesses. The assumptions used are benchmarked to externally available data. The pre-tax discount rates used for Media & Broadcast and Smart Utilities Networks CGUs are 10.6% *(2024 - 8.8%)* and 10.3% *(2024 - 8.7%)* respectively.

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

Terminal growth rates
The terminal growth rate is determined based on the long-term growth rates of the markets in which the CGU operates (2025 - 2.0%; 2024 - 1.9%). The growth rate has been benchmarked against externally available data.

The Company did not incur an impairment charge during the year. These financial statements have been restated for an additional impairment charge for the period 30 June 2023 which reflects an opening balance impairment for the period to 30 June 2024. See note 24 for further information

This calculation is considered to be a key accounting estimate, as the value of the Company's investment in Arqiva Broadcast Intermediate Limited is sensitive to future cash flow projections, discount rate and terminal growth rate applied to the Groups value in use calculation. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment.

11. Fixed asset investments (continued)

Sensitivities

The value in use exceeds the carrying value of investments by approximately £140.7m. The following changes to key assumptions (in isolation) would result in the value in use being equal to the carrying value:

- An increase in the pre-tax discount rate assumption to 11.5% (*2024 - 9.2%*).
- A decrease in the terminal growth rate assumption to 1.7% (*2024 - no reasonable change*).

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

Company	**Country of incorporation**	**Principal activities**	**Year end**	**Ordinary share holding**
Arqiva Broadcast Intermediate Limited	United Kingdom	Holding company	30-Jun	100%*
Arqiva Financing No. 1 Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Group Intermediate Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Group Parent Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Senior Finance Limited	United Kingdom	Financing vehicle	30-Jun	100%
ABHL Digital Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Digital Radio Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Multiplex Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Muxco Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva (Scotland) Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Defined Benefit Pension Plan Trustees Limited	United Kingdom	Pension company	30-Jun	100%
Arqiva Group Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Inc.	USA	Satellite transmission services	30-Jun	100%
Arqiva Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva (Ireland) Limited	Ireland	Transmission services	30-Jun	100%
Arqiva Media Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile TV Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva No. 10 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 11 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Pension Trust Limited	United Kingdom	Pension company	31-Mar	100%
Arqiva PP Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Pte Limited	Singapore	Satellite transmission services	30-Jun	100%
Arqiva Public Safety Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva SAS	France	Satellite transmission services	30-Jun	100%
Arqiva SRL	Italy	Satellite transmission services	30-Jun	100%
Arqiva Telecoms Investment Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva UK Broadcast Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Capablue Limited	United Kingdom	Dormant company	30-Jun	100%
Cast Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV (Scotland) Limited	United Kingdom	Dormant company	30-Jun	100%

Company	Country of incorporation	Principal activities	Year end	Ordinary share holding
Connect TV Limited	United Kingdom	Dormant company	30-Jun	100%
Digital One Limited	United Kingdom	Transmission services	30-Jun	100%
Inmedia Communications (Holdings) Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Group Limited	United Kingdom	Dormant company	30-Jun	100%
J F M G Limited	United Kingdom	Spectrum services	30-Jun	100%
Macropolitan Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (East Midlands) Limited	United Kingdom	Transmission services	30-Jun	80%
Now Digital (Oxford) Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (Southern) Limited	United Kingdom	Transmission services	30-Jun	100%
Now Digital Limited	United Kingdom	Transmission services	30-Jun	100%
NWP Spectrum Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Scanners (Europe) Limited	United Kingdom	Dormant company	30-Jun	100%
Scanners Television Outside Broadcasts Limited	United Kingdom	Dormant company	30-Jun	100%
Selective Media Limited	United Kingdom	Dormant company	30-Jun	100%
South West Digital Radio Limited	United Kingdom	Transmission services	30-Jun	66.67%
Spectrum Interactive (UK) Limited	United Kingdom	Dormant company	30-Jun	100%
Spectrum Interactive GmbH	Germany	Dormant company	30-Jun	100%
Spectrum Interactive Limited	United Kingdom	Holding company	30-Jun	100%

*These investments are held directly by the Company.

With the following exceptions, the registered office of each of the subsidiary companies listed above was Crawley Court, Winchester, Hampshire, SO21 2QA:

Company	Registered office
Arqiva Inc.	c/o The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE19801, United States of America.
Arqiva Pte Limited	8 Marina Boulevard #05-02, Marina Bay Financial Centre, 018981, Singapore.
Arqiva SAS	Tour Vendome 204, Rond Point du Pont De Sevres, 92100, Boulogne, France.
Arqiva SRL	c/o Studio Bandini & Associati, Via Calabria 32, Rome, Italy.
Arqiva (Ireland) Limited	Unit 9 Willborough, Clonshaugh Industrial Estate, Dublin 17, Co. Dublin, Ireland.
Arqiva (Scotland) Limited	c/o Morton Fraser, Quartermile 2, 2 Lister Square, Edinburgh, EH3 9GL, Scotland.

11. Fixed asset investments (continued)

In addition to the subsidiary undertakings the Company indirectly holds the following interests in associates and joint ventures:

Name	Country of incorporation	Principal activity	Registered office	Year end	Ordinary share holding
Joint ventures:					
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA	31-Dec	40%
Associate undertakings:					
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	Greenworks Dog And Duck Yard, Princeton Street, London, England, WC1R 4BH	31-Dec	25%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for	15 Alfred Place, London, England, WC1E 7EB	30-Jun	10%

12. Debtors

	2025 £000	*2024 £000*
Amounts falling due after more than one year		
Amounts owed by group undertakings	**2,388,393**	*2,217,821*
Deferred tax asset	**99**	*1,881*
	2,388,492	*2,219,702*

	2025 £000	*2024 £000*
Amounts falling due within one year		
Amounts owed by group undertakings	**23,088**	*19,409*
Prepayments and accrued income	**159**	*5*
	23,247	*19,414*

Amounts owed by group undertakings are unsecured. Interest has been charged on £2,388,393,000 *(2024 - £2,217,821,000)* at 9.5%.

As part of the Group's refinancing, the majority of the balances with group undertakings have been formalised under a single subordinated loan agreement with a subsidiary company which has a maturity date in 2033.

13. Cash and cash equivalents

	2025 **£000**	*2024* *£000*
Cash at bank and in hand	**97**	*781*
	97	*781*

14. Creditors: amounts falling due within one year

	2025 **£000**	*2024* *£000*
Accrued interest	**12,581**	*13,608*
Amounts owed to group undertakings	**2,163,395**	*1,965,479*
Other taxation and social security	**(60)**	-
Other creditors	**5,971**	-
	2,181,887	*1,979,087*

Amounts owed to group undertakings are unsecured. Interest has been charged on £2,163,395,000 *(2024 - £1,965,479,000)* at 9.5% and £nil *(2024 - £nil)* was interest free and repayable on demand.

15. Creditors: amounts falling due after more than one year

		2025 £000	*2024 £000*
External loans: Junior loan		**450,000**	*450,000*
Less: issue costs		**(9,906)**	*(13,508)*
Amounts owed to group undertakings		**45,154**	*45,154*
Financial instruments (after 1 yr)	17	**-**	*7,127*
		485,248	*488,773*

Amounts owed to group undertakings relate to balances formalised under a single subordinated loan agreement with the direct parent company which has a long term maturity date of 2033. In addition, further funds have been advanced by parent undertakings on a subordinated basis which facilitated the repayment of previous bank facilities. Accrued interest on these intercompany loan balances are included as amounts payable to other group entities within payables. The balances cannot be recalled earlier than the final maturity date other than with the agreement of the borrower. Interest can be deferred if the borrower does not have sufficient available cash flow.

The £450m junior debt comprises of £138.9m *(2024 - £138.9m)* loan at a fixed rate of 9.1% *(2024 - 9.1%)* and £311.1m *(2024 - £311.1m)* at floating rate with a margin of 5% over SONIA. It has a contracted maturity date of 31 March 2028, however the Group successfully refinanced this facility post year end, see note 22 for further details.

16. Loans

Analysis of the maturity of loans is given below:

	2025 £000	*2024 £000*
Amounts falling due within one year		
Accrued interest	**12,581**	*13,608*
	12,581	*13,608*
Amounts falling due 1-2 years		
Less: issue costs	**(9,906)**	*(13,508)*
External loans: Junior loan	**450,000**	*450,000*
	440,094	*436,492*
	452,675	*450,100*

17. Financial instruments

Derivative financial instruments

The Company operates as part of the Group's management of the exposures of its debt payment obligations through the use of interest rate swaps.

The £450.0m junior debt comprises of £138.9m *(2024 - £138.9m)* loan at a fixed rate of 9.1% and £311.1m *(2024 - £311.1m)* at floating rate with a margin of 5% over SONIA.

During the year end, the company held junior interest rate swaps with a notional of £450.0m *(2024 - £450.0m)* which hedges interest obligations of the Group's junior loan that was originally drawn at floating rate. The average fixed rate of this instrument was at 5.3%. After the initial drawdown of £450.0m floating rate loan in September 2022 a portion of the loan was restructured to fixed rate and therefore the Group has entered £138.9m of corresponding fixed to floating overlay interest rate swaps to align the cash flow characteristics of the underlying fixed rate debt and original floating to fixed interest rate swaps.

As disclosed in note 22, in July 2025, the Group refinanced its junior debt, and the junior debt held by this Company was prepaid. In anticipation of this, in June 2025, the Company closed out it's swaps associated with the junior debt. The fair value balance on close out was £5.9m. This was paid in July 2025 and is classified as other creditors as at 30 June 2025.

The fair value of the junior interest rate swaps portfolio at 30 June 2025 is a £nil *(2024 - liability of £7.1m)*. This fair value is calculated using a risk-adjusted discount rate.

The following table details the fair value of financial instruments recognised on the statement of financial position:

	2025	*2024*
	£000	*£000*
Within non-current liabilities		
Interest rate swaps	**-**	*(7,127)*
Total	**-**	*(7,127)*
Change in fair value recognised in the income statement:		
- Attributable to changes in market conditions	**(1,156)**	*(4,034)*
- Accrued settlement on close out of interest rate swaps	**(5,971)**	*-*
Total loss recognised in the income statement	**(7,127)**	*(4,034)*
Total change in fair value	**(7,127)**	*(4,034)*

18. Deferred taxation

	2025 **£000**	*2024* *£000*
At beginning of year	**1,881**	*1,881*
Charged to profit or loss	**(1,782)**	*-*
At end of year	**99**	*1,881*

The deferred tax asset is made up as follows:

	2025 **£000**	*2024* *£000*
Tax losses	**99**	*99*
Derivative financial instruments	**-**	*1,782*
	99	*1,881*

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 will be sufficient taxable profits against which they will be realised. The Company has an unrecognised deferred tax asset of £297,000 *(2024 - £297,000)* in respect of tax losses. These deferred tax assets may be carried forward indefinitely. These assets have not been recognised since it is not probable that these assets will be able to be utilised against future taxable profits of the Company.

19. Called up share capital

	2025 **£000**	*2024* *£000*
Allotted, called up and fully paid		
50,002 *(2024 - 50,002)* Ordinary shares of £1.00 each	**50**	*50*

20. Reserves

Capital redemption reserve

The capital redemption reserve arose from the release of intercompany loans due to the Company's immediate parent. This reserve is non-distributable in accordance with section 830 of the Companies Act 2006.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

21. 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.

22. Post balance sheet events

In July 2025, subsequent to the year end, fellow Group company Arqiva Broadcast Finance plc successfully completed the issuance of £500 million Junior Secured Notes. The proceeds of this facility have been utilised to fully prepay the outstanding £450 million Junior Loan held by Arqiva Financing No 2 Limited.

The new loan was leant onto this Company via an intercompany loan matching the terms of the external loan, which has a maturity in 2030 and coupon rate of 8.625%.

Subsequent to the reporting date, Macquarie Asset Management announced its intention to dispose of its investments in the Arqiva Group. The transaction is subject to completion and regulatory approvals and, as at the date of these financial statements, remains outstanding. Based on current information, the directors do not expect the proposed disposal to have a material impact on the Group's ongoing operations. No adjustments have been made to these financial statements in respect of this event.

23. Controlling party

The Company's immediate parent undertaking is Arqiva Broadcast Parent Limited ('ABPL'). Copies of the ABPL financial statements can be obtained from the Company Secretary at Crawley Court, Winchester, Hampshire, SO21 2QA.

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

AGL is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities. There is no ultimate controlling party of the Company.

24. Prior year adjustment

A previously omitted impairment trigger arising for the Smart Utilities Networks (SUN) Cash Generating Unit ("CGU") assets was identified. The relevant impairment trigger was an agreement in 2023 between the Group and the Data Communications Company (DCC) to end the Enduring Support change model. The Enduring Support service delivery model aligned with a projected constant revenue change pipeline for the Group, however it was agreed with the DCC to revise the model to an as-needed change request process going forwards. This led to management revising the Group's forecast cashflows in the new Long-Term Plan (LTP) from a consistent reliable stream to ad-hoc receipts with a reduced scope of work. The result of this was a projected fall in cashflows from financial year 2029. For the impairment assessment only 5 years were considered instead of extending the period beyond 2029 due to this known DCC contract change.

The error resulted in the absence of recognised impairment expense in June 2023 and a corresponding overstatement of the carrying value of investments on the statement of financial position which had a continuing misstated effect on the carrying value of investments and the profit and loss account in subsequent periods of account. The impairment loss has been retrospectively recognised in the comparative period ended June 2023, resulting in a reduction of the carrying value of investment assets by £954,800,000 and a corresponding increase in impairment expense through the profit and loss account. In addition, an impairment of £51,100,000 which was recognised in the year ended June 2024 has been retrospectively reversed as this is superseded by the impairment recognised in June 2023. The resulting prior period net restatement for June 2024 is £903,700,000.

The financial statements have been restated accordingly. No other line items are affected by this misstatement.

	30 June 2023 (Reported) £000	Impairment of investments £000	1 July 2023 (Restated) £000
Investments	2,504,019	(954,800)	1,549,219
Profit and loss account	(991,406)	(954,800)	(1,946,206)

	30 June 2024 (Reported) £000	Impairment of investments brought forward £000	Reversal of in year impairment £000	30 June 2024 (Restated) £000
Investments	2,452,919	(954,800)	51,100	1,549,219
Profit and loss account	(1,076,731)	(954,800)	51,100	(1,980,431)