CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

COMPANY NUMBER 08772997

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COMPANY INFORMATION

Directors

W G Mesch
S N J Holden
N J Dunn

Secretary and registered office

C L Gawn, 15 Bedford Street, London, WC2E 9HE

Company number

08772997

Independent auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Company ownership

Connect Infrastructure Topco Limited, a company incorporated in the UK, is the ultimate parent company of CityFibre Infrastructure Holdings Limited (the ‘Company’ or ‘CityFibre’). From July 2018, Connect Infrastructure Topco Limited was jointly controlled by a consortium formed by Antin Infrastructure Partners and West Street Infrastructure Partners, a fund managed by Goldman Sachs. Mubadala Investment Company and Interogo Holding joined the existing investors and became minority shareholders after investing in August 2021. Following the acquisition of Lit Fibre, Newlight Partners became minority shareholders in May 2024.

Antin Infrastructure Partners

Antin Infrastructure Partners is a leading independent private equity firm focused on infrastructure investments. With 33 partners and over 240 professionals across six offices, the firm manages funds that invest in infrastructure in Europe and North America, targeting investments in the energy and environment, digital, transportation and social sectors.

Antin Infrastructure Partners has over €33 billion of assets under management. The firm’s 17-year track-record of investing includes five flagship infrastructure funds, one mid cap infrastructure fund and one fund dedicated to investing in the next generation of infrastructure. These funds are backed by over 360 institutional investors from across Europe, North America, the Middle East, Asia, Australia and South America, including pension funds, insurance companies, asset managers and sovereign wealth funds.

Antin Infrastructure Partners has significant experience in acquiring and owning digital infrastructure assets. In particular, through its ownership of Lyntia (a leading independent wholesale fibre platform in Spain), FirstLight Fiber (a leading provider of fibre bandwidth services to enterprise, wireless and carrier customers in six states across the North-eastern U.S.) and Eurofiber (a leading independent fibre network in the Netherlands, Belgium, France and Germany, serving corporates including telecoms and utilities businesses, SMEs, NGOs and public organisations), Antin Infrastructure Partners has developed an in-depth understanding of the relevant business models, key risks and growth drivers involved in owning a fibre roll-out asset.

West Street Infrastructure Partners

West Street Infrastructure Partners is one in a series of private infrastructure funds managed by Goldman Sachs Alternatives. Goldman Sachs (NYSE: GS) is one of the leading investors in alternatives globally, with over $500 billion in assets and more than 30 years of experience.

The business invests in the full spectrum of alternatives including private equity, growth equity, private credit, real estate, infrastructure and sustainability. Clients access these solutions through direct strategies, customised partnerships, and open-architecture programs. The business is driven by a focus on partnership and shared success with its clients, seeking to deliver long-term investment performance drawing on its global network and deep expertise across industries and markets.

The Goldman Sachs Alternatives platform is part of Goldman Sachs Asset Management, which delivers investment and advisory services across public and private markets for the world’s leading institutions, financial advisors and individuals. Goldman Sachs has more than $3.1 trillion in assets under supervision globally as of December 31, 2024.

Established in 2006, Infrastructure at Goldman Sachs Alternatives has invested $16 billion across 40 portfolio companies since its inception. The business has a long track record of investing across the key sectors of infrastructure, including energy transition, digital infrastructure, transportation & logistics and circular economy.

Infrastructure at Goldman Sachs Alternatives has extensive experience investing in communication infrastructure assets. The business has invested in the telecoms sector in Unison and Vertical Bridge (telecoms towers), ExteNet (small cells and distributed network services), Atman (a Polish data centre platform), ImOn Communications (a regional Fibre to the Home platform) and most recently announced our acquisition of Melita (a fully converged digital infrastructure provider in Malta).

Company ownership (continued)

Mubadala Investment Company

Mubadala Investment Company is a sovereign investor managing a global portfolio, aimed at generating sustainable financial returns for the Government of Abu Dhabi.

Mubadala's $302 billion (AED 1,111 billion) portfolio spans six continents with interests in multiple sectors and asset classes. Leveraging its deep sectoral expertise and long-standing partnerships to drive sustainable growth and profit, while supporting the continued diversification and global integration of the economy of the United Arab Emirates.

Mubadala's investment into CityFibre is in line with the United Arab Emirates/United Kingdom Sovereign Investment Partnership. The partnership, which Mubadala oversees for the UAE and the Office for Investment for the UK, serves as a coordination platform to grow a future-focused investment relationship between the two nations and enable growth, employment, and global competitiveness across priority sectors.

For more information about Mubadala Investment Company, please visit: www.mubadala.com.

Interogo Holding

Interogo Holding is a foundation-owned international investment business, whose strategies include private and long-term equities, real estate, infrastructure and liquid assets. Interogo Holding focuses on sectors and strategies where it can benefit from its long-term business approach, financial strength and commitment to also consider non-financial aspects of an investment.

The infrastructure investment business targets direct investments in Europe and North America, across the infrastructure sector. The strategy is to acquire holdings in infrastructure companies that provide essential services to society, are recession resilient, and offer downside protection through stable and predictable cash flows.

Newlight Partners

Newlight Partners LP is a growth-focused private equity firm that builds businesses in partnership with exceptional founders and management teams. Newlight's thematic investment approach focuses on identifying and addressing marketplace opportunities in rapidly growing subsectors. Areas of focus include digital transformation, decarbonization, financial services, and healthcare.

Company's directors

Greg Mesch (Chief Executive Officer)

With over 35 years of telecoms, internet and technology-based experience behind him and five companies successfully built from start-up phase, Greg is experienced when it comes to business plan development, management team building, scaling companies and the capital formation of high growth communications and technology-based companies.

Nick Dunn (Chief Financial Officer)

Prior to joining CityFibre in January 2021, Nick served for 10 years as CFO at Gatwick Airport. Before that, he worked with Anglo American plc and with Centrica plc in a number of senior finance roles, including Director of Group M&A, Finance Director for Centrica Energy as well as Finance Director for British Gas Business. Nick also brings more than 10 years' experience in investment banking, with the majority of that time spent specialising in the infrastructure sector. Working on acquisitions, IPOs and financing transactions in the UK and internationally, he has advised both governments and private investors.

Simon Holden (Chief Operating Officer)

Prior to joining CityFibre in March 2019, Simon was a partner at Goldman Sachs where he held senior roles in London and New York in the Investment Banking division as well as a number of leadership roles in the Telecom, Media and Technology banking team. Before that, Simon worked for Baring Brothers in London and Hong Kong. He trained as a Chartered Accountant with Coopers and Lybrand.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present their strategic report with the audited financial statements for the year ended 31 December 2024.

We have chosen in accordance with Section 414C(11) of the Companies Act 2006 to set out in our Strategic Report the following which the Directors believe to be of strategic importance:

- Principal risks and uncertainties
- Key Performance Indicators (KPIs)

CityFibre – at a glance

CityFibre was founded to develop a new generation of digital infrastructure for the UK - infrastructure capable of transforming the digital capabilities of citizens and businesses, sparking innovation and underpinning our economy in the data age.

Today CityFibre operates the UK's largest independent Full Fibre[1] platform. Supporting market-leading wholesale connectivity services, its carrier-grade networks enable its wholesale customers to serve ultra-reliable, gigabit speed and futureproof broadband, Ethernet and 5G services to homes, businesses, schools, hospitals and GP surgeries – as well as anything else that needs a digital connection.

CityFibre's networks now pass 4.4 million premises[2], reflecting a year-on-year increase of 800,000 premises. CityFibre ultimately plans to pass up to 8 million premises through a combination of organic build and network acquisitions, representing approximately one third of the UK market.

CEO review

2024 was a definitive year for CityFibre which saw us achieve profitability ahead of schedule and report our first full year of profitability (at an adjusted EBITDA[3] level), a real statement on the strength of our business.

Throughout 2024, we made significant progress towards our strategic priorities:

1) Expand our wholesale-only network to reach more than 8 million UK premises

2) Drive take-up across all market verticals: residential, business, public sector and mobile

3) Deliver market-leading products and services across the UK's most advanced full fibre network.

These priorities ensure CityFibre reaches scale and our full potential as the leading competitor to BT Openreach and the wholesale network of choice for consumer and business ISPs, mobile network operators and service integrators.

Doing so will ensure a sustainable competitive infrastructure market that will deliver long-term benefits for consumers, businesses and the UK economy.

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[1] Full Fibre consists of fibre optic cabling used from the local exchange, all the way to the end-user premises, relying on no copper-based telephone lines.
[2] Premises passed: The property has fibre allocation and a fibre route available to the boundary of the premises, but may not yet be connected.
[3] Refer to page 12 for a reconciliation from operating loss to adjusted EBITDA.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

CEO REVIEW (continued)

Expanding our network:

We added over 900,000 Ready for Service (RFS) premises[4] in 2024, including our organic build programme, Project Gigabit[5] rollouts and acquired footprint. This brought our total RFS premises to 4.1 million, more than halfway to our rollout ambition of at least 8 million.

2024 marked a strategic shift from our focus on organic build, to a more balanced model of network expansion, maximising the potential for subsidised participation in the government's Project Gigabit programme alongside a rapidly emerging altnet[6] consolidation opportunity. This model will provide a cost-effective, profitable and scalable strategy to accelerate our network expansion and maximise the availability of serviceable premises to our customers.

Central to this strategy is our expanded participation in Project Gigabit. In January 2024, we were awarded five new contracts under the programme, bringing our total to nine contracts, worth £780 million in subsidies. Since then, we have worked closely with BDUK[7] to refine the build programmes which has increased the subsidies by £85 million to a total of £865 million. The scale of this participation has led to a reprofiling of our build plans, increasing our focus on densifying rural areas close to our existing urban networks.

Build is now underway in all nine awarded contract areas. As at 31 December 2024, over 20,000 subsidised premises are already RFS, and live services are available in five project areas. These contracts underpin our rollout to over 1 million subsidised and commercial premises and will see CityFibre become the principal provider of fibre infrastructure in these areas.

While deployment is at an early stage, there are early indications of strong consumer demand and take-up. Across the areas currently deployed, we are seeing an average of 60% faster take-up when compared to non-intervention areas. This serves to underpin our confidence in the strategic value of the expanded Project Gigabit footprint.

Mergers and Acquisitions

In May 2024, we announced the completion of our acquisition of Lit Fibre, adding 220,000 RFS premises to our network. Additionally, 60,000 partially complete premises were completed during the year, bringing the total to 280,000 RFS premises delivered. The acquisition of Lit Fibre followed CityFibre's decision to pursue altnet acquisitions as a strategic growth driver towards and potentially beyond its 8 million premises target. As part of the acquisition, 10,000 retail customers were also added. In line with our wholesale-only model, we sold the acquired ISP[8] in October 2024 to its co-founders, retaining the wholesale connections while prioritising the integration of the acquired network. This was completed by year-end and the footprint is now RFS to our ISP customers, supporting our full product portfolio.

Combined, CityFibre and the altnets currently serve approximately 16 million premises across the UK. As such, consolidation in the market represents a major opportunity for CityFibre to deliver a bigger footprint quickly and efficiently for our ISP partners. As the largest of the challenger networks, we are in a strong position to consolidate these footprints and we believe the opportunity for acquisitions to be significant and growing.

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[4] RFS premises: The property is available to place orders and make installation on and therefore be connected.
[5] Project Gigabit: Government's programme to enable hard to reach communities to access fast gigabit capable broadband.
[6] Altnet: Alternative full fibre broadband network providers.
[7] BDUK: Building Digital UK is an executive agency of the UK Government funding Project Gigabit.
[8] Acquired ISP: This refers to the retail internet service provider operations of Lit Fibre.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

CEO REVIEW (continued)

Driving take-up:

In 2024 we added over 181,000 net consumer customers to reach a total of 518,000 (up 54% compared to prior year). Customer growth was reinforced by improving penetration[9] across our network. In our most mature cohorts such as those in Milton Keynes and Stirling, we are now seeing penetration exceed 40%.

We are also seeing a material improvement in early-life penetration with rates nearly doubling between 2021 and 2024.

These improvements are due to our maturing wholesale model which provides an increasing choice of ISPs and services for consumers and is further supported by the improved marketing efficiency of our partners. On average we now have eight ISP partners selling in each location.

Additionally, ISPs materially outperform on CityFibre's network versus BT Openreach, securing twice their average market share, further reinforcing our confidence in our model. This is driven by CityFibre's unique proposition for ISPs focused on:

- **Best prices:** our pure wholesale model enables us to provide attractive service pricing, enabling ISPs to gain share on our footprint while lowering cost and increasing margin
- **Best product:** we have the UK's largest XGS-PON network, supporting market-leading multi-gig services featuring symmetrical upload and download speeds
- **Best service:** our focus on service drives a great experience for end customers and a lower cost to serve for ISPs

CityFibre also continues to benefit from its established, multi-vertical model across residential, business, public sector and mobile sectors. Non-consumer channels continue to underpin take-up, giving us confidence in ongoing growth across our footprint.

Sky strategic agreement

The long-term strategic agreement that we secured with Sky[10] in August 2024 represented a huge vote of confidence in the maturity of CityFibre's wholesale-only business model. It underpins our future consumer volumes and take-up expectations, nearly doubling our addressable market with consumer ISPs on our platform now accounting for 49% of UK broadband market share. We look forward to supporting Sky's launch of their market-leading services across our national network in 2025.

Key Performance Indicators (KPI)	2024	2023
Revenue (£million)	133.9	99.7
Adjusted EBITDA (£million)[11]	5.7	(54.5)
Capital Expenditure (£million)[12]	552.0	1,037.4
RFS Premises – additions (million)[13]	0.9	1.0
RFS Premises – cumulative (million)	4.1	3.2
Premises Passed – cumulative (million)	4.4	3.6
Consumer connections (000)	518.2	337.0
Right First Time installation	95.0%	92.5%

[9] Penetration rate being the percentage of premises connected to the CityFibre network out of the available RFS premises.
[10] Sky is one of the UK's leading media and entertainment companies, and its products include broadband services. Sky is part of Comcast Corporation.
[11] Refer to page 13 and 14 for definitions of Alternative Performance Measures and page 12 for a reconciliation from operating loss to adjusted EBITDA .
[12] Capital Expenditure consists of acquisitions of tangible assets and capitalisation of staff costs and borrowings costs which together sum to the total additions in property, plant and equipment in Note 8.
[13] See page 6 for definitions and further details regarding these KPIs.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

CEO REVIEW (continued)

Financial Discipline

Our careful stewardship throughout 2024 saw us continue to strengthen our underlying financial performance, taking the business Adjusted EBITDA at profitable in Quarter 1 and sustaining it for the full year, delivering £6 million for the full year.

This huge achievement served to improve our outlook for 2025, putting us in a strong position to deliver on our strategic objectives while further differentiating CityFibre from our altnet competitors.

Environmental, Social and Governance (ESG)

Our ESG activities are at the heart of what we do. They are fundamental not only to our shareholders and lenders but to our business decisions, our operations and the communities within which we work.

We continue to monitor our carbon footprint, enhance the quality of the data we use, and work towards reducing our emissions. Throughout 2024, we focused on formulating our near-term Science-Based Targets, which were submitted to the SBTi for validation in February 2025. As part of this effort, we have been developing a detailed carbon reduction plan across our business operations and supply base, which will be published in 2025. Additionally, we have developed an energy-saving plan that includes various actions to improve the energy efficiency of our operations.

We have also done significant work in the community including the establishment of our Wildlife Trust and STEM[14] learning partnership, the development of Key Stage 1 and 2 materials for schools and the establishment of a community fund, designed to support charities in the areas where we are building.

In 2025, we will continue this work as well beginning a number of apprenticeship and work experience offerings to support young people to learn and grow. Operationally, we will begin the journey of decarbonising our fleet and focus on our supply chain emissions, working with our trusted partners on how to bring these down as best possible.

Future outlook

In the year ahead, we will accelerate our customer take-up even further, supporting our ISP partners to drive greater market share through our market-leading products and services at highly competitive prices. We will also work closely with our new partner Sky to launch its broadband services over our national network in 2025. With the addition of Sky we will harness a near-doubling of our consumer sales capacity with our ISP partners now serving 49% of the UK broadband market.

We are confident in delivering accelerated growth across a rapidly expanding platform, harnessing our increased participation in government’s Project Gigabit alongside a rapidly emerging altnet consolidation opportunity. We will also conclude our XGS-PON upgrade this year, providing our partners with the fastest and most reliable wholesale full fibre network in the UK market.

In our business, government and mobile verticals, we also anticipate building significant momentum throughout 2025, reinvigorating our product and service offerings to these markets alongside increasing engagement with our existing customers. We see significant medium-term revenue potential in these markets and remain confident of our customer’s enthusiasm for an alternative offering to the incumbent, supported by new partners operating on our full fibre network

Our acquisition of Lit Fibre and the rapid integration of its footprint has proven our ability to acquire and commercialise altnet footprints as well as demonstrated the financial and operational advantages of doing so. This underpins our conviction that the consolidation of the UK altnets is not only inevitable, but highly attractive and that as the largest wholesale challenger to BT Openreach, we will play a leading role.

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[14] STEM Learning Partnership: Science, technology, engineering and mathematics learning partnership.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

CEO REVIEW (continued)

Future outlook (continued)

We expect to complete a number of further strategic acquisitions focusing on those targets with complimentary network footprints, a high quality of deployment, and compatibility of network architecture. The market needs a third infrastructure platform of scale to ensure competition remains healthy and delivers for UK consumers. CityFibre is the core of that third platform.

In summary, CityFibre is well-positioned for continued growth through 2025 and beyond, proving the long-term sustainability of infrastructure competition and showcasing its benefits to consumers and the nation.

In March 2025, we announced the acquisition of Connexin's full fibre infrastructure, establishing a material foothold across Hull and East Riding and enabling the expansion of CityFibre's footprint by up to 185,000 premises. The acquisition included Connexion's built network assets, passing more than 80,000 premises, as well as work in progress to a further 20,000 premises and options to extend further throughout Hull over time.

Integration began immediately to rollout CityFibre's market-leading wholesale products, pricing and services across the footprint.

The acquisition also saw CityFibre take on Connexin's Project Gigabit contract to rollout fast, reliable gigabit-capable broadband to over 34,000 hard-to-reach premises in Nottinghamshire and West Lincolnshire. This became the tenth Project Gigabit delivery contract secured by CityFibre and unlocked a future expansion to over 50,000 non-subsidised premises.

Greg Mesch

Chief Executive Officer
28 May 2025

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

FINANCIAL REVIEW

The financial review uses a combination of statutory and alternative performance measures (APMs) to discuss performance in the year. See page 13 and 14 for further details on APMs.

Profit and loss

Total revenue for the year was £134 million (2023: £100 million). The increase in revenue of £34 million was driven by consumer revenue growth which increased by £32 million, a 73% improvement year on year.

Within this, on-net[15] revenue increased by 50%, rising to £106 million while off-net[16] revenue fell by 3% to £28 million. This resulted in on-net revenue representing a higher proportion of total underlying revenue at 79%, up from 71% in the prior year. This positive change in our revenue mix is due to the increase in our network footprint and improving penetration rates.

Increasing the live customer base by adding 181,000 net Consumer connections in 2024 (2023: 163,000) has driven the 50% on-net revenue growth in the year. While our major ISPs Vodafone and TalkTalk remain a strong pillar for filling our network, smaller ISPs have showed continued growth and are proving to be highly effective in the local markets they operate in. This is further supported by the strong take-up and penetration rates in our more mature in cities such as Milton Keynes and Stirling where more than 40% of households are already on our network.

Network operating costs decreased by 7% to £53 million (2023: £57 million). This reduction reflects strong cost control measures, including optimising power consumption across the network and enhancing operational efficiencies. Gross margin has improved by 18% to 61% due to the revenue growth detailed above.

Underlying administrative[17] expenses increased to £241 million (2023: £233 million). Key areas within these expenses are as follows:

- Staff costs, excluding those capitalised, of £47 million have increased from prior year (2023: £46 million) as the business has faced wage inflation which has been partially offset by optimising headcount.
- Other general administrative expenses decreased to £29 million (2023: £51 million) as financial control measures were successfully implemented despite the continued growth of the network footprint. This reduction was also driven by lower direct marketing activity, as more ISPs are now trading across the network.
- Depreciation and amortisation increased by a total of £29 million to £165 million, reflecting the continued investment in the network rollout.

In addition to the above, we incurred £17 million of non-recurring operating items including £8 million of restructuring costs (primarily redundancy expenses and build partner settlements related to the ongoing efficiency programme), £3 million for Lit Fibre integration costs post-acquisition, and £6 million of other non-recurring administrative expenses, mainly strategic project and regulatory costs. Some strategic and efficiency programmes have a duration of more than one year. Refer to page 14 for further details.

A significantly improved Adjusted EBITDA profit of £6 million (2023: £55 million loss) reflects a combination of revenue growth and cost base optimisation. EBITDA improved despite the negative impact from the acquired Lit Fibre business. The Lit Fibre ISP, still in its early stages with a small subscriber base, contributed negatively to Adjusted EBITDA in the year. The retail ISP was sold in October 2024, removing the adverse impact on EBITDA going forward. A reconciliation of operating loss to Adjusted EBITDA is shown on page 12.

Underlying net finance costs, comprised of finance income of £72 million and finance costs of £279 million, increased by £82 million (2023: £125 million) driven by increased use of our facility to support capital expenditure, combined with rising interest rates, the impact of which was partially mitigated by hedging arrangements in place.

[15] Being on the Group's network.
[16] Being on third parties networks.
[17] Underlying administrative expenses comprises statutory administrative expenses less non-recurring administrative expenses. See note 3 for further details on non-recurring administrative expenses.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Profit and loss (continued)

In non-recurring net finance income, we recognised an unrealised gain during the year, amounting to £23 million (2023: £80 million unrealised loss recognised in finance loss), reflecting the movement in the fair value of hedging instruments.

Reconciliation of operating loss to Adjusted EBITDA

	2024 £'000	2023 £'000
Operating loss	(176,687)	(213,852)
Add back:		
Depreciation	145,347	122,325
Amortisation	19,631	13,698
EBITDA	(11,709)	(77,829)
Management incentives charge/(credit)	322	(410)
Non-recurring operating items[18]	17,053	23,699
Adjusted EBITDA	5,666	(54,540)

Statement of Financial Position

Property, plant and equipment at cost increased by £606 million to £4,324 million. This was principally driven by the construction of the Full Fibre infrastructure programme which continued throughout the year and the acquisition of network assets as part of Lit Fibre acquisition.

Within the above, the construction of new network assets, including both completed and assets under construction, at the end of 2024 totalled £482 million (2023: £990 million). Of this, around 90% (2023: 98%) related to the Full Fibre network build, while the remaining additions were to support customer connections in existing towns and cities. Network assets of £50 million were added as part of Lit Fibre acquisition (see below). The expansion of the Full Fibre network has added over 900,000 RFS premises during the year, reaching over 4.1 million cumulatively.

Trade and other receivables increased by £57 million, primarily due to a £43 million increase in contract assets resulting from additional sales incentives provided to ISPs to drive targeted take-up of consumer connections.

Interest bearing loans and borrowings increased from £3,092 million to £3,780 million in the year. This was due to drawdowns of the facility to fund the construction of the network as described above.

The increase in deferred income by £46 million is primarily due to Government grants receivable in the year for the construction of long-term infrastructure assets. The income will be recognized on a straight-line basis over the useful life of the assets, in line with the terms of the grant. See note 18 for further details.

On 13 May 2024, Connect Infrastructure Topco Limited acquired 100% of Lit Fibre Holdings Limited, gaining control of its subsidiaries, Lit Fibre Group Limited and Lit Fibre Limited. Following this, a group reorganisation transferred these subsidiaries to the Company through a series of share-for-share transactions. As a result of the acquisition, property plant and equipment increased by £55 million, intangible assets increased by £33 million (including acquired goodwill of £33 million), lease right of use assets increased by £7 million and lease liability increased by £7 million.

[18] Refer to page 13 and 14 for details of Alternative Performance Measures.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Funding and Cash flow

Operating cashflow for the period was a net outflow of £110 million, compared to a net outflow of £68 million in 2023. The operating net outflow is primarily driven by additional incentive payments to ISPs, resulting in a cash outflow of £49 million; a further £18 million outflow related to non-recurring charges, and a net £43 million movement due to changes in other working capital, partially offset by adjusted EBITDA.

Cashflows used in investing activities decreased from the prior year at £502 million (2023: £1,027 million). This reduction was primarily driven by a shift in focus towards densification and the unwinding of work-in-progress (WIP), which reduced the need for new capital expenditure on the fibre network. Additionally, the Company pursued an acquisition strategy through the share-for-share acquisition of Lit Fibre, expanding its fibre network through this route rather than solely through direct capital investment. Furthermore, government grant receipts of £35 million, classified within investing activities, also contributed to the decrease compared to the prior year.

Financing cashflows were predominantly comprised of proceeds from the issue of share capital of £105 million (2023: nil) and a reduction in proceeds of borrowings from £1,305.0 million in 2023 to £706 million in 2024. This was offset by interest costs of £292 million (2023: £188 million) however noting the interest rate swap net settlements generated a benefit of £62 million (2023: benefit of £43 million) as our hedging arrangements partially mitigated increases in interest rates.

Cash and cash equivalents at 31 December 2024 was £85 million (2023: £137 million).

Alternative Performance Measures

Certain analyses include Alternative Performance Measures ("APMs") which are not defined by generally accepted accounting principles (GAAP) as defined under UK-adopted international accounting standards or other generally accepted accounting principles. We believe this information, along with comparable GAAP measurements, is useful to users of the financial statements because it provides a basis for measuring our operating performance. Our management and Board of Directors uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our operating performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP.

Wherever appropriate and practical, we provide reconciliation to relevant GAAP measures.

APMs have been provided for the following reasons:

- to present users of the financial statements with a clear view of what we consider to be the results of our underlying operations, aiding the understanding of management analysis and enabling consistent comparisons over time
- to provide additional information to users of the financial statements about our financial performance or financial position

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Alternative Performance Measures (continued)

The following APMs appear in this document:

#	APM	Definition of APM
1	Non-recurring administrative expenses	Non-recurring administrative expenses of £17 million comprises £8 million relating to restructuring costs, Lit Fibre integration costs of £3 million, and £6 million of other non-recurring administrative expenses. After a period of significant scaling, in 2023 the Group implemented a plan to restructure its operations in order to improve operating efficiency through optimisation of internal headcount and capital expenditure. This programme continued in 2024 with costs incurred of £8 million (2023: £22 million). The Group has exercised judgement in assessing whether restructuring items should be classified as exceptional. Due to the scale of the impact and material nature of the programme, the Group has assessed the classification as exceptional is appropriate. Lit Fibre integration costs of £3 million relate to activities undertaken after the acquisition to integrate Lit Fibre's operations with CityFibre's business. Other non-recurring administrative expenses of £6 million (2023: £2 million) relate to strategic project and regulatory costs which are considered exceptional. These projects may last more than one year.
2	Non-recurring net finance costs	Non-recurring finance income of £23 million relates to an unrealised gain on the fair value of hedging instruments (2023: £80 million unrealised loss).
3	Adjusted EBITDA	EBITDA, a non-GAAP alternative measure, is defined as operating loss adding back depreciation and amortisation. Adjusted EBITDA is defined as EBITDA adding back non-recurring revenue and administrative expenses, restructuring charges and management incentives charges. It is a measure closely tracked by management to evaluate operating performance and as such it may be helpful for users of the financial statements to understand performance on a comparable basis. The nearest equivalent measure on an IFRS basis is loss before interest and tax. See page 12 for reconciliation.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Principal risks and uncertainties

Risk	Mitigation
Liquidity Our ability to achieve our objectives is dependent on us effectively managing liquidity, including the ability to access existing and future equity and debt funding to deliver Full Fibre connectivity to 8 million homes. We are also required to comply with banking draw stops and covenants and other financial obligations as they fall due.	We continue to manage our existing funding in line with our long-term business plan, including maintaining compliance with banking covenants and debt draw conditions. We forecast both short and long-term cash flow, perform sensitivity analysis, and are able to further flex the business plan to manage liquidity. The formal debt and equity financing process has commenced, supported by experienced advisors, and whilst we recognise the reduced liquidity in the market we still expect to be able to access the required financing to deliver our business plan.
Competition The UK telecommunications sector is highly regulated. We mainly compete for customers with BT Openreach, Virgin Media O2/Nexfibre. Our business model depends upon customers switching to Full Fibre on the CityFibre network, which relies on a sufficiently differentiated product and competitive pricing. In addition, the Full Fibre market continues to go through a period of consolidation, the impacts of which are uncertain.	We have the second largest Full Fibre network in the UK with access to capital and established revenue streams. The signing of a 30-year partnership with Sky underpins our expansion to 8 million homes and our participation in the Government's Project Gigabit programme allows us to drive engagement with ISPs in locations where there is limited Full Fibre competition. Our products and services are regularly reviewed to ensure our offer remains competitive. We successfully completed the acquisition of Lit Fibre in 2024 and have an experienced team of advisors in place should we choose to pursue further opportunities to increase our market share.
Regulatory Environment The UK telecommunications market is regulated by Ofcom who are responsible for overseeing quality and choice of services in the UK, and promoting competition, for the benefit of consumers. A failure to address anti-competitive behaviours in the Full Fibre wholesale market, could affect our ability to compete.	We continue to engage proactively with both Ofcom and Government and take actions as necessary to ensure our position is appropriately represented and protected. One Touch Switching went live in 2024 to facilitate easier switching and Ofcom also issued guidance on the use of the word 'Fibre' in advertising ensuring consumers are given the correct information at the point of purchase. The next Market Review (2026-2031) has started and we consult regularly with Ofcom and encourage them to undertake the necessary regulatory actions to safeguard our competitive position.
Inflation and Interest rates Whilst inflation has reduced from its previous high levels there remains uncertainty around the ability to sustain the Bank of England 2% target and this continues to drive higher costs of borrowing; with the Bank of England reluctant to reduce interest rates further until inflation is under control. We have a floating interest rate exposure linked to SONIA[19] that we pay on our debt facility. As we continue to invest in growth, our near-term financing requirements could mean we are exposed to the higher costs of borrowing expected to continue in the short to medium term.	We have appropriate hedging instruments in place to mitigate our exposure to interest rate fluctuations within the terms of our existing financing facilities. Through the consistent delivery of our strategy, we expect to be able to access a wider pool of funding, at competitive interest rates, supported by our team of experienced advisors.

[19] SONIA (Sterling Overnight Index Average): is a daily overnight interest rate benchmark for sterling-denominated deposits administered by the Bank of England.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Principal risks and uncertainties (Continued)

Risk	Mitigation
Data and Cyber Security As the third largest telecommunications network in the UK, we form part of critical national infrastructure (CNI) and are exposed to the increased frequency and complexity of cyber-attacks. The sustained threat environment, combined with new and amplified threats from the emergence of AI, means we remain exposed to the threat of attacks on our network and through our supply chain. This has the potential to cause disruption, to our ISP customers and operations, and data breaches resulting in regulatory and financial penalties.	We continue to bolster our cyber and information security practices in response to the continued and varied threats we face and have conducted a full review of our security ecosystem. As part of our security strategy, we continue to strengthen our IT organisation, have implemented additional security tools and improved incident response capabilities. Our business continuity plan outlines our response in the event of a cyber-attack and we conduct regular exercises, testing and war gaming. Our employees are required to undertake mandatory and targeted data protection and cyber security training and we have conducted awareness campaigns, mock phishing attacks, and a review of identity and privilege access management for critical systems. Our transition to the ISO27001 2022 standard, NIST2, and compliance with the Telecommunications Security Act remain on track and will help to ensure the security and resilience of our network, data, and operations. We remain part of the Government backed Cyber Essentials scheme and continue to collaborate with Government, Ofcom, and Telecoms industry counterparts to share knowledge and information to improve collective responses. In addition, we have appropriate cyber insurance arrangements in place which provides cover in the event of an attack.
Global Economic & Geopolitical Uncertainty Continued global economic and geopolitical uncertainty remains a key challenge for UK businesses exposed to a variety of interconnected risks and their compounded effects. With the highest number of ongoing armed conflicts since the second World War, and tensions between the US and China, there is the potential for disruption to global trade routes and subsequent impacts on supply chains. Changes of Government in the UK, across Europe, and in the US have the potential for increased political discourse, tax rises, trade tariffs, and the subsequent impacts on inflation, lending markets and insolvencies. We, our principal contractors, and customers are exposed to these pressures.	Our supply chain strategy includes diversification of supplies to minimise the potential for disruption. We regularly review our materials demand forecast and work closely with our principal construction partners to ensure sufficient stock holdings are maintained. Our disaster recovery processes ensure operational resilience, minimised downtime, and compliance with legal, regulatory, and contractual requirements. Our business plan allows for a mixture of organic build and acquisition to minimise the impact of demand driven materials and labour inflation and our principal construction partner contracts include the ability to benchmark rates against the market. Supply chain optimisation has allowed costs per premise to remain steady despite inflationary headwinds and we continue to drive efficiencies wherever possible in order to reduce operating costs and manage the impacts of inflation. We conduct financial background checks prior to awarding contracts and continue to monitor liquidity throughout the delivery phase to minimise the risk of supplier contract breach or abandonment. We monitor customer aged debt and take action as required to recover overdue receivables.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)
Principal risks and uncertainties (Continued)

Risk	Mitigation
Digital Disruption and Emerging Technology Generative AI introduces significant opportunities for the Telecoms industry which need to be balanced with the risks introduced through its adoption. The potential for AI to drive efficiencies, reduce costs, and innovate services creates an advantage for those who embrace the technology. However, the vast amounts of data processed by AI raises both cyber security and privacy issues, with the potential for AI driven cyber-attacks which exploit vulnerabilities in telecoms networks. Threats may also arise from deepfake content and algorithms that introduce bias to unfairly influence decision making. Lack of transparency in the application of AI may also lead to misinformation spread and a lack of trust. Generative AI tools also pose ethical, legal, and existential questions including the longer-term impacts on society and workforce.	The UK Government has outlined its pro-innovation approach through its AI Opportunities Action Plan with a number of key recommendations to build sufficient, secure, and sustainable infrastructure. We recognise the transformative potential of AI in shaping the future of telecommunications and are developing our AI strategy which includes ethical and governance considerations. We are committed to ensuring our AI initiatives are guided by ethical principles, a security first mentality, data privacy and responsible decision making. We consider diversity and ethics at every stage of AI development to remove limitations and biases and ensure we are transparent in the application and use of AI in our decision making. Our AI security policy provides guidance to employees on the appropriate use of, and threats surrounding, AI including generative AI (GenAI) and Large Language Model (LLM) technologies.
Outsourced Construction We award contracts to principal construction partners in order to build our Full Fibre network and rely on their, and their subcontractors, ability to deliver in line with agreed contractual terms and within the UK legal and regulatory framework. This exposes us to non-delivery of our targets, third party insolvency risks, the potential for contract dispute and litigation, and reputational damage should standards of corporate governance fall short of our requirements.	We have reduced the number of principal construction partners we work with, prioritising those who can demonstrate compliance with UK laws and regulations and whose standards and values align with our own. Contracts are issued for a six-month period, balancing financial commitments and a forward view of work to enable competitive pricing, and are designed to ensure we only pay for what is built. Ongoing review and monitoring take place through contract and supplier relationship management with an established change control process in place to ensure 'in build' changes are appropriately identified and approved. Principal contractors' financial positions are monitored throughout allowing us to make early interventions where required.
Health & Safety As part of our strategy to deliver Full Fibre connectivity to 8 million homes we engage in activities that have the potential to cause serious injury or harm. We rely upon our principal contractors to ensure their subcontracted workforce comply with our policies and procedures. Failure to meet the expected standards could lead to increased incidents, litigation and reputational damage resulting in the loss of customers and Government contracts. In addition, we acknowledge our duty of care to our own employees who may also be exposed to threats to health, safety, and wellbeing.	We remain committed to upholding the highest standards of health and safety. We continue to drive up standards in the fibre industry through our membership of SHiFT (Safety & Health in Fibre Telecoms) and have a dedicated Safety, Health, and Environment (SHE) team who work closely with our principal contractors to ensure compliance with legal obligations. Our 'Golden Rules of Safety' set clear expectations and our safety culture encourages near miss and incident reporting; utilising technology for effective incident classification, escalation, and proactive management. Our risk and assurance model places greater emphasis on the effective management of material risks, with reporting metrics demonstrating improvements in performance year on year. Our practices have been recognised by RoSPA, with a fourth consecutive Gold Award, and are certified to the ISO45001 (2018) standard demonstrating our commitment to prioritising a safe and healthy working environment. We provide a range of resource to support employee wellbeing including our employee assistance programme, mental health first aiders and access to private medical insurance. We remained focussed on the proactive management of the health, safety and wellbeing of our employees, customers, contractors, and the general public.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Principal risks and uncertainties (Continued)

Risk	Mitigation
Human Capital, Diversity and Talent Management We recognise that our employees are our best asset. In order to be able to attract and retain talent and knowledge employees are expecting more from employers, including greater work-life balance, access to learning and development, career progression, and employers who can demonstrate strong social values and purpose. Changes to legal migration rules have meant fewer skilled visa applications, and many UK businesses are struggling to attract the skills they need. We, and our construction and installation partners, rely upon being able to attract a diverse range of talent crucial to the successful delivery of our strategic plans.	Our workforce is geographically spread which means we are able to access a diverse range of talent from across the UK. Our acquisition and retention strategies include succession planning, salary benchmarking, competitive benefits, and comprehensive onboarding programme. We monitor attrition rates and conduct exit interviews to understand if there are areas we can further improve. We offer training and development though our learning platforms, accredited training programmes and provide coaching and mentoring opportunities. Our annual Employee Voice Survey provides employees with a chance to provide feedback; which is translated into action plans to deliver improvements. Where appropriate, we embrace flexible working and provide support to ensure employees can effectively manage their work-life balance. We offer access to resources to promote physical, mental, and financial wellbeing including access to GP appointments, savings and discounts, and a 24/7 confidential helpline. Our values are reflected in the ‘CityFibre Way;’ how we think, act and work and we offer recognition through our CityFibre Heroes scheme. We have clear policies and training outlining expected standards of ethics and conduct and our inclusive culture is reflected in our thriving diversity, equity, and inclusion communities; including our gender, disability and carers, cultural inclusion, and LGBT+ networks. We continue to work with our construction and installation partners to build a pipeline of talent to deliver the skills required for the future; including delivery against our Project Gigabit apprenticeship commitments.
Environmental, Social and Governance It is important that business conduct themselves in an ethical and sustainable way demonstrating strong corporate social responsibility and providing long term benefits to the environment, society, and the economy. In addition, as a UK business, we are required to incorporate sustainability goals in order to meet legislation and comply with mandatory reporting requirements as we transition to a greener economy and net zero 2050 targets. Maintaining positive relationships with our stakeholders is critical to ensuring we leave a positive legacy and are able to attract customers, employees, Government funding, and the investment required to deliver our strategy. Our approach is outlined in our Responsible Business strategy and failure to deliver on the commitments made could affect our long-term business performance, profitability and liquidity.	Our Responsible Business strategy includes commitments to our people, our society and our planet with an established Board Sub Committee to oversee governance. We have a detailed approved decarbonisation plan, supported by specialist advisors, from which we have set Net Zero and SBTi goals and have already converted to the use of renewable energy across the vast majority of our operations. We continue to make progress against our social value commitments and have partnerships in place with various organisations including STEM Learning, Springpod, Wildlife Trust, and Business in the Community, to deliver on our goals. We have also established our own CityFibre Community Fund to directly fund community projects. We remain committed to the delivery of our gender goals, to supporting digital inclusion, fostering a lasting skills legacy, and addressing socio-economic disadvantages. We encourage all our employees to take charitable leave to volunteer for a cause important to them. Our zero-tolerance approach to corrupt behaviour is backed by policies, procedures, and training to protect us and our shareholders from unethical conduct. This approach extends to our suppliers who are required to work within the terms of our Supplier Code of Conduct.

Section 172 Statement

The Board acknowledges Section 172 (1) of the UK Companies Act 2006, and its duty to promote the success of the Company. The Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so has regard (amongst other matters) to:

a) the likely consequences of any decision in the long term
b) the interests of the Company's employees
c) the need to foster the Company's business relationships with suppliers, customers and others
d) the impact of the Company's operations on the community and the environment
e) the desirability of the Company maintaining a reputation for high standards of business conduct
f) the need to act fairly between members of the Company.

The Board considers that all their decisions are taken with the long term in mind, understanding that these decisions need to consider the interests of our employees, relationships with suppliers, customers and the communities in which we operate. The Board understands the need to regularly review the identity of these stakeholders, as they make such decisions.

The Board receives regular feedback from its stakeholders through regular reporting through the Board and its sub-committees, to ensure their needs and views are taken into account. Where appropriate, direct engagement with stakeholders is used to inform the Board, such as regular employee engagement surveys and customer experience statistics. The Board also assesses whether stakeholder engagement best takes places at an operational level, particularly in relation to our suppliers and communities in which we operate, due to the size and spread of both the stakeholders and the business.

The Board also recognises the desirability of maintaining a reputation for high standards of business conduct through our published policies and training of CityFibre employees in those policies.

Our shareholders nominate directors that control the board of the ultimate holding company and are actively involved in our major decision making. Those shareholders are active owners of other businesses in the infrastructure sector in the UK and overseas and bring that experience to bear in the decision making of CityFibre.

The key stakeholders are set out below:

UK Cities and Towns

We use a broad range of criteria to select new towns and cities in which to deploy our networks. These include, but are not limited to; the size of the location, the extent and reach of our existing infrastructure, the ability to use third party infrastructure already in place, competitor presence or stated intention to build, estimated cost per premise, our views on the likely success of winning commercial opportunities from the public sector (including through local Full Fibre procurement opportunities), indications from ISPs who are current or prospective customers, the attractiveness of the business market and the ability to connect mobile infrastructure. Additionally, we are now a key partner in the government's Project Gigabit programme which will subsidise the roll-out of gigabit-capable infrastructure to rural homes and businesses and has therefore opened up further towns and cities which would otherwise be excluded from commercial rollouts.

Construction Partners

Our construction partners are key to our success. We identify and select the best construction partner for each city based on a range of criteria including quality of build, ability to mobilise the local construction work force and the expected cost to build the network. While we focus closely on the productivity of our construction partners, the health and safety of the construction workers building our networks is of paramount importance, as outlined in the section below on Health and Safety on page 23.

Section 172 Statement (continued)

Suppliers

As we deploy our network, we are making use of the very latest and best fibre technology available. We believe that by investing in the best technology we will create a high quality and resilient network which will attract and retain customers across our key market verticals and build long-term value for all parties. CityFibre targets technology suppliers who can provide a strong product roadmap and the innovation we require to maintain a world-class network into the future. Due to the scale of our network infrastructure and critical national dependency, we take into account Government advice in respect of national security issues when selecting suppliers and require our suppliers and contractors to work within the terms of our Supplier Code of Conduct. Please see the section on Business Ethics and Conduct on page 24 for further information.

Customers

We build our cities based on a “Well Planned City” design methodology we have developed. We are building our networks with sufficient capacity to serve consumer, business, public sector and mobile operator customer groups. CityFibre is an open access network wholesale only provider and the end users of our network consume services through other providers such as ISPs, business resellers, public sector systems integrators and mobile network operators. We aim to develop relationships with all the major national players with customer bases covering the majority of end users in the UK. We believe that our national scale makes us an attractive partner because it can provide an efficient platform for systems, service and marketing investment and a clear alternative to the two national incumbent networks in the UK.

Employees

We have central offices in Milton Keynes, Telford, London and Irlam which house technical, commercial, customer service and corporate teams supporting the business. We also operate teams in each of the locations currently under construction, to work closely and establish a strong relationship with the local council, Highways Agency, our customers and our local construction partners. Our preference is to hire locally and, where possible, we seek out potential employees who are in the early stages of their career who can be trained and grown in the business. We value employees who have a local affinity with the location in which they work because we hope they will be proud of the legacy they are building in benefitting the entire community. We are also actively working to ensure we build and maintain a diverse and inclusive workforce, a programme supported by our Diversity and Inclusion Leadership Group. The behaviours set out in The CityFibre Way guide how we think, act and work and we conduct a yearly Employee Survey taking on board feedback from our employees and implementing action plans to address these to improve employee satisfaction. Further information on these initiatives as well as our gender diversity reporting is within the Responsible Business section on page 21 onwards.

Significant decisions made in the year are detailed below, which demonstrate how the interests of the stakeholders above have been considered by the Board:

Project Gigabit

The board approved the submission of bids for a number of contracts under the government’s £5 billion Project Gigabit programme. As a result, CityFibre secured new Project Gigabit contracts in 2024 across multiple locations. Project Gigabit is the government’s flagship £5 billion programme to enable hard-to-reach communities to access lightning-fast, gigabit-capable broadband. Project Gigabit is managed by Building Digital UK (BDUK), an executive agency of the Department for Science, Innovation and Technology (DSIT). These contracts will subsidise the rollout of ‘gigabit capable’ infrastructure to reach homes and businesses where commercial builds are not economically viable. Participation in the BDUK programme offers many advantages, including higher take up opportunity in areas of lower infrastructure competition and delivers comprehensive regional-scale coverage to grow market share for existing customers and encourage new ISPs to our wholesale platform. This decision was made with consideration as to the impact on stakeholders, in particular customers and UK towns and cities where communities are currently underserved by broadband infrastructure.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Section 172 Statement (continued)

Corporate Development Activity

In 2024 the board agreed to pursue potential acquisition opportunities to further expand the network footprint through the strategic acquisitions of UK altnets alongside the continued growth through organic build. This will allow CityFibre to continue to scale at pace and allow our ISP partners and their end customers the ability to connect to an extended network footprint. The decision-making process included consideration of the potential impact on stakeholders which predominantly related to customers and their ability to connect to a larger network. As part of this strategy, the Board approved the acquisition of Lit Fibre, which was completed on 13 May 2024.

Sky Strategic Agreement

The board approved a long-term strategic partnership with Sky which was signed in August 2024. The agreement nearly doubles CityFibre's addressable market with Consumer ISP on the platform now accounting for 49% of UK broadband market share. We are on track to launch services over our nationwide network in 2025.

Responsible Business

CityFibre is a business with a clear purpose. The digital infrastructure we build will help transform society, underpin global Britain's economic future, and unlock the country's full potential. Our Full Fibre rollout will deliver significant economic, social, and environmental benefits across the UK.

As we build our network, we have a duty to act responsibly, ensuring we play our part in leaving a fairer, greener, and healthier world behind. Not doing so would undermine the positive legacy we are determined to build and enable through our network. We drive change aligned with the three pillars of our Responsible Business strategy – Our People, Our Society and Our Planet.

Our People
We will only be able to make a genuinely positive impact if our CityFibre team, and those working alongside us, are happy, healthy, and representative of the diverse communities we serve. That is why we put considerable emphasis on well-being, inclusion, diversity, and nurturing young talent. We support our people to bring their authentic selves to work and build lasting careers where they feel counted, accountable, and empowered.

Our Society
Digital infrastructure is of critical importance to our society. We are committed to helping build inclusive, enabled, and engaged local communities in all our rollout locations. By working with build partners, we have also helped to create a wide variety of apprenticeships and entry-level roles. From supporting digital inclusion initiatives, investing in programs driving diverse participation in STEM education, or even just a community litter-pick, we are helping to make a difference.

Our Planet
Climate change is one of the most pressing issues facing our planet today. We are fully aware of our role as a driver of decarbonisation for the economy and society. We take our responsibility seriously and are determined to roll out a low emission Full Fibre network and play our part in a greener future for Britain. By being a responsible business this also means optimising our working practices, technologies and behaviours and working closely with expert partners and our supply chain.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Responsible Business (continued)

Responsible Business Governance

Ensuring that we can effectively track and monitor our performance against our strategy is critical to realising our ambitions. To do so, we continually strive to improve the data quality and insight that allows us to understand the impact we are having. Additionally, with an established Environment, Social and Governance (ESG) & Responsible Business Board Sub-Committee that meets quarterly, an operational monthly ESG & Responsible Business Steering Committee as well as Executive level sponsorship, we benefit from the oversight, challenge, and input of a variety of key stakeholders to translate intent into action.

The CityFibre Way

The CityFibre Way behaviours were co-created by employees and capture CityFibre's challenger mindset. These behaviours; 'Be the Groundbreaker', 'Collaborate to Innovate', 'Keep it Simple', 'Deliver Legendary Service' and 'Back Each Other', supported employees' resilience and performance in 2024 against stretching targets that saw the business deliver 900,000 Ready for Service premises for its customers.

In our ongoing commitment to employee wellbeing we continued to provide employee benefits such as the Employee Assistance Programme, Private Medical Insurance, and the Holiday Purchase Scheme.

Diversity and Inclusion

Creating a culture of diversity and inclusion is a core priority of CityFibre. We see it as integral to the overall performance and success of the organisation. A diverse workforce brings a wide range of perspectives, skills, and experiences to the table, which can lead to increased creativity, innovation, and productivity. When coupled with our inclusive workplace environment, employees will feel valued and respected, regardless of their background or identity.

In 2024 we supported our employees to be more expressive and champion their diversity through our sponsorship of several Pride events, our partnership with the Women in Engineering Society, Talent Tech Charter[20], Work180[21], Vercida,[22] and our improved internal blogs focussed on the people of CityFibre.

Additionally, we provide training in equal opportunities to managers and other employees involved in recruitment or other decision making, where equal opportunities issues are likely to arise. This includes unconscious bias training and awareness. We provide training to all existing and new employees, and others engaged to work with us, to help them understand their rights and responsibilities under the Dignity at Work Policy and what they can do to help create a working environment free of bullying and harassment.

We provide additional training to managers via coaching from our Employee Relations team to enable them to deal more effectively with complaints of bullying and harassment. If the manager has not received training before dealing with a complaint, Human Resources will undertake coaching directly with the manager before they respond to the complaint.

We have also used the services of an external organisation to support individuals with dyslexia whilst enrolled into management training. Training content is designed in both audio and written formats and is accessible to all.

[20] Talent Tech Charter: A commitment to ensuring that the UK tech workforce reflects the diverse nature of the population.
[21] Work180: A community platform that empowers women and marginalised groups by providing information to help them make informed career choices.
[22] Verdica: A career platform designed for jobseekers seeking employers that prioritise diversity, inclusion and well-being.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Responsible Business (Continued)

Gender Diversity

As of 31 December 2024, CityFibre's gender split was as follows:

- Total Employees: 1,467 employees (excluding contractors), of which 26% identify as female (2023: 26%)
- Line Management Roles: 325 total, of which 27% identify as female (2023: 24%)
- There were 51 employees employed in the capacity of Executive or Director at CityFibre, of which 33% identify as female (2023: 29%).

We recognise that women are still underrepresented in the telecommunications, construction and technology industries and will continue to take steps to address the gender imbalance, with a gender diversity target of 27% in 2025 in addition to specific gender pay gap and female promotion KPIs.

Health and Safety

The health and safety of our employees is paramount. Our commitment to this is reflected through our training programmes, policies, processes and procedures - all of which align with our safety management system ISO 45001, which is accredited and independently audited by National Quality Assurance each year.

We have an annual Safety, Health and Environment programme focussed on key topics identified from our risk register, employee feedback, accident statistics and, where appropriate, industry trends. We have collaborative working with our contractor organisations to ensure we share best practice, and all achieve the same SHE standards.

There is a culture of proactive collaboration and communications through our monthly Incident Prevention Meetings to share learning from incidents. We also capture employee feedback through our Employee Voice Survey on our safety culture.

We have continued to embed 'home safe and well' across the business, which focuses on the behavioural aspects of our health, safety and wellbeing culture. Our strong focus on health and safety has led to a significant improvement in our performance metrics in 2024, demonstrating the effectiveness of our proactive safety initiatives and collaborative approach with employees and contractors.

We had one injury resulting in more than seven days of absence to a CityFibre employee reported under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, 2013 ('RIDDOR') which was comparable to our performance in 2023.

We had five injuries to contractors resulting in more than seven days of absence reported under RIDDOR, an improvement on our 2023 performance of 13.

We had one member of the public injury reported under RIDDOR which was an improvement on our 2023 performance of seven. We have also improved our site compliance performance to 86% compliant sites at inspection in comparison to 81% in 2023.

We have focused risk-based plans in place to maintain progress toward our annual target of a 10% year-on-year improvement in performance.

CityFibre secured a Gold Achievement Award from the Royal Society for the Prevention of Accidents (RoSPA) for its dedication to ensuring staff and build partners operate in a safe environment.

CityFibre has now been recognised at the awards for four consecutive years, with 'gold' being awarded for the past three.

The award highlights CityFibre's commitment to specialist areas of health and safety management within the telecommunications sector, as well as its drive to continually improve occupational health and safety, both internally and externally. An example of this includes CityFibre playing a leading role in bringing together 28 full fibre network operators to establish SHiFT (Safety & Health in Fibre Telecoms), a joined-up industry-wide approach to setting and raising safety standards specific to Full Fibre deployment.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Responsible Business (continued)

Health and Safety (continued)

Our Network Build Principal Contractor health and safety performance scores, aggregated across several different metrics including audit performance and service strike rates, showed an improvement of 21% compared with the previous year. Due to the improved performance fewer Contractor Continual Improvement Plans (CCIPs) were initiated.

Information Security and Cyber Risks

Effective Information Security is crucial for maintaining the trust and confidence of customers, shareholders, and other stakeholders, as well as ensuring compliance with legal and regulatory requirements. We implement robust security measures and conduct regular monitoring to evaluate their effectiveness in preventing data breaches and other security incidents. Our business adheres to an Information Security Management System, which is certified to the ISO/IEC 27001 standard. Additionally, we participate in the government-backed Cyber Essentials scheme and perform annual assessments to ensure ongoing compliance.

Notable achievements and undertakings during 2024 include:

- Implemented a Managed Detection and Response (MDR) service to centralise all security related log analysis and security alerts. This managed service include a 24x7 Security Operations Centre function to ensure round the clock proactive response to any security related alerts.
- Implemented a Security Service Edge product which includes a Cloud Access Security Broker and Zero Trust Network Access technology. This consolidates these activities into one platform and integrates with the MDR service.
- Implemented a Cyber Threat Intelligence Platform to automatically search the Internet and the Dark Web for specific threats or information related to CityFibre.
- Implemented regular assessments as to our alignment with the latest iteration of the NIST Cybersecurity Framework.
- Renewed an existing Cyber Security Incident Response Retainer service provided by Mandiant, to further bolster our incident response capabilities.
- An ongoing programme of works to ensure adherence to the Telecommunications Security Act (TSA). This will continue throughout the implementation phases as defined in the associated Code of Practice and will conclude in March 2028.
- As part of our TSA obligations, we submitted a formal response to the periodic Ofcom Notice under Section 135 of the Communications Act 2003.
- Initiated a project to migrate from the ISO/IEC 27001:2013 standard to the latest 27001:2022 standard. An external transition audit will take place for this in mid-2025.
- Approved as members of the NCSC's CISP (Connect Inform Share Protect) platform.

Business Ethics and Conduct

We work more productively within an environment of integrity, trust, and transparency. We take a zero-tolerance approach to corrupt behaviour and have put in place policies, training, and procedures to reduce the risks faced by our employees and our organisation to unethical conduct. We regard the potential for bribery and corruption as a potential risk to the business and have established policies and governance that set and monitor our approach to preventing financial crimes, fraud, bribery, and corruption.

We value transparency within our organisation and expect our suppliers and contractors to hold similar high standards. As part of our due diligence, we require our suppliers and contractors to document, and demonstrate their adherence to ethical standards through our pre-contract qualification process.

Responsible Business (continued)

Active in the Community

Our inclusive approach to network design and construction where we are building, enables nearly every potential premise to be connected to the Full Fibre network, whether the resident is an early adopter or not. This comprehensive investment approach is about including every potential customer in the rollout, and our open access approach means that consumers have broad choices and availability of broadband services.

As part of our network construction programmes across each build area, we support public realm improvements such as footpaths and grass verges, accessibility projects such as widening paths, and sponsorship of local development projects, such as memorial gardens.

We are committed to linking societal improvements with network build and operation. Optimising strategy design and execution, the business continues to draw on the expert resources and knowledge of Business in The Community (BITC). As members, we receive support, networking, and benchmarking to mature our social interactions, particularly on material topics such as digital literacy.

Importantly when we start up work in a new location, we contact and network with the local authorities to understand the geography, businesses, and societal interactions. This includes looking at how we stimulate the demand and use of fibre across the social housing stock and support the most vulnerable in our society.

We also recognise the opportunity to deliver and develop the expected standards of Full Fibre rollout, giving the end consumer the service they deserve. During 2024 we continued our membership and actively involved ourselves with Street Works UK, the UK's only Trade Association representing utilities and their contractors on street works issues, promoting best practices and a two-way relationship with Government and other relevant stakeholders.

We also continued our membership with Independent Networks Cooperative Association's (INCA) industry working group for sustainability.

Learning, Development, and Education

Our Learning and Development team offers a wide range of learning initiatives and support. For the 2024 period, 78% (2023: 85%) of our employees completed a learning activity. In total, 31,000 training hours (2023: 128,000) were completed across 2,600 instructor-led sessions (2023: 700) and 5,800 separate online courses (2023:550).

Environmental Management

Protection and conservation of the environment is a key component to the Responsible Business strategy pillars of Our Society and Our Planet. To ensure we deliver activities compliantly and without net impact on the environment, we operate to a ISO14001 certified environmental management system. The business continues excellent performance in this area with no prosecutions or notices during 2024.

Climate Action

Climate change is one of the most pressing issues facing our planet today, and it is critical that we take action to reduce our carbon footprint and transition to sustainable energy sources. CityFibre, as a leading provider of Full Fibre infrastructure, can support UK decarbonisation by providing high-speed, low-latency connectivity that enables digitisation and the Internet of Things (IoT).

We have three focuses for climate action:

- Decarbonise the business operations and supply chain working towards the ambition of net-zero emissions.
- Build climate resilient assets and networks and develop business preparedness for climate events.
- Provide low emission networks for end consumers, as measured across the lifecycle of our service.

We continue to monitor our carbon footprint, enhance the quality of the data we use, and work towards reducing our emissions. Throughout 2024, we focused on formulating our near-term Science-Based Targets, which were submitted to the SBTi for validation in February 2025. As part of this effort, we have been developing a detailed carbon reduction plan across our business operations and supply base, which will be published in 2025. Additionally, we have developed an energy-saving plan that includes various actions to improve the energy efficiency of our operations.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Responsible Business (continued)

Climate Action (continued)

The electricity consumption across all facilities where we have operational control, which represent 97% of our scope 2 emissions, remained entirely sourced from renewable energy through the use of green tariffs. We are currently working towards securing Power Purchase Agreements for our electricity procurement. The remaining 3% of our emissions from electricity consumption are under the control of landlords, with whom we plan to engage regularly to ensure the transition to 100% renewable energy sourcing.

Apart for working on our operations and supply base, we have been working in the community and have set up a partnership with The Wildlife Trust, funding their work across the UK, which includes restoration of habitats that lock away carbon and promote climate change resilience. Additionally, we are establishing projects in Leicestershire and Warwickshire to support and collaborate with local schools on boosting biodiversity in these areas.

We continued to monitor our carbon footprint and recognise the importance of communicating a clear, accurate, and detailed analysis of greenhouse gas emissions, particularly in business-to-business relationships and to the end consumer.

Energy Management

As we continue to grow our networks, we recognise that this will have an impact on our emissions and natural resources use, and have been looking at alternative options to improve energy efficiency.
In 2024 the business implemented actions to improve its energy efficiency, including the installation of voltage optimisation equipment on FEX[23]s to reduce energy consumption in voltage-dependent loads.
The company reviewed the use of generators to power FEXs across England and Scotland, with the aim of transitioning assets to wired energy supplies. By the end of 2024, only one site remained reliant on a generator for power, with plans to transition to DNO power in early 2025.

In 2024, the business developed an Energy Efficiency Plan consisting of several actions aimed at generating energy savings. These include the further installation of voltage optimisation equipment across FEXs, plans to implement building management system in several offices, and the introduction of new driver policies to support fuel savings.

[23] Fibre Exchange

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Streamlined Energy Carbon Reporting (SECR) Report

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" unquoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Further, the emissions reported were for the period commencing on 1st January 2024 to 31st December 2024. Greenhouse gas (GHG) emissions for CityFibre have been assessed since 2019, with the previous three years shown for comparison.

Reporting Year **1st January – 31st December**	**2024**	**2023**	**2022**	**2021**
Location	UK	UK	UK	UK
Emissions from:				
Emissions from activities for which the company own or control including combustion of fuel and operation of facilities (Scope 1) (tCO2e)	1,481	571	373	148
Emissions from purchase of electricity (Scope 2) (location-based) (tCO2e)	5,898	5,273	3,389	3,442
Emissions from purchase of electricity (Scope 2) (market-based) (tCO2e)	303	-	1,847	4,420
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (tCO2e)	317	1,791	1,914	1,390
Emissions from air and train travels (Scope 3, tCO2e)	364	-	-	-
Emissions from leased assets, where the company does not have operational control over emissions (Scope 3 category 8) (tCO2e)	-	317	733	-
Total gross Scope 1, Scope 2, and Scope 3 emissions (location-based) (tCO2e)	**8,363**	**7,952**	**6,409**	**4,980**
Energy consumption used to calculate:				
Scope 1 emissions (1,000kWh)	5,300	2,300	1,400	600
Scope 2 emissions (1,000kWh)	28,500	25,500	17,500	18,900
Scope 3 emissions (1,000kWh)	1,000	5,200	11,700	7,100
Total gross energy consumption based on the above (1,000kWh)	34,800	33,000	30,600	26,600
Total gross energy consumption by network length (1,000kWh)	**0.7**	**1.4**	**1.6**	**1.7**
Intensity ratio: tCO2e (gross Scope 1, 2 + 3) per FTE (location-based)	5.1	4.7	3.2	2.7
Intensity ratio: tCO2e (gross Scope 1, 2 + 3) per £'000 sales revenue (location-based)	0.060	0.080	0.079	0.077

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Streamlined Energy Carbon Reporting (SECR) Report (continued)

Methodology

This SECR report follows the GHG Protocol guidelines to account for the company's emissions. The operational control approach has been applied, meaning all emissions required under SECR are reported where CityFibre has operational control. The reporting period is 2024, and emissions associated with Lit Fibre, acquired by CityFibre, are also included. This report covers Scope 1, Scope 2, and Scope 3 emissions (business travel in rental cars or employee-owned vehicles where the company is responsible for fuel purchases, and air and train travels). The emission factors and conversion coefficients used are sourced from GOV.UK's Greenhouse Gas Reporting: Conversion Factors 2024. Additionally, certain assumptions were sourced from ADEME (the French reference agency for energy and environmental studies) to estimate energy consumption where data was missing.

Several differences are observed between the 2023 and 2024 report results:

- In 2023, Scope 1 emissions did not account for fuel consumption from temporary generators and compressors.
- Refrigerant leaks from all sites (FEXs and offices) were not fully included in the 2023 Scope 1 emissions.
- In 2023, emissions from energy consumption at sites where CityFibre did not have direct control were reported under Scope 3 (leased assets). In 2024, these emissions have been reclassified under Scope 1 and 2. This change follows confirmation that CityFibre has operational control over energy use at all relevant sites.
- This reclassification aligns with the GHG Protocol methodology, which specifies that under the operational control approach, all electricity consumed in leased or owned buildings must be reported under Scope 2 for electricity and under Scope 1 for other fuel consumption, provided the company controls its use, even if it does not directly purchase the energy.

Energy Efficiency Action

CityFibre has recently submitted its SBTi targets, which are currently under validation. In parallel, the company has developed a decarbonization plan, with key actions outlined below.

Scope 1:
- Reduce the use of temporary generators.
- Electrify our van fleet.
- Lower gas consumption in offices.
- Optimize air conditioning usage.
- Reduce reliance on backup generators or transition to HVO (Hydrotreated Vegetable Oil).
- Use lower-emission refrigerants for air-conditioning systems.

Scope 2: Engage with landlords of offices and FEX sites where we do not control electricity sourcing, aiming for 100% renewable electricity procurement

Scope 3:
- Review company-wide expenses to identify high-emission activities.
- Collect carbon data from suppliers and establish emissions performance indicators for key partners.
- Engage with current suppliers to drive emissions reductions and sustainability improvements.
- Prioritize new suppliers based on their sustainability commitments and carbon reduction strategies.
- This plan reflects CityFibre’s commitment to reducing its carbon footprint across its value chain.

On behalf of the Board.

Greg Mesch
Chief Executive Officer
28 May 2025

DIRECTORS' REPORT

The Directors present their report together with the strategic report and the audited financial statements of the Group for the year ended 31 December 2024.

Directors

The Directors who served during the year and up to the date of approval of these financial statements were as follows:

Greg Mesch
Simon Holden
Nick Dunn

Statement of Directors' Responsibilities

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 Group and Company financial statements in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. 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 Group and Company and of the profit or loss of the Group and 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 they have been prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; 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 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. 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.

Going concern
The going concern assessment was performed as part of the Group's assessment as the Company is a holding entity and as such dependent on the Group.

In carrying out the going concern assessment the Directors have considered several plausible scenarios in respect of the future performance and funding position for the business. These scenarios include both a base case and downside scenario.

The assessment is based on the Board-approved annual budget and long-range business plan. The primary matters that have been incorporated into the downside scenario are as follows:

- Increase in capital expenditure to fund higher installation volumes; and
- Increase in debt financing costs due to changes in SONIA rate or margin on debt.

The Directors have considered other inputs to the cashflow forecast model but determined the only assumptions that could materially impact the funding need in the next 12 month period are those detailed above.

In performing their assessment, the Directors have reviewed the cash flow forecasts together with the funding that may be available and the likelihood of this being accessible in the timelines required and anticipated in the forecasts.

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

The base case and downside scenarios demonstrate that the business is expected to require further funding to support its contracted activity. This funding is expected to be in the region of £1.5 billion in the near term, with an expectation of a future capital raise in late 2026.

At the date of signing these financial statements on 28 May 2025, the necessary funding is not yet secured and therefore represents a material uncertainty which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

However, for the reasons set out in more detail below, the Directors have a reasonable expectation that the Group will secure adequate resources to continue in operational existence for the foreseeable future through to 31 May 2026, being a period greater than 12 months from signing the financial statements and accordingly, the financial statements have been prepared on a going concern basis.

The funding process

The Group has historically adopted a project financing approach to funding the capital-intensive phase of the business plan, in line with other large infrastructure projects. This phased approach to raising debt and equity generally leads to an 18 to 24 month cash runway and therefore it is expected that an additional financing process will occur in late 2026.

Note 16 of the financial statements includes details of the Group's loans and borrowings, which are £3.9 billion of committed facilities entered into in June 2022. As at 31 December 2024 the available facilities had been fully drawn. The current facilities have drawdown conditions throughout the whole term and covenants that come into effect in later years.

At the date of approving these financial statements, 28 May 2025, £163m of equity from shareholders is held as cash at the ultimate parent company, Connect Infrastructure Topco Limited ("Topco"), and is readily available to fund the business.

The Group, with external advisors, has been undertaking an extensive process to secure additional debt and equity funding. Cash held at Topco is expected to be fully utilised before the end of August 2025. The current capital raising process is expected to complete before that point.

Ongoing Capital Raise

The current funding proposal comprises two interlinked elements:

i) equity raise of £500m with four of the existing shareholders
ii) debt raise of £960m across the lenders of the existing banking syndicate

The equity raise of £500m will be conditional upon the shareholders successfully completing their internal processes and also dependent on the debt financing completing. The shareholders have indicated their intention to provide this funding but this is still subject to investment committee approvals.

At the time of signing the financial statements the debt raise is ongoing, and the lenders have indicated in writing to the Group their readiness to provide £960m of funding, the terms of which are still under negotiation. This has not yet been subject to the lender group's credit committee approval processes so there is a risk this funding might not be secured in such amount or at all.

The drawdown conditions and covenants associated with the new debt facilities are still subject to agreement. However, the Directors have modelled certain assumptions based on these conditions being in relation to a capex to debt ratio and a debt to connections ratio to reflect expected covenants and restrictions placed on the debt.

The interdependency between the debt and equity funding transactions demonstrates the alignment of interests amongst the parties involved and is expected to be conducive to a successful outcome. If the transactions, which are co-dependent, are not successfully completed before the end of August 2025 the Group will not be able to continue to trade without access to alternative sources of funding.

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

However, based on the progress to date and positive discussions with both shareholders and lenders, the Directors are confident that both debt and equity funding will successfully complete within the necessary timeframe.

If the current funding proposal achieves a lower amount than the proposed amount, the Directors would take any necessary mitigating measures to either pause or reduce discretionary spend, or accelerate the future financing process, to ensure that there is sufficient liquidity through the next 12 months.

Future Financing Process
The Directors, shareholders and lenders are currently in negotiations around the process to complete an additional material capital raise which is expected to occur in late 2026. Based on current discussions, the lender group are seeking comfort that the Group will raise sufficient capital on a timely basis to fully fund the Group's plan to expand the network and connect end customers to it.

Lenders are requesting access to information throughout this process and to ensure that a dedicated committee of the Board is presenting capital raise options to the Board in a timely manner. The Directors are satisfied that the shareholders' and lenders' interests are aligned to preserve and maximise the equity value of the Group, and that both groups believe that the current strategy achieves that.

As the Group and Company are reliant on securing further debt and equity external funding, which is not guaranteed, at the date of signing these financial statements on 28 May 2025, a material uncertainty exists which may cast significant doubt on the ability of the Group and Company to continue as a going concern and as a result they may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include the adjustments that would be necessary were the Group and Parent Company unable to continue as a going concern.

The financial statements of the Group and Company are prepared on a going concern basis, with the identification of this material uncertainty, but the Directors have a reasonable expectation that the Group can continue in operation and meet its liabilities as they fall due.

The ultimate parent company, Connect Infrastructure Topco Limited, has confirmed, subject to successful completion of the financing process, that it will continue to provide financial support to the Group and Company to such levels as to enable the Group and Company to be able to pay its debts as and when they fall due for payment, for at least 12 months from the approval of these financial statements.

Energy and Carbon Reporting

Please refer to the earlier section on Our Planet, within the Strategic Report on page 21 for further information.

Future outlook

The future outlook is detailed as part of the Strategic Report on page 9.

Corporate Governance

CityFibre is part of a wider group that is ultimately owned by Connect Infrastructure Topco Limited ('Topco'), a company incorporated in the UK. The Board of Topco and the Board sub-committees for both Audit and Remuneration include representatives from CityFibre and from the shareholders that form the consortium that own and control the wider group, as well as an Independent Chair, Steve Holliday.

Steve Holliday joined the Board in September 2019 as Independent Non-Executive Chair, and was the former Chief Executive of National Grid plc from 2007 to 2016. In December 2020, Sharon Flood joined the Board as an experienced Independent Non-Executive Director and Chair of the Audit Committee for Topco. She has a wealth of experience garnered from a number of senior finance and strategy roles, as well as other non-executive directorships.

The Board members have a collective responsibility and legal obligation to promote the interest of the Group and are collectively responsible for defining corporate governance arrangements.

DIRECTORS' REPORT (CONTINUED)

Corporate Governance (continued)

The Board recognises that good governance supports open and fair business, ensures that the Group has the right safeguards in place and that all decisions are underpinned by the appropriate considerations. To do so, the Board receives regular information on all key aspects of the business to maintain oversight and is supported by committees that have the necessary skills and knowledge to help the Board discharge their duties and responsibilities effectively.

Subsequent events

Up to 28 May 2025, the Company issued 105,084,744 shares at £2.95 per ordinary share, being £0.01 in nominal value and £2.94 of share premium on each share for a consideration of £310 million to its parent company.

On 24 March 2025, the ultimate parent company, Connect Infrastructure Topco Limited (Topco), acquired 100% of alternative fibre network operator Connect Infraco Limited's (CIL) share capital from Connexin Limited for a cash consideration of £20 million. The acquisition aligns with CityFibre's commitment to actively engage in market consolidation as part of its nationwide rollout to more than 8 million premises. On the same day, an £80 million payable from CIL to Connect IOT Bidco Limited (a Connexin Limited shareholder) was transferred to Topco, which settled the debt by issuing Topco shares to Connect IOT Bidco Limited. The Group is currently assessing the financial impact of the acquisition including the fair value of the acquired assets and liabilities. Immediately following the acquisition on 24 March 2025, and on the same day, a group reorganisation was undertaken to transfer the investment in CIL to CityFibre Limited, an indirect subsidiary of the Company. The reorganisation was executed through a series of share-for-share transactions involving Connect Infrastructure Topco Limited, the Group's intermediate holding companies, the Company, and its immediate and indirect subsidiaries. As part of the reorganisation, the Company issued 33,843,418 shares at £2.95 per share to its immediate parent, CityFibre Holdco Limited. As the final step, CityFibre Limited ultimately acquired 100% of the issued share capital of CIL from its immediate parent, CityFibre Networks Limited.

Statement as to disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's Auditor for the purposes of their audit and to establish that the Auditor is aware of that information. The Directors are not aware of any relevant audit information of which the Auditor is unaware. The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

On behalf of the Board,

Nick Dunn
Chief Financial Officer
28 May 2025

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED (CONTINUED)

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss and the Parent Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CityFibre Infrastructure Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2024 which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the Parent Company statement of financial position, the consolidated statement of changes in equity, the Parent Company statement of changes in equity, the consolidated statement of cash flows, the Parent Company statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies for both the Parent company and the Group. The financial reporting framework that has been applied in their preparation is the applicable UK adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1. Accounting Policies to the financial statements, which indicates that the Group and Parent Company are reliant on securing further debt and equity external funding which is not guaranteed. As stated in note 1. Accounting Policies, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary were the Group and Parent Company unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED (CONTINUED)

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and internal legal counsel; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Corroborating our enquiries through the review of minutes of meetings of the board of Directors and the Audit Committee to identify any known or suspected instances of non-compliance with laws and regulations and fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and the risk of fraud in revenue recognition.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED (CONTINUED)

We considered the processes and controls that the Group has established to address the risks identified or otherwise prevent, deter, and detect fraud and how management monitors those processes and controls.

Our procedures in respect of the above included:

- Considering the risk of fraud through management override of controls by:
    - testing the appropriateness of journal entries made throughout the year, which met a specific criteria, performing an assessment on a sample of the residual population, as well as assessing year-end consolidating journals by agreeing to supporting documentation; and
    - evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates for management bias, in particular in relation to impairment of goodwill and intangible assets, and the going concern assumption.
- Considering the risk of fraud in revenue recognition by:
    - testing, on a sample basis, the revenue recognised during the period to confirm existence through corroboration back to supporting documentation, including recalculations of deferred and accrued income balances at year end, where applicable.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
BDO LLP
1F5929A97B8E472...

Sandra Thompson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
28 May 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024	2024	2024	2023	2023	2023
		£'000	£'000	£'000	£'000	£'000	£'000
		Underlying	Non-recurring[1]	Statutory	Underlying	Non-recurring[1]	Statutory
Revenue	2	133,871	-	**133,871**	99,675	-	**99,675**
Cost of sales		(52,722)	-	**(52,722)**	(56,909)	-	**(56,909)**
Gross profit		81,149	-	**81,149**	42,766	-	**42,766**
Administrative expenses		(241,057)	(17,053)	**(258,110)**	(232,919)	(23,699)	**(256,618)**
Other Income		274	-	**274**	-	-	-
Operating loss	3	(159,634)	(17,053)	**(176,687)**	(190,153)	(23,699)	**(213,852)**
Finance income	5	72,196	23,091	**95,287**	47,690	-	**47,690**
Finance cost	6	(279,087)	-	**(279,087)**	(173,128)	(80,014)	**(253,142)**
Loss on ordinary activities before taxation		(366,525)	6,038	**(360,487)**	(315,591)	(103,713)	**(419,304)**
Income tax charge	7			-			-
Loss for the year and total comprehensive loss				**(360,487)**			**(419,304)**

[1]Refer to page 13 and 14 for details of Alternative Performance Measures.

There was no other comprehensive income during the year (2023: £Nil).

The consolidated statement of profit or loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

Notes 1 to 29 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company number 08772997
As at 31 December 2024

	Note	2024	2023
Assets		**£'000**	**£'000**
Non-current assets			
Property, plant and equipment	**8**	3,915,131	3,442,978
Right of use assets	**20**	156,921	117,449
Intangible assets	**9**	287,370	233,145
Derivative financial assets	**27**	126,749	111,740
Trade and other receivables	**12**	66,561	27,813
Total non-current assets		4,552,732	3,933,125
Current assets			
Inventory	**10**	1,991	2,017
Trade and other receivables	**12**	119,460	99,945
Cash and cash equivalents	**11**	85,498	137,241
Total current assets		206,949	239,203
Total assets		4,759,681	4,172,328
Equity and liabilities			
Equity			
Share capital	**14**	15,784	15,053
Share premium	**15**	1,791,066	1,603,118
Merger reserve	**15**	331	331
Retained deficit	**15**	(1,268,906)	(908,741)
Total shareholders' equity		538,275	709,761
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	**16**	3,632,287	3,092,106
Lease liability	**20**	130,033	86,890
Deferred revenue	**17**	45,674	45,694
Deferred income	**18**	44,652	-
Provisions	**21**	22,848	19,650
Derivative financial liabilities	**27**	2,853	10,934
Total non-current liabilities		3,878,347	3,255,274
Current liabilities			
Interest bearing loans and borrowings	**16**	148,327	-
Lease liability	**20**	12,386	11,506
Deferred revenue	**17**	9,527	7,857
Deferred income	**18**	1,082	-
Provisions	**21**	7,072	13,455
Trade and other payables	**19**	164,665	174,475
Total current liabilities		343,059	207,293
Total liabilities		4,221,406	3,462,567
Total shareholders' equity and liabilities		4,759,681	4,172,328

These financial statements were approved by the Board of Directors and authorised for issue on 28 May 2025
They were signed on its behalf by

N J Dunn
Director
Notes 1 to 29 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained deficit £'000	Total shareholders' equity £'000
Balance at 1 January 2023	15,053	1,603,118	331	(489,875)	1,128,627
Comprehensive income					
Loss and total comprehensive loss for the year	-	-	-	(419,304)	(419,304)
Transactions with owners					
Share based payment expense	-	-	-	438	438
Balance at 31 December 2023	15,053	1,603,118	331	(908,741)	709,761
Comprehensive income					
Loss and total comprehensive loss for the year	-	-	-	(360,487)	(360,487)
Transactions with owners					
New share capital issued in the year	731	187,948			188,679
Share based payment expense	-	-	-	322	322
Balance at 31 December 2024	15,784	1,791,066	331	(1,268,906)	538,275

Notes 1 to 29 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows utilised in operating activities			
Loss before taxation		(360,487)	(419,304)
Depreciation of property, plant and equipment	**8**	133,857	108,635
Depreciation of right of use assets	**20**	11,490	13,690
Amortisation of intangibles	**9**	19,631	13,698
Finance income	**5**	(95,287)	(47,690)
Finance costs	**6**	279,087	253,142
Decrease in inventory	**10**	26	322
Other income	**18**	(274)	-
Share based payment expense	**24**	322	438
Loss on disposal of property, plant and equipment		348	394
Loss on disposal of subsidiary		208	-
(Increase) in receivables		(70,139)	(2,921)
(Decrease)/Increase in payables		(23,665)	6,804
(Decrease)/Increase in provisions		(4,584)	4,453
Income tax paid		(96)	-
Net cash utilised in operating activities		**(109,563)**	**(68,339)**
Cash flows utilised in investing activities			
Interest received		10,676	3,854
Purchase of intangible assets		(28,048)	(17,800)
Purchase of property, plant and equipment		(423,863)	(900,161)
Capitalised labour costs		(98,467)	(112,592)
Receipt of asset-related government grant		34,874	-
Acquisition of a subsidiary, net of cash acquired	**28**	1,135	-
Disposal of subsidiary, net of cash disposed of		984	-
Proceeds from sale of property, plant and equipment		517	20
Net cash utilised in investing activities		**(502,192)**	**(1,026,679)**
Cash flows generated from financing activities			
Proceeds from the issue of share capital		105,000	-
Loan transaction costs paid	**16**	(5,567)	(14,830)
Proceeds from borrowings	**16**	706,300	1,305,000
Interest paid		(291,571)	(187,755)
Interest rate swap net settlements		62,214	42,750
Principal paid on lease liabilities	**20**	(16,364)	(15,349)
Net cash generated from financing activities		**560,012**	**1,129,816**
Net (decrease)/increase in cash and cash equivalents		(51,743)	34,798
Cash and cash equivalents at beginning of period	**11**	137,241	102,443
Cash and cash equivalents at end of period	**11**	**85,498**	**137,241**

Notes 1 to 29 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are summarised below. They have all been applied consistently throughout the year and preceding period. CityFibre Infrastructure Holdings Limited (the 'Company'), is a company registered in England and Wales.

Basis of preparation
The financial statements have been prepared on a going concern basis and in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006 ("IFRS"). They have also been prepared with those parts of the Companies Act 2006 applicable to companies reporting under UK adopted IFRS. The consolidated financial statements are presented in GBP, which is also the Group and Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

Going concern
The going concern assessment was performed as part of the Group's assessment as the Company is a holding entity and as such dependent on the Group.

In carrying out the going concern assessment the Directors have considered several plausible scenarios in respect of the future performance and funding position for the business. These scenarios include both a base case and downside scenario.

The assessment is based on the Board-approved annual budget and long-range business plan. The primary matters that have been incorporated into the downside scenario are as follows:
- Increase in capital expenditure to fund higher installation volumes; and
- Increase in debt financing costs due to changes in SONIA rate or margin on debt.

The Directors have considered other inputs to the cashflow forecast model but determined the only assumptions that could materially impact the funding need in the next 12 month period are those detailed above.

In performing their assessment, the Directors have reviewed the cash flow forecasts together with the funding that may be available and the likelihood of this being accessible in the timelines required and anticipated in the forecasts.

The base case and downside scenarios demonstrate that the business is expected to require further funding to support its contracted activity. This funding is expected to be in the region of £1.5 billion in the near term, with an expectation of a future capital raise in late 2026.

At the date of signing these financial statements on 28 May 2025, the necessary funding is not yet secured and therefore represents a material uncertainty which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

However, for the reasons set out in more detail below, the Directors have a reasonable expectation that the Group will secure adequate resources to continue in operational existence for the foreseeable future through to 31 May 2026, being a period greater than 12 months from signing the financial statements and accordingly, the financial statements have been prepared on a going concern basis.

The funding process
The Group has historically adopted a project financing approach to funding the capital-intensive phase of the business plan, in line with other large infrastructure projects. This phased approach to raising debt and equity generally leads to an 18 to 24 month cash runway and therefore it is expected that an additional financing process will occur in late 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. ACCOUNTING POLICIES

Basis of preparation (continued)

Going concern (continued)
Note 16 of the financial statements includes details of the Group's loans and borrowings, which are £3.9 billion of committed facilities entered into in June 2022. As at 31 December 2024 the available facilities had been fully drawn. The current facilities have drawdown conditions throughout the whole term and covenants that come into effect in later years.

At the date of approving these financial statements, 28 May 2025, £163m of equity from shareholders is held as cash at the ultimate parent company, Connect Infrastructure Topco Limited ("Topco"), and is readily available to fund the business.

The Group, with external advisors, has been undertaking an extensive process to secure additional debt and equity funding. Cash held at Topco is expected to be fully utilised before the end of August 2025. The current capital raising process is expected to complete before that point.

Ongoing Capital Raise

The current funding proposal comprises two interlinked elements:

i) equity raise of £500m with four of the existing shareholders
ii) debt raise of £960m across the lenders of the existing banking syndicate

The equity raise of £500m will be conditional upon the shareholders successfully completing their internal processes and also dependent on the debt financing completing. The shareholders have indicated their intention to provide this funding but this is still subject to investment committee approvals.

At the time of signing the financial statements the debt raise is ongoing, and the lenders have indicated in writing to the Group their readiness to provide £960m of funding, the terms of which are still under negotiation. This has not yet been subject to the lender group's credit committee approval processes so there is a risk this funding might not be secured in such amount or at all.

The drawdown conditions and covenants associated with the new debt facilities are still subject to agreement. However, the Directors have modelled certain assumptions based on these conditions being in relation to a capex to debt ratio and a debt to connections ratio to reflect expected covenants and restrictions placed on the debt.

The interdependency between the debt and equity funding transactions demonstrates the alignment of interests amongst the parties involved and is expected to be conducive to a successful outcome. If the transactions, which are co-dependent, are not successfully completed before the end of August 2025 the Group will not be able to continue to trade without access to alternative sources of funding. However, based on the progress to date and positive discussions with both shareholders and lenders, the Directors are confident that both debt and equity funding will successfully complete within the necessary timeframe.

If the current funding proposal achieves a lower amount than the proposed amount, the Directors would take any necessary mitigating measures to either pause or reduce discretionary spend, or accelerate the future financing process, to ensure that there is sufficient liquidity through the next 12 months.

Future Financing Process

The Directors, shareholders and lenders are currently in negotiations around the process to complete an additional material capital raise which is expected to occur in late 2026. Based on current discussions, the lender group are seeking comfort that the Group will raise sufficient capital on a timely basis to fully fund the Group's plan to expand the network and connect end customers to it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. ACCOUNTING POLICIES

Basis of preparation (continued)

Going concern (continued)
Lenders are requesting access to information throughout this process and to ensure that a dedicated committee of the Board is presenting capital raise options to the Board in a timely manner. The Directors are satisfied that the shareholders' and lenders' interests are aligned to preserve and maximise the equity value of the Group, and that both groups believe that the current strategy achieves that.

As the Group and Company are reliant on securing further debt and equity external funding, which is not guaranteed, at the date of signing these financial statements on 28 May 2025, a material uncertainty exists which may cast significant doubt on the ability of the Group and Company to continue as a going concern and as a result they may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include the adjustments that would be necessary were the Group and Parent Company unable to continue as a going concern.

The financial statements of the Group and Company are prepared on a going concern basis, with the identification of this material uncertainty, but the Directors have a reasonable expectation that the Group can continue in operation and meet its liabilities as they fall due.

The ultimate parent company, Connect Infrastructure Topco Limited, has confirmed, subject to successful completion of the financing process, that it will continue to provide financial support to the Group and Company to such levels as to enable the Group and Company to be able to pay its debts as and when they fall due for payment, for at least 12 months from the approval of these financial statements.

New standards, interpretations and amendments effective from 1 January 2024

New standards that have been adopted in the annual financial statements for the year ended 31 December 2024, but have not had a significant effect on the Group are:

- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements); and
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements).

New standards, interpretations and amendments not yet effective or relevant

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:
- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates);

The following amendments are effective for the period beginning 1 January 2026:
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 Financial Instruments and IFRS Financial Instruments: Disclosures)

The following standards and amendments are effective for the period beginning 1 January 2027:
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries Without Public Accountability: Disclosures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the consolidated statement of profit or loss and other comprehensive income, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group is currently assessing the impact of these new accounting standards and amendments that are effective in future accounting periods.

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2024. The results of subsidiary undertakings are included from the date of acquisition and excluded from the date of disposal.

The Company was incorporated on 13 November 2013, and on 11 January 2014 it acquired the issued share capital of CityFibre Holdings Limited by way of a share-for-share exchange. The latter had five wholly owned subsidiaries: CityFibre Networks Limited, Fibrecity Holdings Limited, Gigler Limited, CityFibre Metro Networks Limited and Fibrecity Bournemouth Limited. The consideration for the acquisition was satisfied by the issue of 115,383 Ordinary Shares in the Company to the shareholders of CityFibre Holdings Limited.

The accounting treatment in relation to the addition of the Company as a new UK holding Company of the Group falls outside the scope of the IFRS 3 ‘Business Combinations’. The share scheme arrangement constituted a combination of entities under common control. The reconstructed Group was consolidated using merger accounting principles and treated the reconstructed Group as if it had always been in existence. Any difference between the nominal value of shares issued in the share exchange and the book value of the shares obtained is recognised in a merger reserve. The Company has taken advantage of merger relief available under Companies Act 2006 in respect of the share for share exchange as the issuing company has secured more than 90% equity in the other entity.

On 1 August 2017 the Company acquired the issued share capital of Entanet Holdings Limited by way of a cash purchase. Entanet Holdings Limited had one wholly owned subsidiary, Entanet International Limited. The consideration for the acquisition was satisfied by the transfer of £19 million from the Company to the shareholders of Entanet Holdings Limited and £10 million in settlement of debt acquired.

On 27 March 2020 the Group acquired the issued share capital of FibreNation Limited (‘FibreNation’) and Bolt Pro Tem Limited (‘Bolt Pro Tem’) by way of a cash purchase. The Group previously held 33% ownership of Bolt Pro Tem and treated it as a joint venture. The consideration for the acquisition was satisfied by the transfer of £141 million from the Company to the shareholders of FibreNation and Bolt Pro Tem and settlement of £73 million of debt acquired.

On 13 May 2024, Connect Infrastructure Topco Limited acquired 100% of Lit Fibre Holdings Limited, including its subsidiaries Lit Fibre Group Limited and Lit Fibre Limited, in exchange for 34,015,764 A Ordinary Shares issued to Lit Fibre Holdings Limited’s shareholders. Immediately after, the Group reorganised, transferring Lit Fibre Group Limited and Lit Fibre Limited to the Company via share-for-share transactions, with the Company issuing 34,015,764 ordinary shares to its parent, CityFibre Holdco Limited, as consideration. As a business combination under common control, the transaction falls outside IFRS scope, and the Directors applied predecessor accounting, consolidating the acquired entities from 13 May 2024 using book carrying values from Connect Infrastructure Topco Limited’s financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Revenue
Revenue represents network services provided to external customers, at invoiced amounts less value added tax or local taxes on sales, discounts, rebates and incentives payable to customers. On-net revenue is generated from the Group's own network and off-net revenue is generated from services delivered over third party networks.

Performance obligations and timing of revenue recognition

A significant portion of the Group's revenue is derived from sales of ongoing network services and associated installation charges. Both ongoing network service and installation revenue are considered part of the main obligation to provide network services and hence are recognised evenly over the period to which the services are granted, as customers simultaneously receive and consume fibre connectivity over the service period. Revenue is recognised from the date at which the network service becomes available for use by the customer. Where there are multiple connections within a contract, each connection is considered part of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer and hence form one performance obligation. There are no obligations for refunds, returns or warranties.

Performance obligations and timing of revenue recognition (continued)

Customers are billed for network services on a monthly, quarterly or annual basis, with installation services being billed up front. Payment is typically due within 30 days of invoicing. Deferred revenue arises where installation charges are billed at the beginning of the contract, however are recognised over the period during which the service is granted. There is minimal difference between timing of billing and recognition of network services. A contract asset is recognised in relation to invoiced variable consideration not yet recognised. When the right to consideration is conditional only on the passage of time, the balance does not meet the definition of a contract asset and is classified as an unbilled receivable and disclosed as accrued income. This typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied.

The Group also has contracts which grant the customer Indefeasible Right of Use (IRU) of an asset owned by the Group, as well as the provision of maintenance services over a period of time. The two are considered separate performance obligations. Revenue relating to the IRU of the asset is considered a finance lease under IFRS 16 and is recognised at the point in time where the asset is considered transferred to the customer, which is when the asset is live and available for use by the customer and requires limited judgement.

Revenue from maintenance services falls within the scope of IFRS 15 and is recognised over the period during which the service is granted.

Refer to Note 17 for information on the amounts relating to remaining performance obligations.

Determining the transaction price
Where revenue is derived from fixed contracts, the amount of revenue to be earned from each contract is determined by the amounts defined in the contract.

Certain contracts for network services include variable consideration where discounts, rebates or incentives are payable to the customer or where minimum volume commitments are linked to available capacity on the network.

The estimation of the variable consideration amount is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Allocating amounts to performance obligations
The Group allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Revenue (continued)

Accounting for certain costs incurred in fulfilling and obtaining a contract
The incremental commissions paid to sales staff for work in obtaining a contract with a customer are recognised as an asset if the entity expects to recover them and amortised on a straight-line basis over the average contract term for Consumer contracts of 5 years. No judgement is needed to measure the amount of costs of obtaining contracts as it is the commission paid.

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts granting the customer IRU of an asset; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the network service) is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

Contract modifications

Contract modifications occur upon approval of a change in scope of performance obligations or price (or both) in a contract. Upon modifications, if new services are added at their own standalone selling prices, such modification is accounted for as if it is a contract separate from the existing contract. In all other cases, the effects of contract modification are accounted for prospectively since the remaining services under the modified contract are distinct from those already rendered under the pre-modified contract. However, if it is determined that the remaining services are not distinct, the change is accounted for as part of the original contract and a cumulative catch up is recognised in revenue.

Identification of financing component

Where payments are received in advance of provision of services for contracts which extend beyond one year, the Group considers no financing component to exist. These payment terms are structured for reasons other than the provision of finance to the Group, and because alternate structures of the payment terms would affect the nature and risk assumed by the Group.

Revenue recognition of contracts with customers

The amount and timing of revenue from contracts with customers is dependent on the judgement used in determining both the timing of the satisfaction of performance obligations and the transaction price and amounts allocated to performance obligations. The Group recognises revenue from the date the network is available for use by the customer and is recognised evenly over the period for which the services are granted, where significant judgement is required to determine the appropriate period and is dependent on the nature of the contract.

Consumer contract installation fees are spread over 5 years, which is the estimated average lifetime of the end contract between the consumer and the ISP based on industry data.

Where variable consideration is dependent on certain performance milestones being achieved, by either the customer or the Group, an assessment is made to determine whether a change to the transaction price is recognised as a deduction from revenue, in accordance with IFRS 15. Customer minimum volume commitments are dependent on the Group's network build and hence not fixed consideration within the transaction price.

Judgement is applied to determine whether the variable consideration should be constrained by applying factors such as the length of the contract, the number and range of outcomes under the contract, past history of generating revenue and the overall impact of external factors outside the Group's control that will impact future revenue recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

ACCOUNTING POLICIES (continued)

Borrowing costs

The Group capitalises borrowing costs that are directly attributable to the construction of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group considers qualifying assets to relate to network assets under construction. Borrowing costs eligible for capitalisation relate to the interest expense calculated using the effective interest method.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provisions for impairment. Where network assets are acquired as part of a contract including a provision of services, the asset is initially recognised at fair value to include the value of these services. Employee costs arising directly from the construction or acquisition of an asset are capitalised to the relevant asset type. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life on a straight-line basis of that asset as follows:

Leasehold property	5 years
Network assets – duct	40 years
Network assets – cabling	20 years
Plant and machinery	5 years
Fixtures and fittings	3 years
Motor vehicles	3 years
Land	Not depreciated

Useful economic lives and residual values are assessed annually. Any impairment in value is charged to the consolidated statement of profit or loss and other comprehensive income.

Intangible assets

Intangible assets acquired separately are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Customer contracts, which have arisen through business combinations, are assessed by reviewing their net present value of future cash flows. Customer contracts are amortised over their useful life not exceeding 30 years.

Software costs, including capitalised employee costs relating to software development, that are directly attributable to IT systems controlled by the Group are recognised as intangible assets and the costs are amortised over their useful lives not exceeding 5 years.

Brand assets, which have arisen through business combinations, are assessed by reviewing their net present value of future cash flows. Brands are amortised over their useful life not exceeding 15 years.

Amortisation is included in general administrative costs in the consolidated statement of profit or loss and other comprehensive income.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is obtained (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred over the share acquired by the Group in the fair value of the entity's identifiable net assets at the acquisition date. Goodwill is not amortised but is tested for impairment on an annual basis, and more frequently if any impairment triggers are identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of Assets. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other group(s) of assets. Refer to Note 9 for further discussion on the CGUs selected.

These tests consist of comparing the carrying amount of the assets or (groups of) CGUs with their recoverable amount. The recoverable amount of an asset, or a (group of) CGU(s) is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated to reducing firstly the carrying amount of any goodwill allocated to the unit and then the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised on goodwill shall not be reversed in a subsequent period.

Impairment of non-current assets

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable, an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount, (being the higher of the fair value less costs to sell and value in use), if that is less than the asset's carrying amount.

The carrying values of property, plant and equipment and intangible assets other than goodwill, within a cash generating unit, are reviewed for impairment only when events indicate the carrying value may be impaired. Impairment indicators include both internal and external factors. Examples of internal factors include analysing performance against budgets and assessing absolute financial measures for indicators of impairment.

Where impairment indicators are present, the recoverable amounts of assets are measured. Asset recoverability requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of uncertain matters. In particular, management has regard to assumptions in respect of revenue growth, discount rates and growth rates.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Inventory includes the cost of specific network assets allocated for sale under IRU agreements, rather than for use in the group's network service provision business, as well as materials for repairs to the network. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Derivative instruments

The Group has hedging instruments (interest rate swaps and interest rate caps) in place to manage the interest rate risk on its external debt facility. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and subsequently re-measured to fair value at each reporting date. Changes in the fair value of derivatives are recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs or finance income as appropriate. The group does not currently apply hedge accounting for its hedging instruments. A derivative is presented as non-current if the maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Any fees relating to these instruments are included in finance costs and are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (Continued)

Financial liabilities and equity

Financial liabilities, including trade payables and bank loans, are recognised when the Group becomes party to the contractual arrangements of the instrument. Financial liabilities are initially measured at fair value and subsequently at amortised cost using the effective interest method. All related interest charges on loans are recognised as an expense in ‘finance cost’ in the consolidated statement of profit or loss and other comprehensive income.

The effective interest rate exactly discounts estimated future cash payments, including all transaction costs paid that form an integral part of the instrument, through the expected life of the financial liability.

The Group derecognises financial liabilities when the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying value of the financial liability and consideration paid is recognised in statement of profit and loss.

Financial liabilities and equity are classified according to the substance of the financial instrument’s contractual obligations, rather than the financial instrument’s legal form.

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The Group’s ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Financial assets
Trade and other receivables are initially recorded at their fair value and subsequently carried at amortised cost, less provision for impairment. A provision for impairment of trade receivables is determined using the IFRS 9 simplified approach to measuring expected losses. In calculating the provision, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand, and short-term highly liquid investments with an original maturity of three months or less.

Leases

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The value of the short-term leases expense is disclosed in Note 20.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group’s incremental borrowing rate on commencement of the lease is used.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (Continued)

Leases (continued)

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The Group determines its incremental borrowing rate by obtaining interest rates from external financing sources. The Group has chosen to use the same discount rate across all classes of assets, as this is materially appropriate across the assets.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease; and
- initial direct costs incurred.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the service portion of lease charges separately for leasehold property leases but not for network asset and plant and equipment type leases.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows 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.

Taxation

Current tax is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are recognised on all taxable temporary differences. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are also recognised where taxable temporary differences relate to the same tax authority as the available tax attributes. In these instances, the offset criteria in IAS 12 is also met and deferred tax amounts are presented net in the consolidated statement of financial position. Deferred tax liabilities are not discounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (Continued)

Taxation (continued)

Deferred taxation 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 reporting date. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share based payments

The ultimate parent company, Connect Infrastructure Topco Limited issues equity-settled share-based payments to certain employees. Share based payments are treated as equity settled when there is no obligation to settle in cash and are measured at fair value at the date of the grant. Refer to Note 24 for further detail.

Pension costs

Contributions to the Group's defined contribution pension scheme are charged to the consolidated statement of profit or loss and other comprehensive income in the period in which they become payable.

Grant income

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them.

Government grants whose primary condition is that the group should purchase, construct, or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grant income is recorded within other operating income. The primary purpose of the programme is to provide funding to build infrastructure and ensure UK properties have access to gigabit broadband and therefore the grant is treated as related to assets.

Key judgements and sources of estimation uncertainty

The preparation of the financial statements in conformity with UK adopted IFRS requires management to make judgements, estimates and assumptions that affect application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or where assumptions or estimates are significant to the financial statements are detailed below.

Judgements

Lease term

Right of use assets relating to Physical Infrastructure Access (PIA) assets were recognised in the year in accordance with IFRS 16 Leases. Identifying the appropriate lease term required judgement to identify the enforceable term where the lease is renewable. This required management's interpretation of the terms of the contract to determine that the lessor cannot cancel the lease except in specific instances of breaches of contract or changes in regulation. In determining the appropriate lease term, management also considered the nature of the arrangement where the intention is to use the assets for the full life of the network alongside other factors including the uncertainty in the future regulatory market and reference to the length of sales contracts which utilise these assets. This resulted in a lease term of 5-20 years dependent on the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (Continued)

Right to direct the use of asset

An additional judgement was required in relation to the PIA assets discussed above. The terms of the contract do not expressly state that CityFibre has the right to direct how and for what purpose the asset is used throughout the period of used, however management have applied judgement to determine that CityFibre does in practice have decision making rights over the assets based on evidence over the operation of the assets, and have therefore concluded it is appropriate to recognise as a lease under IFRS 16 Leases.

Going concern assessment

The Directors have assessed the going concern position of the Group and Company in light of the key risk factors for the Group and Company and recognising that, while there is a material uncertainty with respect to the reliance on further external funding, it is appropriate to prepare the financial statements on a going concern basis. The primary areas of judgement that have been considered and factored into scenario modelling to consider the future viability of the business are:

- Access to debt and equity funding
- Increase in capital expenditure to fund higher installation volumes
- Increase in debt financing costs due to changes in SONIA rate or margin on debt

Refer to the basis of preparation on page 41 where these are discussed further.

Impairment of non-current assets

For the purpose of impairment testing, goodwill and other assets that do not generate cash flows independent from other assets are allocated to each of the Group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of Assets. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other group(s) of assets. Identifying the appropriate CGUs requires management judgement. Discussion on the identification and allocation of CGUs is included in Note 9.

Conditions attached to government grant

Judgement is required in assessing whether conditions attached to the grants have been met, particularly in determining the point at which reasonable assurance exists that the grant will be received. This includes evaluating compliance with funding milestones and ensuring claims are aligned with contractual obligations. Additionally, estimates are involved in calculating the subsidy per premise, which affects the systematic recognition of grant income. Management periodically reviews assumptions, including the risk of clawback and potential adjustments to recognised amounts based on actual costs incurred.

Common control transaction

The individual transaction steps as part of the group reorganisation in the year, following the acquisition of Lit Fibre Holdings Limited by Connect Infrastructure Topco Limited, meet the definition of a common control transaction.

IFRS 3 Business Combinations excludes from its scope common control transactions and IFRS provides no further specific guidance on the accounting for such transactions. Instead, the principles of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors have been considered to develop an accounting policy that provides relevant and reliable information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

1. ACCOUNTING POLICIES (Continued)

Common control transaction (continued)

The predecessor accounting method has been applied to account for the common control transaction within the Company. This has been assessed as appropriate by the Directors given the reorganisation was implemented to streamline the organisational framework, positioning all trading entities under a single sub-group. This aligns the configuration of management's internal and external reporting structure.

Under the predecessor accounting method, the assets and liabilities of the transferred entities, Lit Fibre Group Limited and Lit Fibre Limited, have been recognised in the consolidated financial statements of the Company at their carrying amounts in the consolidated financial statements of Connect Infrastructure Topco Limited, being the ultimate parent of the group. These are disclosed in note 28.

Estimates

Impairment of non-current assets

Where impairment indicators are present, the recoverable amounts of assets are measured. Asset recoverability requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of uncertain matters. In particular, management has regard to assumptions in respect of the revenue growth, terminal penetration rate (% of customers connected to the CityFibre network), discount rate and growth rate. Further discussion and sensitivity analysis on these assumptions are included in Note 9.

2. REVENUE

	2024	2023
	£'000	£'000
On-net	105,854	70,708
Off-net	28,017	28,967
	133,871	99,675

All revenue arose in the United Kingdom.
Refer to page 11 for definitions of on-net and off-net revenue

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. OPERATING LOSS

Operating loss is after charging:

	2024 £'000	2023 £'000
Depreciation of property, plant and equipment	133,857	108,635
Depreciation of right of use assets	11,490	13,690
Amortisation of intangibles	19,631	13,698
Loss on disposal of assets	348	394
Share based payment expense	322	438
Non-recurring administrative expenses (see Strategic Report on page 14):		
Restructuring charges	8,640	21,641
Integration costs - acquisitions	2,727	-
Other non-recurring administrative expenses	5,686	2,058
Total non-recurring administrative expenses	17,053	23,699

Depreciation on network assets is recognised as part of administrative expenses as consumption of network assets does not correlate with cost of sales.

	2024 £'000	2023 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable for the audit of the Group's annual financial statements	165	96
Fees payable for the audit of the Group's subsidiaries' financial statements	334	426
Total audit fees	499	522
Total fees	499	522

4. STAFF COSTS

The average number of staff employed (including Directors) by the Group during the financial year amounted to:

	2024 Number	2023 Number
Commercial	89	98
Corporate	157	225
Customer	321	411
Delivery	508	770
Technology & Design	519	372
	1,594	1,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. STAFF COSTS

The aggregate payroll costs of the above were:	2024 £'000	2023 £'000
Wages and salaries	118,617	123,090
Social security costs	13,197	14,069
Other pension costs	10,253	10,286
	142,067	147,445

Capitalised staff costs for 2024 are £88 million (2023: £95 million) and are included in the above figures. Redundancy costs of £7 million (2023: £7 million) are included in the above figures which form part of the restructuring charges classified as a non-recurring operating item.

See Note 25 for directors' remuneration and key management compensation.

5. FINANCE INCOME

	2024 £'000 Underlying	2024 £'000 Non-recurring	2024 £'000 Statutory	2023 £'000 Underlying	2023 £'000 Non-recurring	2023 £'000 Statutory
Interest on bank deposits	10,351	-	**10,351**	4,315	-	**4,315**
Interest on loan receivable	-	-	**-**	120	-	**120**
Interest rate swap net settlements	61,845	-	**61,845**	43,255	-	**43,255**
Gain on change in fair value of hedging instrument (see Note 27)	-	23,091	**23,091**	-	-	**-**
	72,196	23,091	**95,287**	47,690	-	**47,690**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCE COST

	2024 £'000 Underlying	2024 £'000 Non-recurring	2024 £'000 Statutory	2023 £'000 Underlying	2023 £'000 Non-recurring	2023 £'000 Statutory
Interest expense on financial liabilities measured at amortised cost	265,685	-	**265,685**	167,557	-	**167,557**
Unwind of discount on provisions	842	-	**842**	1,642	-	**1,642**
Interest on lease liability	12,560	-	**12,560**	3,929	-	**3,929**
Loss on change in fair value of hedging instrument (see Note 27)	-	-	**-**	-	80,014	**80,014**
	279,087	-	**279,087**	173,128	80,014	**253,142**

During the year, borrowing costs of £30 million (2023: £41 million) were capitalised in accordance with IAS 23. Refer to Note 8 for further details.

7. TAXATION

	2024 £'000	2023 £'000
Recognised in profit and loss		
Current tax		
UK corporation tax based on the results for the year at 25% (2023: 23.52%)	-	-
Total current tax	-	-
Deferred tax		
Temporary differences on which deferred tax has been recognised	-	-
Tax on loss on ordinary activities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7. TAXATION (continued)

Factors affecting total tax result
The tax assessed for the year differs from the standard rate of corporation tax in the UK of 25% (2023: 23.5%) as follows:

	2024 £'000	2023 £'000
Loss on ordinary activities before taxation	(360,487)	(419,304)
Tax on loss on ordinary activities at standard rate	(90,121)	(98,620)
Factors affecting result		
Remeasurement of deferred tax for changes in tax rates	-	(49)
Expenses not deductible for tax purposes	1,522	(571)
Origination of temporary differences on which no deferred tax asset has been recognised	80,135	195,186
Origination of temporary differences on which no deferred tax asset has been recognised (prior year)	-	(101,187)
Group relief surrendered	6,028	4,757
Recognition of deferred tax assets on consolidation	849	831
Other timing differences	1,587	(347)
Total tax result	-	-

Changes in tax rates and factors affecting the future tax charge
The normal rate of corporation tax is 25% for financial years beginning 1 April 2023.

Origination of temporary differences
The unrecognised deferred tax movement of £80 million (2023: £ 195 million) in the current year includes the impact of interest not currently deductible due to the corporate interest restriction, as well as other short term temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	Network assets	Plant and machinery	Fixtures and fittings	Land	Total
	£'000	£'000	£'000	£’000	£'000	£'000
Cost						
At 1 January 2023	1,184	2,493,408	182,376	3,685	729	2,681,382
Additions	-	990,238	46,081	788	300	1,037,407
Disposals	-	(444)	-	-	-	(444)
At 31 December 2023 and at 1 January 2024	1,184	3,483,202	228,457	4,473	1,029	3,718,345
Additions	-	482,929	69,044	35	-	552,008
Acquired through common control transaction (see note 28)	-	50,060	4,533	335	-	54,928
Sale of subsidiary	-	(37)	(81)	-	-	(118)
Disposals	-	(865)	-	-	-	(865)
At 31 December 2024	1,184	4,015,289	301,953	4,843	1,029	4,324,298
Accumulated depreciation						
At 1 January 2023	444	119,151	44,624	2,543	-	166,762
Charge in the year	218	77,141	30,640	636	-	108,635
Disposals	-	(30)	-	-	-	(30)
At 31 December 2023 and at 1 January 2024	662	196,262	75,264	3,179	-	275,367
Charge in the year	491	94,747	37,739	880	-	133,857
Sale of subsidiary	-	(22)	(35)			(57)
At 31 December 2024	1,153	290,987	112,968	4,059	-	409,167
Net book value						
At 31 December 2024	31	3,724,302	188,985	784	1,029	3,915,131
At 31 December 2023	522	3,286,940	153,193	1,294	1,029	3,442,978

Borrowing costs capitalised during the year amounted to £30 million (2023: £41 million). The facility is treated as a general borrowings facility with a capitalisation rate of 8% (2023: 7%).

Included in network assets above are network assets under construction and not yet depreciated which are held at a cost of £313 million (2023: £427 million) at the date of the statement of financial position.

A review was carried out to determine if there were any indicators of impairment of the Group’s network assets at 31 December 2024. Each of the indicators set out in IAS 36 were considered and none were identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

9. INTANGIBLE ASSETS

	Website costs £'000	Customer contracts £'000	Software costs £'000	Brand £'000	Goodwill £'000	Trademark £'000	Total £'000
Cost							
At 1 January 2023	31	90,830	41,805	2,148	110,887	1	245,702
Additions	-	-	26,318	-	-	-	26,318
At 31 December 2023 and at 1 January 2024	31	90,830	68,123	2,148	110,887	1	272,020
Additions	-	-	40,630	-	-	-	40,630
Acquired through common control transaction (see note 28)	-	-	202	-	33,224	-	33,426
Sale of subsidiary	-	-	(202)	-	-	-	(202)
At 31 December 2024	31	90,830	108,753	2,148	144,111	1	345,874
Accumulated amortisation							
At 1 January 2023	31	10,460	13,910	775	-	1	25,177
Amortisation	-	3,253	10,302	143	-	-	13,698
At 31 December 2023 and at 1 January 2024	31	13,713	24,212	918	-	1	38,875
Amortisation	-	3,254	16,234	143	-	-	19,631
Sale of subsidiary	-	-	(2)	-	-	-	(2)
At 31 December 2024	31	16,967	40,444	1,061	-	1	58,504
Net book value							
At 31 December 2024	-	73,863	68,309	1,087	144,111	-	287,370
At 31 December 2023	-	77,117	43,911	1,230	110,887	-	233,145

The Group is required to test, on an annual basis, whether goodwill or other indefinite life assets have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

Management have identified the cash generating units (CGUs) of the Group to be on-net (being on CityFibre's network) and off-net (being on third parties' networks). These CGUs have been assessed as appropriate by the Directors following consideration of how management internally monitors the business. In particular, consideration was given to how the value of the Group's business is generated through using a shared network model which makes it inappropriate to identify a CGU at a lower level.

The carrying amount of goodwill of £144 million (2023: £111 million) is wholly allocated to the on-net CGU, as the intention of the transactions from which the goodwill arose, was to drive growth of the on-net business. The carrying value of the CGU at 31 December 2024 was £4.3 billion (2023: £3.7 billion). The Directors have assessed the recoverable amount of the CGU to be higher than the carrying amount. The recoverable amount of the above CGU has been determined from value in use calculations based on cash flow projections from Board approved budgets for 2025, and long-range plans covering the period to 31 December 2040. In assessing the recoverable amount, the Directors have also considered the valuation of the Group performed in connection with the acquisition of Lit Fibre during the year. This valuation, prepared in accordance with IFRS 13 Fair Value Measurement, supported the share-for-share exchange consideration and served as a relevant external reference point.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

9. INTANGIBLE ASSETS (continued)

While the valuation methodology and basis of measurement differ from those used in the value in use calculation, the Directors concluded that there is no material inconsistency in the underlying conclusion, that the carrying amount of the CGU exceeds its recoverable amount.

The Group's business model involves significant upfront capital investment during the build phase of the Full Fibre network, with revenues expected to be generated at high margins in later years due to the long-term economic benefits and operational leverage of the network. Given that the value of the business and its underlying assets is expected to be realised over an extended period, the Directors consider it appropriate to use cash flow forecasts through to 2040 in the impairment assessment.

The long-range planning process underpinning these forecasts is subject to regular review, and incorporates historical performance, current market conditions, and management's expectations of future developments. This includes consideration of macroeconomic factors, competitive pressures, regulatory trends, technological advancements, and strategic growth opportunities. The Directors are satisfied that, based on the nature of the Group's infrastructure assets and the maturity profile of the fibre roll-out programme, it is reasonable to project cash flows over this time horizon for the purpose of assessing the recoverable amount. Refer to page 52 for key judgements and below for further detail on key assumptions.

The pre-tax discount rate applied to cash flow forecasts is based on the weighted average cost of capital (WACC) approach, which uses a market participant's cost of equity and pre-tax cost of debt and reflects the risks inherent in the cash flows.

The assumptions used in the calculation of the group's weighted average cost of capital are benchmarked to externally available data. The pre-tax discount rate used in performing the value in use calculation was 9.2% (2023: 9.7%). The signing of the Sky contract during the year represents a significant milestone for the Group, significantly de-risking key assumptions and inputs within the cash flow projections as at 31 December 2024 compared to the prior year. This reduction in perceived risk is reflected in the decrease in the pre-tax discount rate used in the value-in-use calculation. The growth rate used beyond the period of cashflow projections of 2% (2023: 2%) is based on management's long-term view with reference to economic data relating to the United Kingdom..

Revenue growth in the cash flow projections reflects the organic rollout of additional premises by the Group, supported by an average of 1 million ready-for-service premises added per annum over the last two years, increases in take-up rates underpinned by multiple ISP agreements, and a stronger ARPU from a higher-value product mix. Margin improvements reflect scale benefits as the network expands and targeted efficiencies- primarily from reduced service-call volumes after the installation phase (enabled by IT investment) and lower maintenance costs at higher volumes- with a significant contributor to percentage margin improvement being the increasing scale of connected volumes across the Group's live network.

In the opinion of the directors, disclosure of the value of the terminal penetration rate would be seriously prejudicial to the commercial interests of the Group, and as such has not been disclosed.

If any of the following changes were made individually to these key assumptions, the carrying amount and recoverable amount would be equal:

- An increase in the discount rate by 1.7%
- A decrease in forecasted revenue and associated cost of sales by 18%
- A reduction in the terminal penetration rate by 25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10. INVENTORY

	2024 £'000	2023 £'000
Completed assets held-for-sale	1,479	1,499
Raw materials and consumables	512	518
	1,991	2,017

Inventory is stated net of an impairment provision of £Nil (2023: £Nil). A total of £0.4 million was expensed through cost of sales during the year (2023: £0.4 million).

11. CASH AND CASH EQUIVALENTS

	2024 £'000	2023 £'000
Cash at bank and in hand	85,498	137,241

All cash and cash equivalent balances are denominated in Sterling.

12. TRADE AND OTHER RECEIVABLES

	2024 £'000	2023 £'000
Trade receivables	38,246	25,069
Other receivables	18,526	6,994
VAT receivable	19,837	12,663
Prepayments	13,272	18,351
Prepaid loan transaction costs (see Note 16)	3,705	21,019
Amounts due from related parties	5,013	3,599
Accrued income	12,418	7,646
Contract asset	75,004	32,417
	186,021	127,758

	2024 £'000	2023 £'000
Current	119,460	99,945
Non-current	66,561	27,813
	186,021	127,758

Trade receivables are stated net of a total provision of £7 million (2023: £5 million). This includes expected credit losses of £7 million (2023: £5 million) and a provision for credit notes of £nil (2023: £nil). Refer to Note 23 for further discussion of credit risk.

Other receivables include sales commissions related to costs to obtain a contract under IFRS 15 Revenue from Contracts with Customers of which an asset of £5 million has been recognised (2023: £4 million) and the amount of costs recognised as an expense in the period is £2 million (2023: £1 million).

Contract asset balances relate to incurred variable consideration in relation to incentives paid to customers not yet recognised under IFRS 15 Revenue from Contracts with Customers. The increase in the year related to additional marketing incentives provided to our ISPs to drive targeted take-up of consumer connections.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

12. TRADE AND OTHER RECEIVABLES (continued)

Amounts are recognised as a deduction to revenue when performance obligations are satisfied.

Contract asset	**2024 £'000**	**2023 £'000**
Current	9,534	4,604
Non-current	65,470	27,813
	75,004	32,417
As at 1 January	32,417	8,095
Amounts recognised as a contract asset during the year	49,361	26,050
Amounts recognised as a deduction to revenue during the year	(6,774)	(1,728)
As at 31 December	75,004	32,417

13. DEFERRED TAX

	2024 £'000	**2023 £'000**
Balance at start of period	-	-
Deferred tax charge in the year	-	-
Balance at end of period	-	-

Deferred tax assets have not been recognised in respect of the following items:

	2024 £'000	**2023 £'000**
Excess of tax base of property, plant and equipment over its carrying amount	-	3,517
Unused tax losses	259,781	228,482
Short-term timing differences	136,398	74,314
	396,179	306,313

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

31 December 2024	**Asset £’000**	**Liability £’000**	**Net £’000**	**(Charged)/ credited to profit or loss £’000**	**(Charged)/ credited to equity £’000**
Other temporary and deductible differences	378,598	-	378,598	-	-
Business combinations	-	(18,737)	(18,737)	-	-
Excess of tax base of property, plant and equipment over its carrying amount	-	(359,861)	(359,861)	-	-
Tax assets/(liabilities)	378,598	(378,598)	-	-	-
Set off of tax	(378,598)	378,598	-	-	-
Net tax assets/(liabilities)	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

13. DEFERRED TAX (continued)

31 December 2023	Asset £'000	Liability £'000	Net £'000	(Charged) /credited to profit or loss £'000	(Charged) /credited to equity £'000
Other temporary and deductible differences	409,465	-	409,465	-	-
Business combinations	-	(19,586)	(19,586)	-	-
Excess of tax base of property,	-	(389,879)	(389,879)	-	-
Tax assets/(liabilities)	409,465	(409,465)	-	-	-
Set off of tax	(409,465)	409,465	-	-	-
Net tax assets/(liabilities)	-	-	-	-	-

14. CALLED UP SHARE CAPITAL

	2024 £'000	2023 £'000
Authorised, called up, allotted and fully paid		
1,572,701,786 ordinary shares of £0.01 each (2023: 1,499,580,745)	15,727	14,996
5,653,865 deferred ordinary shares of £0.01 each (2023: 5,653,865)	57	57
	15,784	15,053

	2024 Number
Ordinary shares (issued)	
Balance at start of period	1,499,580,745
Share issue	73,121,041
Balance at end of period	1,572,701,786

Ordinary shares entitle the holder to one vote per share, and the right to participate in any dividend, distribution or return of capital attaching to them.

Deferred shares do not entitle the holder to participate in any dividend, distribution or return of capital, nor do they entitle the holder to vote.

Between 28 February 2024 and 20 December 2024, the Company issued a total of 73,121,041 ordinary shares at £0.01 per share for aggregate consideration of £188.7 million (including £83.7 million in connection with the acquisition of Lit Fibre Group Ltd and Lit Fibre Ltd), with the excess over the nominal value recognised in share premium.

15. RESERVES

Share premium
This relates to the excess of consideration received for ordinary share capital issued above the nominal value of the shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15. RESERVES (continued)

Merger reserve
This relates to the difference between the nominal value of the shares acquired and the consideration paid, where the transaction qualifies for merger relief.

Retained deficit
This relates to the accumulated retained deficit for the current year and prior years.

16. INTEREST BEARING LOANS AND BORROWINGS

	2024	2023
	£'000	£'000
Bank loan	3,780,614	3,092,106
Due within one year	148,327	-
Due after one year	3,632,287	3,092,106
	3,780,614	3,092,106

The carrying value of the loan is stated net of unamortised finance costs of £61 million (2023: £43 million).

In 2022 the Group entered into a loan facility of £3.9 billion comprising a £1.3 billion term loan, a £2.5 billion capex facility and a £150 million revolving credit facility. On securing the loan, financing costs of £76 million were incurred and recognised as a prepayment. Commitment fees incurred on the undrawn balance are also recognised as a prepayment when incurred. These loan transaction costs are then allocated against the loan balance as the facility is drawn down and amortised using the effective interest method. The balance of prepaid loan transaction costs relating to the 2022 loan facility at 31 December 2024 was £nil million (2023: £21 million).

In February 2024, the Group redesignated £1.3 billion of its debt facility from capex facility to term facility.

As of 31 December 2024, the Group had £4 million in prepaid loan transaction costs related to refinancing activities (2023: £nil million).

Interest is paid at SONIA plus 2.95%-3.85% (2023: 2.95%-3.85%) dependent on the facility type and the Group's leverage. The facility has a 7 year term to 30 June 2029 with a bullet repayment at the end of the term.

Certain members of the Group have granted security over certain of their assets in order to secure the interest bearing loans and other borrowings arising under the Company's finance documents. CityFibre Holdco Limited has granted the following English law security in favour of the finance parties: (1) a fixed charge over its shares in CityFibre Infrastructure Holdings Limited; and (2) a security assignment of any intercompany loan receivables owed to it by CityFibre Infrastructure Holdings Limited. In addition, each "Obligor" has granted the following English law security in favour of the finance parties: (1) a fixed charge over its bank accounts, material commercial contracts, book and other debts and its shares in any material subsidiary; and (2) a security assignment of its secured hedging agreements, material commercial contracts, intragroup loan receivables, and certain insurance policies. Further, each Obligor has entered into a cross-guarantee of the liabilities of the other Obligors under the finance documents.

The "Obligors" are CityFibre Infrastructure Holdings Limited, CityFibre Limited, CityFibre Holdings Limited, CityFibre Networks Limited, Entanet Holdings Limited, Entanet International Limited, FibreNation Limited,Bolt Pro Tem Limited and Lit Fibre Group Limited.

There are also performance bonds in place with Lloyds Bank plc, which are required by The Electronic Communications Code (Conditions and Restrictions) Regulations 2003 to provide cover for funds for specified liabilities for Code operators, being CityFibre Metro Networks Limited and FibreNation Limited, should they arise during the liability period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

16. INTEREST BEARING LOANS AND BORROWINGS (continued)

Maturity analysis

	2024 £'000	2023 £'000
Bank and other loans		
In less than one year	148,327	-
In more than five years	3,632,287	3,092,106
	3,780,614	3,092,106

17. DEFERRED REVENUE

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied at 31 December 2024 was £55 million (2023: £54 million) and is expected to be recognised as revenue in future periods as follows:

Period of performance obligation

	2024 £'000	2023 £'000
In one year or less or on demand	9,527	7,857
In more than one year but not more than two years	6,942	8,812
In more than two years but not more than five years	18,381	9,957
In more than five years	20,351	26,925
	55,201	53,551

	2024 £’000	2023 £’000
Current	9,527	7,857
Non-current	45,674	45,694
	55,201	53,551

£8 million of the deferred revenue at 31 December 2023 was recognised as revenue during the current year (2023: £11 million).

18. DEFERRED INCOME

	2024 £’000	2023 £’000
At 1 January	-	-
Receivable in the year	46,008	-
Released to the statement of profit or loss	(274)	-
At 31 December	45,734	-
Current	1,082	-
Non-current	44,652	-
	45,734	-

The deferred income arises from a government grant received for the construction of long-term assets. The primary purpose of the programme is to provide funding to build infrastructure and ensure UK properties have access to gigabit broadband and therefore the grant is treated as related to assets. The income will be recognized in statement of profit or loss and other comprehensive income on a straight-line basis over the useful life of the related asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

19. TRADE AND OTHER PAYABLES

	2024 £'000	2023 £'000
Trade payables	25,721	31,625
Other taxation and social security	3,668	4,289
Other payables	13,129	28,181
Amounts due to related parties	952	693
Accruals	121,195	109,687
	164,665	174,475

Included within other payables is an amount of £13 million (2023: £27 million) relating to variable consideration not yet settled and credits due to customers. The movement is comprised of a reduction in the variable consideration not yet settled due to invoicing during the year of £17 million offset by an increase in credits due to customers of £3 million.

20. LEASES

Nature of leasing activities (in the capacity as lessee)

The group leases a number of properties in the United Kingdom where it operates. In some lease contracts payments increase each year by inflation or and in others are reset periodically to market rental rates. In other property leases, the periodic rent is fixed over the contractual lease term. The group holds a variety of leases, encompassing both fixed-payment and variable-payment arrangements. Refer to page 51 for key judgements on lease term and right to direct the use of asset.

Right of use assets	Leasehold Property £'000	Network Assets £'000	Plant and Machinery £'000	Vehicles £'000	Total £'000
At 1 January 2023	5,740	5,651	37,747	162	49,300
Additions	4,418	63,390	14,518	-	82,326
Disposals	(98)	-	(389)	-	(487)
Depreciation	(3,432)	(4,730)	(5,402)	(126)	(13,690)
At 31 December 2023 and at 1 January 2024	6,628	64,311	46,474	36	117,449
Additions	71	42,918	1,234	-	44,223
Acquired through common control transaction	-	7,263	-	155	7,418
Modification	1,486	367	(2,552)	20	(679)
Reclassification	-	2,242	(2,242)		-
Depreciation	(2,521)	(7,681)	(1,252)	(36)	(11,490)
At 31 December 2024	5,664	109,420	41,662	175	156,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

20. LEASES (continued)

Lease liabilities	Leasehold Property £'000	Network Assets £'000	Plant and Machinery £'000	Vehicles £'000	Total £'000
At 1 January 2023	6,012	2,622	37,264	166	46,064
Additions	2,439	57,858	3,954	-	64,251
Disposals	(99)	-	(400)	-	(499)
Interest expense	332	2,157	1,435	5	3,929
Lease payments	(3,088)	(8,045)	(4,083)	(133)	(15,349)
At 31 December 2023 and at 1 January 2024	5,596	54,592	38,170	38	98,396
Additions	64	40,733	1,153	-	41,950
Disposals	-	-	-	-	-
Acquired through common control transaction	-	6,628	-	139	6,767
Reclassification	-	1,272	(1,272)		-
Modification	1,713	4,049	(6,574)	(78)	(890)
Interest Expense	432	5,193	6,935	-	12,560
Lease payments	(2,470)	(11,128)	(2,766)	-	(16,364)
At 31 December 2024	5,335	101,339	35,646	99	142,419

Lease liabilities	2024 £'000	2023 £'000
Current	12,386	11,506
Non-current	130,033	86,890
	142,419	98,396

The Group has recognised short-term and low-value leases through the consolidated statement of profit or loss and other comprehensive income, as detailed below.

	2024 £'000	2023 £'000
Short-term lease expense	425	3,611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

21. PROVISIONS

	Dilapidations	Restructuring provision	Total
	£'000	£'000	£'000
At 1 January 2024	19,650	13,455	33,105
Utilisation of provision	(15)	(5,722)	(5,737)
Provision recognised – charged to profit and loss	-	301	301
Provision recognised – charged to right of use assets	1,793	-	1,793
Provision recognised – charged to plant and equipment	-	4,256	4,256
Unused amounts reversed during the period	-	(5,578)	(5,578)
Provision recognised through common control transaction	578	360	938
Unwinding of discount	842	-	842
At 31 December 2024	22,848	7,072	29,920
Current	-	7,072	7,072
Non-current	22,848	-	22,848
	22,848	7,072	29,920

Dilapidations relate to the estimated cost of returning a) leasehold property and b) lease physical infrastructure assets to their original condition at the end of the lease, in accordance with lease terms. The cost is recognised as depreciation of right of use assets over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. These have been recognised in the current year across the lease portfolio following evidence being made available to enable a reliable estimate to be made of the costs.

The Group has recognised a restructuring provision in relation to the efficiency programme. The amount provided represents the best estimate of the Group's liability. The provision includes redundancy costs and these amounts are charged to the statement of profit or loss and other comprehensive income. It also comprises a provision in relation to minimum purchase obligations with our materials suppliers. This amount is charged to property, plant and equipment where these materials will be utilised in the network build and do not give rise to an obsolescence risk. Judgement has been applied in determining the amount of the obligation as at 31 December 2024 due to uncertainty around the outcome of further commercial negotiations. As there are a range of possible outcomes the expected value method has been used.

22. CAPITAL COMMITMENTS

	2024	2023
	£'000	£'000
Contracted but not provided for	68,034	80,452

Capital commitments include amounts in relation to contracts signed in 2024 for which construction will take place in 2025 and future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

23. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash and cash equivalents and various items such as trade receivables and payables that arise directly from its operations. The Board has overall responsibility for the determination of the Group’s risk management objectives and policies. The Group has a risk management policy which is regularly reviewed by the Audit Committee and Board. The overall objective of risk management is to control and minimise threats to the achievement of objectives. The main risks arising from the Group’s financial instruments are liquidity risk, interest rate risk and credit risk. Further details regarding these risks are set out below:

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses long-term finance in the form of bank loans as detailed in Note 16. There are drawdown conditions tested at each drawdown of the facility relating to a debt to connections ratio and a capex to debt ratio. The Group monitors its compliance with bank drawdown conditions on an ongoing basis, forecasts both short and long-term cash flow and performs sensitivity analysis.

The Group's trade payables, other payables and accrued expenses are generally due between one and three months and the Group's other financial liabilities were due as follows. The carrying amount represents the amount included in the Statement of Financial Position which includes the impact of discounting. The total amount represents the undiscounted future cash outflows. It is determined with reference to the conditions existing at the end of the reporting period.

2024	Carrying Amount £'000	Total £'000	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £’000
Trade and other payables	164,665	164,665	164,665	-	-	-
Borrowings (including interest obligations)	3,780,614	5,193,000	447,000	292,000	4,454,000	-
Lease liabilities	142,419	217,096	16,589	16,036	39,221	145,250
Derivative financial liabilities	2,853	2,853	-	-	2,853	-
Total	4,090,551	5,577,614	628,254	308,036	4,496,074	145,250

2023	Carrying Amount £'000	Total £'000	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £’000
Trade and other payables	174,475	174,475	174,475	-	-	-
Borrowings (including interest obligations)	3,092,106	4,610,000	257,000	262,000	813,000	3,278,000
Lease liabilities	98,396	143,962	11,495	10,667	28,631	93,169
Derivative financial liabilities	10,934	10,934	-	-	10,934	-
Total	3,375,911	4,939,371	442,970	272,667	852,565	3,371,169

Future interest payments relating to borrowings have been calculated based on the principal at the year end date and the prevailing interest rate. Future payments do not reflect variability due to change in interest rates, reductions as the Group de-leverages or is able to borrow at more favourable rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

23. FINANCIAL INSTRUMENTS (continued)

Interest rate risk
As at 31 December 2024 the bank loan is the only financial instrument subject to interest rate risk due to floating interest rates. To manage this risk the Group has entered into hedging instruments to cover at least 70% of outstanding gross debt.

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables (excluding prepayments and VAT receivable.). The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of the total provision below.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. CityFibre's trade receivables are categorised based on customer type given the differences in the nature of the debtor which can lead to different risk profiles. The finance team monitors its credit risk through regular review of the trade receivables ageing analysis to identify and manage recoverability issues.

	2024 **£'000**	**2023** **£'000**
Trade receivables (gross)	45,510	30,283
Expected credit losses	(301)	(163)
Expected credit losses – credit impaired	(6,963)	(5,051)
Total provision	(7,264)	(5,214)
Trade receivables (net)	38,246	25,069

The expected credit losses for trade receivables are as follows:

Trade receivable ageing

31 December 2024	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Expected loss rate	0.2%	0.4%	0.7%	1.1%	
Gross carrying amount	17,614	4,989	4,141	18,766	45,510
Expected credit losses	(42)	(20)	(28)	(211)	(301)

The group applies the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. This includes evaluating current and future macroeconomic conditions and adjusting loss rates to reflect the likely ability of the customers to settle the receivables.

Based on our assessment above, on expected credit losses, management have determined certain customers have an increased credit risk due to a deterioration in their financial position and have therefore determined an expected credit loss of the full value of the outstanding receivable balance of £7 million (2023: £5 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

23. FINANCIAL INSTRUMENTS (continued)

Trade receivable ageing **31 December 2023**	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Expected loss rate	0.4%	0.6%	0.3%	0.7%	
Gross carrying amount	11,220	4,858	3,958	10,247	30,283
Expected credit losses	(50)	(30)	(13)	(70)	(163)

Classes and categories of financial instruments and their fair values

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. All the Group's financial assets are categorised as loans and receivables and cash and cash equivalents and all financial liabilities are measured at amortised cost, except for hedging instruments classified as derivative financial assets as detailed below.

The fair value measurement of the Group's financial liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

Financial instruments that are measured at fair value and are classified within the fair value hierarchy as level 2 are derivative assets with a fair value of £127 million (2023: £112 million) and derivative liabilities of a fair value of £3 million (2023: £ 11 million). The valuation technique adopted for the derivatives is the mark-to-market method. Refer to Note 27 for further details.

24. SHARE BASED PAYMENTS

The ultimate parent company, Connect Infrastructure Topco Limited, operates two share-based payments plans, a Management Incentive Plan (MIP) and a Joint Share Ownership Plan (JSOP).

The MIP relates to certain classes of shares in Connect Infrastructure Topco Limited issued to selected executive directors and senior employees (Managers) from 2019 to 2021 based on the unrestricted market value (UMV) of the shares.

The fair value of the shares has been measured as at grant date and expensed over a straight line period using an estimated vesting period of between 2 and 5 years. Shares vest in accordance with vesting schedules with accelerated vesting if an exit event occurs. Managers are required to be in service for the relevant vesting period. There is no obligation to settle in cash, therefore the Group accounts for the MIP as an equity-settled plan. As of 31 December 2024, all MIP shares have fully vested. A share based payment expense of £0.3 million related to the MIP has been recognised in the year in the statement of profit and loss and comprehensive income (2023: £0.4 million).

During the year, 25,502 shares (2023: 20,026) were forfeited by leavers and transferred to the Employee Benefit Trust (the Trust). The details of this plan are discussed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

24. SHARE BASED PAYMENTS (continued)

Management Incentive Plan	2024	2024	2023	2023
	Weighted average price	Number	Weighted average price	Number
Outstanding at 1 January	£8.25	237,728	£8.11	257,754
Forfeited during the year	£7.39	(25,502)	£6.33	(20,026)
Outstanding at 31 December	£7.91	212,226	£8.25	237,728

The JSOP is an incentive plan, where a class of equity shares in Connect Infrastructure Topco Limited were issued to Managers of the Group in 2022. Under the arrangement, each share issued is jointly held by the Trust and the Manager. A total of 25,000 shares were issued to the Managers of the Group.

Each share is issued at an initial market value of £38.07, where a Manager will subscribe for the share by paying the unrestricted market value of £4.57 and the remaining amount is funded by a loan agreement entered into between Connect Infrastructure Topco Limited and the Trust.

The fair value of the Award shares has been estimated at the grant date at £11.29 using the Monte Carlo simulation form of the Option Pricing Method, taking into account the terms and conditions on which the shares were issued. This fair value has been derived from forecast projections and an estimated vesting period whereby the shares are subject to Managers being in employment until the occurrence of an exit event, upon which they will fully vest. There is no obligation to settle in cash, therefore the Group accounts for the JSOP as an equity-settled plan. A share based payment expense of £0.03 million related to the JSOP has been recognised in the year in the statement of profit and loss and comprehensive income (2023: £ 0.03 million).

Joint Share Ownership Plan	2024 Weighted average price	2024 Number	2023 Weighted average price	2023 Number
Outstanding at 1 January	£11.29	25,000	£11.29	25,000
Issued during the year	-	-	-	-
Outstanding at 31 December	£11.29	25,000	£11.29	25,000

25. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, its parent companies, its associates, its directors and the directors of its subsidiaries.

Subsidiaries

The subsidiary undertakings of the Group at 31 December 2024 were as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

25. RELATED PARTY TRANSACTIONS (continued)

Company	Country of incorporation	Principal activities	% holding of ordinary share capital
CityFibre Holdings Limited	UK	Provision of telecommunication networks	100
CityFibre Networks Limited	UK	Provision of telecommunication networks	100
Fibrecity Holdings Limited	UK	Holding company	100
CityFibre Metro Networks Limited	UK	Provision of telecommunication networks	100
Fibrecity Bournemouth Limited	UK	Provision of telecommunication networks within Bournemouth	100
CityFibre Limited	UK	Provision of telecommunication networks	100
Entanet Holdings Limited	UK	Holding company	100
Entanet International Limited	UK	Provision of internet services	100
FibreNation Limited	UK	Provision of telecommunication networks	100
Bolt Pro Tem Limited	UK	Provision of telecommunication networks	100
Lit Fibre Group Limited	UK	Provision of telecommunication networks	100

All subsidiaries are registered at the following address: 15 Bedford Street, London, WC2E 9HE. All transactions with subsidiary undertakings in the year eliminate on consolidation.

The following subsidiaries have been granted an exemption from audit of their individual accounts under section 479A of the Companies Act 2006 following a guarantee given by the parent entity, CityFibre Infrastructure Holdings Limited:

- Bolt Pro Tem Limited (Company number: 08975479)
- CityFibre Networks Limited (Company number: 07193219)
- Fibrecity Bournemouth Limited (Company number: 06585858)
- Entanet International Limited (Company number: 03274237)
- FibreNation Limited (Company number: 11441177)

Gigler Limited was dissolved on 6 February 2024 following a group re-organisation project.
Fibrecity Holdings Limited was dissolved on 3 April 2025.

At 31 December 2024, the ultimate parent company of the Group was Connect Infrastructure Topco Limited. At 31 December 2024, Connect Infrastructure Topco Limited was controlled by a consortium formed by Antin Infrastructure Partners and West Street Infrastructure Partners and minority shareholders, Mubadala Investment Company, Interogo Holding and Newlight Partners.

Parent companies

The parent companies of the Group at 31 December 2024 were as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

25. RELATED PARTY TRANSACTIONS (continued)

Company	Country of incorporation	Principal activities
Connect Infrastructure Topco Limited	UK	Holding company
Connect Infrastructure Bidco Limited	UK	Holding company
CityFibre Holdco Limited	UK	Holding company

During the year the Group provided services to/(received services from):

	2024	2023
	£'000	£'000
Connect Infrastructure Bidco Limited	(259)	(548)
CityFibre Holdco Limited	33	22
Connect Infrastructure Topco Limited	1,381	489
	1,155	(37)

The balances due from/(to) parent companies are as follows:

	2024	2023
	£'000	£'000
Connect Infrastructure Bidco Limited	(952)	(693)
CityFibre Holdco Limited	104	71
Connect Infrastructure Topco Limited	4,909	3,528
	4,061	2,906

Transactions with key management personnel

The key management personnel are the directors and members of the executive management team. Key management compensation was as follows:

	Key management personnel 2024	Key management personnel 2023	Total directors 2024	Total directors 2023	Highest paid director 2024	Highest paid director 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Remuneration	4,891	4,544	1,286	1,242	481	465
Benefits in kind	297	292	114	111	42	41
Pension contributions	305	117	-	-	-	-
Bonus	6,339	3,711	2,164	1,043	809	395
	11,832	8,664	3,564	2,396	1,332	901
Social security costs	1,591	1,179	492	331	184	124
Total emoluments	13,423	9,843	4,056	2,727	1,516	1,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

25. RELATED PARTY TRANSACTIONS (continued)

The share based payment charge related to key management personnel was £Nil (2023: £Nil).

During the year, the Group was charged by SH Consulting Services Limited, a company whose Director, Steve Holliday, is also a non-executive Director of Connect Infrastructure Topco Limited, the ultimate parent entity of the Group, £94,000 (2023: £94,000), in respect of services received. Of this, £7,800 (2023: £28,000) was owed at the year-end.

26. PENSIONS

A defined contribution pension scheme is operated by the Group on behalf of the employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £10 million (2023: £10 million). Contributions totalling £1 million (2023: £1 million) were payable to the fund at the period end and are included in other payables.

27. DERIVATIVE FINANCIAL INSTRUMENT

	2024 £'000	2023 £'000
Derivative financial assets		
Interest rate swaps	123,503	108,092
Interest rate caps	3,246	3,648
	126,749	111,740
Derivative financial liabilities		
Interest rate swaps	2,853	10,934
	2,853	10,934

The hedging instruments were entered into during the current and previous financial year and are subject to netting arrangements that allow for the net interest amounts to be paid to the receiving party as opposed to the counterparties exchanging gross amounts at settlement date. The group does not currently apply hedge accounting for its hedging instruments.

28. GROUP REORGANISATION

On 13 May 2024, Connect Infrastructure Topco Limited (the ultimate parent company of the group) acquired 100% of the issued share capital of Lit Fibre Holdings Limited, obtaining control of Lit Fibre Holdings Limited and its subsidiaries Lit Fibre Group Limited (LFG) and Lit Fibre Limited (LFL) (together "Lit Fibre"). Lit Fibre is a vertically integrated 'altnet' with a network presence across more than 20 towns in Wiltshire, Gloucestershire, Hertfordshire, Worcestershire, Essex and Suffolk and qualifies as a business as defined in IFRS 3 *Business Combinations*. Lit Fibre was acquired to integrate its network with CityFibre's so as to accelerate the Group's nationwide rollout of full fibre.

Immediately following and on the same day as the acquisition on 13 May 2024, a group reorganisation exercise was undertaken to transfer the investments in Lit Fibre Group Limited and Lit Fibre Limited, being the subsidiaries of Lit Fibre Holdings Limited, to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28. GROUP REORGANISATION (continued)

The reorganisation was performed through a series of share for share transactions between Connect Infrastructure Topco Limited, the other intermediate holding companies of the Group and the Company itself. As the final step in the reorganisation, the Company issued 34,015,764 ordinary shares to its immediate parent company, CityFibre Holdco Limited, as consideration to acquire 100% of the issued share capital in Lit Fibre Group Limited and Lit Fibre Limited.

As the transaction results in the combination of businesses, this meets the definition of a business combination. However, as the transaction is under common control, the accounting does not fall in scope of any existing IFRSs. Therefore, the Directors are required to develop and apply an appropriate accounting policy that is in line with the principles of providing relevant and reliable information as required by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Accordingly, the Directors have concluded that it is appropriate to account for the combination using a form of predecessor accounting. Under this method the results of the acquired entities (Lit Fibre Group Limited and Lit Fibre Limited) have been consolidated from the date of the original acquisition (13 May 2024), and the historical carrying values of the acquired entities' assets and liabilities have been determined by reference to the book value in Connect Infrastructure Topco Limited's consolidated financial statements. Such reference point is considered more relevant to the users of the Group's financial statements.

No goodwill arises under the predecessor method, however, the goodwill recognised in the financial statements of Connect Infrastructure Topco Limited for the original acquisition of Lit Fibre is included within the assets recognised within the Company. For full details of the acquired asset and liability values, please refer to the published consolidated financial statements of Connect Infrastructure Topco Limited.

Despite acquiring Lit Fibre's ISP operations, CityFibre's strategy was to remain a wholesale-only business. In line with this model, the disposal of LFL was completed on 31 October 2024 through the sale of 100% of the share capital in LFL. As a result, the Group lost control of the entity, and its assets and liabilities were derecognized from the consolidated financial statements. A loss on disposal of £0.2 million was recognized, based on a consideration amount of £1.8 million and net assets disposed of £2.0 million.

The disposal was not classified as a discontinued operation, as LFL did not represent a major line of business or geographical area of operations under IFRS 5.

29. SUBSEQUENT EVENTS

Up to 28 May 2025, the Company issued 105,084,744 shares at £2.95 per ordinary share, being £0.01 in nominal value and £2.94 of share premium on each share for a consideration of £310 million to its parent company.

On 24 March 2025, the ultimate parent company, Connect Infrastructure Topco Limited (Topco), acquired 100% of alternative fibre network operator Connect Infraco Limited's (CIL) share capital from Connexin Limited for a cash consideration of £20 million. The acquisition aligns with CityFibre's commitment to actively engage in market consolidation as part of its nationwide rollout to more than 8 million premises. On the same day, an £80 million payable from CIL to Connect IOT Bidco Limited (a Connexin Limited shareholder) was transferred to Topco, which settled the debt by issuing Topco shares to Connect IOT Bidco Limited. The Group is currently assessing the financial impact of the acquisition including the fair value of the acquired assets and liabilities.

Immediately following the acquisition on 24 March 2025, and on the same day, a group reorganisation was undertaken to transfer the investment in CIL to CityFibre Limited, an indirect subsidiary of the Company. The reorganisation was executed through a series of share-for-share transactions involving Topco, the Group's intermediate holding companies, the Company, and its immediate and indirect subsidiaries. As part of the reorganisation, the Company issued 33,843,418 shares at £2.95 per share to its immediate parent, CityFibre Holdco Limited. As the final step, CityFibre Limited ultimately acquired 100% of the issued share capital of CIL from its immediate parent, CityFibre Networks Limited.

COMPANY STATEMENT OF FINANCIAL POSITION

Company number 08772997

As at 31 December 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investments	**C4**	214,886	214,886
Intercompany loan	**C9**	5,614,142	4,620,431
Derivative financial assets	**C10**	126,749	111,740
Trade and other receivables		1,090	
Total non-current assets		5,956,867	4,947,057
Current assets			
Trade and other receivables	**C6**	9,496	25,984
Cash and cash equivalents	**C7**	61,789	63,292
Total current assets		71,285	89,276
Total assets		6,028,152	5,036,333
Equity			
Share capital	**14**	15,784	15,053
Share premium	**15**	1,791,066	1,603,118
Retained earnings	**15**	435,951	312,190
Total shareholders' equity		2,242,801	1,930,361
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	**16**	3,632,287	3,092,106
Total non-current liabilities		3,632,287	3,092,106
Current liabilities			
Interest bearing loans and borrowings	**16**	148,327	-
Trade and other payables	**C8**	1,884	2,932
Derivative financial liabilities	**C10**	2,853	10,934
Total current liabilities		153,064	13,866
Total liabilities		3,785,351	3,105,972
Total shareholders' equity and liabilities		6,028,152	5,036,333

The parent company profit and total comprehensive income for the year was £124 million (2023: £0.03 million).

These financial statements were approved by the Board of Directors and authorised for issue on 28 May 2025

They were signed on its behalf by:

N J Dunn
Director
Notes C1 to C10 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total Shareholders' Equity £'000
Balance at 1 January 2023	15,053	1,603,118	312,164	1,930,335
Comprehensive income				
Profit and total comprehensive income for the year	-	-	26	26
Balance at 31 December 2023	15,053	1,603,118	312,190	1,930,361
Comprehensive income				
Profit and total comprehensive income for the year	-	-	123,761	123,761
Transactions with owners				
New share capital issued in the year	731	187,948	-	188,679
Balance at 31 December 2024	15,784	1,791,066	435,951	2,242,801

Notes C1 to C10 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit before tax		123,761	26
Finance income		(398,598)	(248,710)
Finance costs		265,685	247,571
Increase in receivables		(76,205)	(855)
(Decrease)/ increase in payables		(28)	1,108
Net cash utilised in operating activities		(85,385)	(860)
Cash flows from investing activities			
Interest received		9,395	3,124
Loan to subsidiary		(501,889)	(1,119,400)
Net cash utilised in investing activities		(492,494)	(1,116,276)
Cash flows from financing activities			
Proceeds from the issue of share capital		105,000	-
Loan transaction costs paid		(5,567)	(14,830)
Proceeds from borrowings	**16**	706,300	1,305,000
Interest paid		(291,571)	(187,755)
Interest rate swap net settlements		62,214	42,750
Net cash generated from financing activities		576,376	1,145,165
Net (Decrease)/ increase in cash and cash equivalents		(1,503)	28,029
Cash and cash equivalents at beginning of period		63,292	35,263
Cash and cash equivalents at end of period	**C7**	61,789	63,292

Notes C1 to C10 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1. ACCOUNTING POLICIES

The accounting policies of the Company are consistent with those adopted by the Group with the addition of the following:

Investments
Investments are stated at their cost less impairment losses.

C2. PROFIT OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the consolidated statement of profit or loss and other comprehensive income of the parent company is not presented as part of these financial statements.

C3. DEFERRED TAX

The Company has unrecognised deferred taxation of £nil (2023: £nil) in respect of tax losses. The Company has not recognised any deferred tax asset due to lack of certainty over recovery of the asset.

C4. INVESTMENTS

	2024 £'000	2023 £'000
Investments	214,886	214,886

Subsidiaries

The subsidiary undertakings of the Company at 31 December 2024 are disclosed in Note 25 of the Group consolidated financial statements.

C5. INTERCOMPANY LOAN

	2024 £'000	2023 £'000
Intercompany loan – non-current	5,614,142	4,620,431

Intercompany loans are based on an agreement originally signed on 14 December 2018. During the year ended 31 December 2024, the Company updated its formal loan arrangements with its subsidiaries. From 1 December 2024, the loan has a term ending on 30 June 2029 with an interest rate of 6% (previously 5%). Refer to Note C9 for further detail.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

C6. TRADE AND OTHER RECEIVABLES

	2024 £'000	2023 £'000
Other receivables	331	529
Prepayments and accrued interest	345	1,182
Prepaid loan transaction costs	3,705	21,018
Amounts owing from parent undertakings	5,115	3,255
	9,496	25,984

Amounts owing from subsidiaries relates to intercompany recharges and amounts paid by the entity on behalf of subsidiaries within the Group. Refer to Note C9 for further detail. The Directors do not consider there to be a material risk of impairment with respect to receivables which are due from related parties. See Note 23 of the Group consolidated financial statements for further discussion of credit risk.

C7. CASH AND CASH EQUIVALENTS

	2024 £'000	2023 £'000
Cash at bank and in hand	61,789	63,292

All cash and cash equivalent balances are denominated in Sterling.

C8. TRADE AND OTHER PAYABLES

	2024 £'000	2023 £'000
Trade payables	540	17
Accruals	251	2,365
Other payables	-	9
Amounts owed to parent undertakings	1,093	541
	1,884	2,932

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

C9. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries, its parent companies and with its directors and executive officers (see Note 25 of the Group consolidated financial statements). At 31 December 2024, the ultimate parent company of the Group was Connect Infrastructure Topco Limited. At 31 December 2024, Connect Infrastructure Topco Limited was controlled by a consortium formed by Antin Infrastructure Partners and West Street Infrastructure Partners and minority shareholders, Mubadala Investment Company, Interogo Holding and Newlight Partners.

During the year the company provided services to/(received services from):

	2024	2023
	£'000	£'000
CityFibre Holdings Limited	911,815	30,821
CityFibre Limited	92,547	-
Entanet Holdings Limited	(1,800)	5,461
Entanet International Limited	-	-
FibreNation Limited	(8,851)	3,966
Connect Infrastructure Bidco Limited	(397)	(422)
CityFibre Holdco Limited	33	22
Connect Infrastructure Topco Limited	1,668	144
Total services provided	995,015	39,992

Related party balances

Group undertakings:

The balances due from group undertakings, which comprise intercompany loan balances at 31 December 2024, are as follows:	2024	2023
	£'000	£'000
CityFibre Holdings Limited	5,397,371	4,485,556
Entanet Holdings Limited	20,424	22,224
FibreNation Limited	103,800	112,651
Cityfibre Limited	92,547	-
Total due from group undertakings	5,614,142	4,620,431

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

C9. RELATED PARTY TRANSACTIONS (CONTINUED)

Parent undertakings:

The balances due from/(to) the Company's parent companies, which include intercompany trade balances at 31 December 2024, are as follows:

	2024 £'000	2023 £'000
Connect Infrastructure Bidco Limited	(926)	(541)
CityFibre Holdco Limited	104	71
Connect Infrastructure Topco Limited	4,851	3,184
Total due from parent undertakings	4,029	2,714
Total related party balances	5,618,172	4,623,145

There were no other related party transactions.

C10. FINANCIAL INSTRUMENTS

The main financial instruments for the Company are the intercompany loan receivables and the derivative financial instrument shown in Note 27.

The Directors do not consider there to be a risk of impairment with respect to these loan receivables, which are due from related parties.