

CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

COMPANY NUMBER 08772997

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COMPANY INFORMATION

Directors

S Holliday (appointed 12 September 2025)

S N J Holden

N J Dunn

S E Flood (appointed 12 September 2025)

M N Morris (appointed 24 September 2025)

W G Mesch (resigned 2 September 2025)

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

CITYFIBRE INFRASTRUCTURE HOLDINGS LIMITED

Company ownership

Connect Infrastructure Topco Limited, a company limited by shares incorporated in the UK, is the ultimate parent company of CityFibre Infrastructure Holdings Limited (the “Company” or “CityFibre”). Since July 2018, Connect Infrastructure Topco Limited has been 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 as minority shareholders following their investment in August 2021. Newlight Partners became a minority shareholder in May 2024 following the acquisition of Lit Fibre, and PATRIZIA's European Infrastructure Fund II joined the shareholder group as a minority shareholder after the acquisition of Connect Infracore Limited in March 2025.

Antin Infrastructure Partners

Antin Infrastructure Partners is a leading independent private equity firm focused on infrastructure investments. With 34 partners and over 250 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 infrastructure sectors.

Antin Infrastructure Partners has over €33 billion of assets under management. The firm's 18-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 300 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 Elanta (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 (fund managed by Goldman Sachs)

Goldman Sachs (NYSE: GS) is one of the leading investors in alternatives globally, with over \$625 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, sustainability, and hedge funds. 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 alternative investments 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 \$3.6 trillion in assets under supervision globally as of December 31, 2025. 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.

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 approximately US\$330 billion (c. AED 1.2 trillion) portfolio spans six continents with interests in multiple sectors and asset classes. The business leverages 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.

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

Company ownership (continued)

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.

Company's directors

Steve Holliday (Chairman)

Steve Holliday is a highly experienced non-executive chairman with a career spanning energy, infrastructure, and public life. As Chief Executive of National Grid from 2007 to 2016, he led one of Europe's largest utilities through a decade of major transformation. He currently chairs CityFibre, Zenobe Energy, and Generation UK, and has held board roles at Marks & Spencer, DEFRA, and Crisis. A graduate and honorary doctor of the University of Nottingham, he is a Fellow of the Royal Academy of Engineering and a Fellow and Past President of the Energy Institute.

Simon Holden (Chief Executive Officer)

Simon joined CityFibre in 2019 as COO and became CEO in 2025. Prior to this, 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 ING Barings in London and Hong Kong. He trained as a Chartered Accountant with Coopers and Lybrand.

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.

Sharon Flood (Non-Executive Director)

Sharon Flood is a highly experienced non-executive director including Chair of Audit roles at Network Rail, Pets at Home PLC, Crest Nicholson PLC. Her executive career included Finance Director of John Lewis Department Stores and as a Group CFO at Sun European. She is currently Chair of Council for the University of Bath, Chair of Safety and Security at Getlink SA and an NED at Scottish Mortgage Investment Trust PLC. She is a fellow of the Chartered Institution of Management Accountants, holds an MBA from Insead and a BSc in Mathematics from the University of Bath.

Mark Morris (Non-Executive Director)

Mark Morris has over 25 years of leadership experience in delivering, turnarounds, transformations, M&A and financial restructurings in the Oil & Gas, Aerospace, Construction and FM Services sectors. His previous roles include, CEO of Interserve Group Limited, CFO of Seadrill Limited, CEO of Seadrill Partners LLC and CFO of Rolls-Royce Group plc. He is an experienced non-executive director having held posts at Interserve Group Limited and MIME Petroleum SA Norway. Mark currently also serves as Chairman at SES Energy Ltd, a private equity owned oil field services company. He has a degree in Aeronautical Engineering from the University of Manchester.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors present their strategic report with the audited financial statements for the year ended 31 December 2025. In accordance with Section 414C(11) of the Companies Act 2006, we have chosen to set out 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 Fibre¹ 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 meeting the connectivity demands of an increasingly digital world.

CityFibre's network now passes over 4.7 million premises², up 7% year on year, and we plan to reach more than 8 million premises, approximately one third of the UK market, by acquiring infrastructure and consolidating the sector, alongside continued delivery of contracted organic build.

CEO review

2025 was a landmark year for CityFibre, marked by record-breaking customer growth and profitability. Take-up accelerated in the second half of the year, driven by the successful launch of Sky³ across our nationwide, Full Fibre footprint and continued service, product and pricing leadership across our newly upgraded 10Gb XGS-PON network.

Throughout 2025, 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 a leading competitor to BT Openreach and the wholesale network of choice for consumer and business ISPs⁴, 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.

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 Sky is one of the UK's leading media and entertainment companies, and its products include broadband services. Sky is part of Comcast Corporation.

⁴ ISPs: Internet Service Providers

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CEO REVIEW (continued)

Major £2.3 billion financing round

Our £2.3 billion financing round was a major commitment to CityFibre's next phase of growth as we consolidate the Altnet sector, accelerate the pace of customer connections and unleash the full power of our market-leading 10Gb XGS-PON network.

The financing included over £500 million in new equity secured from existing CityFibre shareholders, Infrastructure at GS, Antin Infrastructure Partners, Mubadala Investment Company and Interogo Holding, alongside a committed £960 million expansion of existing debt facilities, supported by lenders including ABN AMRO, BBVA, Crédit Agricole CIB, ING, Intesa Sanpaolo IMI CIB, Lloyds, the National Wealth Fund, NatWest, SEB and Société Générale. The facility will support CityFibre's continued network investment and enable it to rapidly connect hundreds of thousands of new customers across its nationwide network.

An accordion facility of over £800 million was also made available to help drive our continued expansion through the acquisition of Full Fibre network assets, of which £300 million is already committed.

Expanding our network:

2025 saw a continuation of the strategic shift we began in 2024, from a primary focus on organic build to a more balanced model of network expansion that makes the most of the Altnet⁵ consolidation opportunity, backed by our £2.3 billion financing. A combination of organic build, participation in the government's Project Gigabit⁶ programme and M&A saw CityFibre's network grow to reach over 4.7m premises in 2025, with 4.5 million Ready for Service⁷ (RFS).

Combined, CityFibre and the Altnets serve approximately 18 million premises across the UK. 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 networks and we believe the opportunity for acquisitions to be significant and growing.

In March 2025, we announced the acquisition of Connect Infracore Limited's Full Fibre infrastructure, establishing a material foothold across Hull and East Riding. The acquisition enabled the expansion of CityFibre's footprint by at least 80,000 premises, with options to extend further over time. Following the rapid integration of Connect Infracore Limited's infrastructure into CityFibre's 10Gb XGS-PON network, we launched in Hull and East Riding in November 2025, bringing over 30 market-leading broadband providers to the area for the very first time, with a very strong sales performance for our ISP partners demonstrating the benefits of CityFibre's wholesale model for consumers and businesses across the area.

Our 10Gb XGS-PON upgrade, completed in just 24 months, gave CityFibre the UK's largest XGS-PON network and enabled us to launch our new 'Multi-Gig' broadband product nationwide. With wholesale speeds up to 5.5Gb, our ISP partners are now introducing the next generation of Multi-Gig broadband speeds to millions of UK consumers and businesses.

Driving take-up

2025 saw record-breaking customer growth for CityFibre, with 848,000 customers connected across CityFibre's network as at 31 December 2025. Consumer take-up accelerated in the second half of the year, driven by the successful launch of Sky across our nationwide, Full Fibre footprint and continued product, pricing and service leadership across our newly upgraded 10Gb XGS-PON network.

⁵ Altnet: Alternative Full Fibre broadband network providers.

⁶ Project Gigabit: Government's programme to enable hard to reach communities to access fast Gigabit capable broadband.

⁷ RFS premises: The property is available to place orders and make installation on and therefore be connected.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CEO REVIEW (continued)

Driving take-up (continued)

Q4 saw an average of more than 50,000 new customers installed each month, a 112% increase year-on-year. CityFibre has now exceeded 20% penetration across our consumer footprint⁸ and we are on track to exceed 30% by the end of 2026. In recent months, around 70% of households who were switching broadband provider moved onto the CityFibre network where available⁹.

This outperformance is driven by CityFibre's proposition for ISPs focused on three pillars:

- **Best service:** our focus on service drives a great experience for end customers and a lower cost to serve for ISPs
- **Best product:** we have the UK's largest XGS-PON network, supporting market-leading Multi-Gig services featuring symmetrical upload and download speeds
- **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

Our focus on service has ensured we continue to offer an outstanding experience for CityFibre customers, including 99.98% network availability and 99.8% of appointments delivered on time, whilst we accelerate our rate of growth, with 330,000 new customers in 2025, an uplift of 82% YoY.

CityFibre continues to grow across our consumer, business, government and mobile sectors, including tripling the availability of our Ethernet services in 2025 and expanding our business FTTP broadband services, designed to meet the needs of small businesses, small or home offices (SoHos) and home workers with symmetrical speeds of up to 2.5Gb alongside rapid fix times of less than eight hours, across our Full Fibre, nationwide footprint.

With consumer, business, government and mobile all contributing to our success, and business revenues increasing to £30 million in 2025, CityFibre has confidence in sustained growth as the network densifies and our commercial partnerships scale.

Key Performance Indicators (KPI)

The following metrics represent the principal KPIs that management uses to assess performance against our strategic priorities:

	2025	2024	% Change YoY
Revenue (£million)	169.6	133.9	+26.7
Consumer Revenue (£million)	113.8	76.1	+49.5
Adjusted EBITDA (£million) ¹⁰	29.2	5.7	+412.3
Consumer connections – additions (000's)	329.8	181.2	+82.0
Consumer connections – cumulative (000's)	848.0	518.2	+63.6
RFS Premises – cumulative (million)	4.5	4.1	+9.8
Premises Passed – cumulative (million)	4.7	4.4	+6.8

⁸ Consumer penetration rate being the percentage of homes connected to the CityFibre network out of the available consumer premises.

⁹ CityFibre's Gross Adds as percentage of the nationwide switching rate applied to CityFibre's footprint.

¹⁰ Refer to page 14 and 15 for definitions of Alternative Performance Measures and page 13 for a reconciliation from operating loss to adjusted EBITDA.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CEO REVIEW (continued)

Key Performance Indicators (KPI) (continued)

Why these measures are used as KPIs:

Revenue: Measures overall scale and growth of the business and is a primary indicator of commercial performance.

Consumer Revenue: Tracks momentum in the core retail segment, a significant driver of long-term value.

Adjusted EBITDA: Indicates underlying profitability and operational efficiency, excluding one-offs.

Consumer Connections (additions and cumulative): Shows customer adoption and directly links to recurring revenue generation.

Premises RFS (cumulative): Indicates readiness for service and the size of the footprint that is available for customer activation.

Premises Passed (cumulative): Measures network rollout progress and future addressable market.

Financial Discipline

Our careful stewardship throughout 2025 strengthened CityFibre's financial foundations and our customer growth helped to deliver record revenues of £170 million in 2025, up 27% year-on-year, with consumer revenue growth of 50%. Adjusted EBITDA surged 412% to £29 million. CityFibre exited 2025 strongly, with annualised run rates over Q4 of £200 million revenue and over £50 million adjusted EBITDA.

Supported by an additional £2.3 billion in financing during the year, CityFibre enters 2026 with renewed ambition to consolidate the sector and extend our market-leading service, products, and economics to even more customers across the UK.

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 2025, we focused on our near-term Science-based Targets, which were validated by the SBTi in February 2025.

As part of this effort, we have developed a detailed carbon reduction plan across our business operations and supply base, which was 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 achieved significant work in the community as part of our Project Gigabit awards, including continuing to build relationships with The Wildlife Trust and STEM Learning Partnership¹¹. We also launched our community fund with both large and small funding streams, which helped to financially support 41 charities and non-profit organisations across Project Gigabit build locations.

In 2026, we will continue this work. Operationally, we will continue decarbonising our fleet and focus on our supply chain emissions, working with our trusted partners on how to bring these down as best possible.

¹¹ STEM Learning Partnership: Science, technology, engineering and mathematics learning partnership.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CEO REVIEW (continued)

Future outlook

Looking ahead, our nationwide 10Gb XGS-PON network will enable our ISP partners to unlock the power of Multi-Gig as we deliver future-proofed digital infrastructure for consumers, businesses, Government and mobile partners throughout the UK.

Our 5.5Gb wholesale product has helped our ISP partners innovate with Multi-Gig speeds and saw Sky launch its new Full Fibre 2.5 Gigafast+ and Full Fibre 5 Gigafast+ packages across our nationwide network, giving Sky's customers the UK's fastest broadband speeds from any major provider. Looking ahead, we plan to launch even faster Multi-Gig services in 2026 and will continue to innovate across our 10Gb XGS-PON platform and bring new products and services to our customers.

With a landmark £2.3 billion financing secured, CityFibre is well-positioned to consolidate the sector and grow through M&A. With over 4.7 million premises already passed, we are more than half-way to our 8 million premises milestone, around a third of the UK, and plan to grow even further.

CityFibre is the UK's Full Fibre challenger, a trusted, high-performance wholesale alternative that drives innovation, competition and long-term growth for the UK economy. But more than that, we're here to create opportunity – enabling technologies like AI to reach every household, helping people, businesses and communities to do more, reach further and stay connected to what matters.



Simon Holden

Chief Executive Officer
30 April 2026

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

FINANCIAL REVIEW

The financial review uses a combination of statutory and alternative performance measures (APMs) to discuss performance in the year. See page 14 and 15 for further details on APMs.

Profit and loss

Total revenue for the year was £170 million (2024: £134 million). The increase in revenue of £36 million was driven by consumer revenue growth which increased by 50% to £114 million.

On-net¹² revenue increased by 37%, rising to £145 million while off-net¹³ revenue – a non-strategic part of the business - fell by 11% to £25 million. This resulted in on-net revenue representing a higher proportion of total underlying revenue at 85%, up from 79% in the prior year. This positive change in our revenue mix is due to the increase in our network footprint and improving penetration rates¹⁴.

Increasing the live customer base by adding 330,000 net Consumer connections in 2025 (2024: 181,000) has driven the 37% on-net revenue growth in the year. While our major ISPs Vodafone, Sky 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. CityFibre has now exceeded 20% penetration across its consumer footprint.

Network operating costs increased by 13% to £60 million (2024: £53 million), driven primarily by the continued expansion of our network footprint and growth in the customer base. However, strong cost control meant revenue grew at higher rate relative to operating costs, resulting in a 4% improvement in gross margin to 65%.

Underlying administrative¹⁵ expenses increased to £291 million (2024: £241 million). Key areas within these expenses are as follows:

- Staff costs, excluding those capitalised, of £51 million have increased from prior year (2024: £47 million) as the business has faced wage inflation which has been partially offset by optimising headcount.
- Other general administrative expenses increased to £32 million (2024: £29 million), primarily due to an increase in IT, legal and professional costs.
- Depreciation and amortisation increased by a total of £40 million to £205 million, reflecting the continued investment in the network rollout.
- Impairment increased by £3 million due to the write-down of a contract asset where the underlying project will not continue and the expected contractual income will no longer be realised.

In addition to the above, we incurred £28 million of non-recurring operating items including £13 million relating to strategic projects and regulatory costs, of which £7 million relates to impairment arising from the decision to accelerate the XGS-PON rollout as part of the Group's strategic programme. £10 million of mergers and acquisition costs, £3 million of restructuring costs (primarily redundancy expenses and build partner settlements related to an ongoing efficiency programme) and £2 million of other non-recurring administrative expenses. Some strategic and efficiency programmes have a duration of more than one year. Refer to page 15 for further details.

Adjusted EBITDA improved significantly to £29 million (2024: £6 million), primarily driven by strong customer take-up and resulting revenue growth. A reconciliation of operating loss to Adjusted EBITDA is shown on page 13.

Underlying net finance costs, comprised of finance income of £55 million (2024: £72 million) and finance costs of £288 million (2024: £279 million), increased by 13%, to £233 million. The increase was primarily driven by the contracted increase in the margin on our loan facility. This was partially mitigated by the application of hedge accounting during the year, which moved a portion of hedge related fair value movements to reserves. Only a £7.5 million loan drawdown was made late in the year (2024: £292 million), as the £1 billion of equity fundings received in 2025 (2024: £105 million) reduced Group's borrowing requirements and limiting additional interest charges. Lower SONIA rates provided some further offset.

¹² Being on the Group's network.

¹³ Being on third parties networks.

¹⁴ Penetration rate being the percentage of premises connected to the CityFibre network out of the available RFS premises.

¹⁵ 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 2025 (CONTINUED)**FINANCIAL REVIEW (CONTINUED)****Profit and loss (continued)**

Non-recurring finance costs of £105 million (2024: £23 million income) relate to a £64 million unrealised loss on the fair value of derivative financial instruments (2024: £23 million unrealised gain) offset by a £41 million loss on non-substantial loan modification (2024: £nil).

Reconciliation of operating loss to Adjusted EBITDA

	2025 £'000	2024 £'000
Operating loss	(207,236)	(176,687)
Add back:		
Depreciation	176,937	145,347
Amortisation	28,246	19,631
Impairment	3,056	-
EBITDA	<u>1,003</u>	<u>(11,709)</u>
Management incentives charge	34	322
Non-recurring operating items ¹⁶	<u>28,168</u>	<u>17,053</u>
Adjusted EBITDA	<u>29,205</u>	<u>5,666</u>

Statement of Financial Position

Property, plant and equipment at cost increased by £688 million to £5,012 million. This was principally driven by the construction of the Full Fibre infrastructure programme which continued throughout the year and the acquisition of Connect Infraco Limited's Full Fibre infrastructure.

Within the above, the construction of new network assets, including both completed and assets under construction, at the end of 2025 totalled £551 million (2024: £482 million). Network assets of £57 million were added as part of Connect Infraco Limited acquisition (see below). The expansion of the Full Fibre network has added 0.4 million RFS premises during the year, reaching 4.5 million cumulatively.

Intangible assets at cost increased by £77 million to £423 million, driven predominantly by £45 million of continued investment in the Group's software assets to support ongoing growth. The increase also includes £32 million of acquired intangible assets, of which £18 million relates to goodwill, arising from the Connect Infraco Limited acquisition.

Trade and other receivables increased by £128 million, primarily due to a £61 million increase in prepaid incentive resulting from additional sales incentives provided to ISPs to drive targeted take-up of consumer connections, a £35 million increase in prepayments due to refinancing transaction costs and a £16 million increase in amounts due from group entities (mainly attributable to tax group relief transfers).

Interest bearing loans and borrowings increased by £28 million to £3,809 million in the year. The movement primarily reflects a £41 million loan modification loss, together with £18 million of effective interest rate (EIR) amortisation and a £7.5 million loan drawdown. These increases were partly offset by £38 million of transaction costs incurred in relation to the non-substantial loan modification, which were deducted from the loan carrying amount and amortised using the EIR method. See note 15 for further details.

¹⁶ Refer to page 14 and 15 for details of Alternative Performance Measures.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Statement of Financial Position (continued)

The increase in deferred income by £101 million to £147 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 17 for further details.

Funding and Cash flow

Operating cash flow for the period was a net outflow of £48 million (2024: £110 million outflow). The year-on-year improvement was driven by an improvement in EBITDA of £20 million, reflecting EBITDA of £1 million (2024: £12 million outflow) and the add-back of £7 million of non-cash impairment charges classified within non-recurring operating items (2024: £nil). Further benefits arose from a favourable movement in trade payables (£14 million) due to the timing of supplier payments, and a favourable movement in VAT receivables (£17 million), which is sensitive to the phasing of taxable spend and HMRC refund timing. These benefits were partly offset by movements in other working capital balances.

Cash outflows used in investing activities were £550 million (2024: £502 million), an increase of £48 million. The increase was driven primarily by higher installation expenditure as consumer connections rose by over 300,000. This was partly offset by lower capital expenditure on new build network construction as the Group continued its acquisition led expansion (Lit Fibre acquired in 2024; Connect Infracore Limited acquired in 2025) and by higher Government grant receipts of £97 million (2024: £35 million). However, these offsets were outweighed by the increased installation volumes, resulting in a higher net investing cash outflow.

Financing cash inflows of £652 million (2024: £560 million) were primarily driven by £972 million of proceeds from the issue of share capital (2024: £105 million). This was offset by £73 million of loan transaction costs incurred on refinancing (2024: £6 million) and interest payments of £284 million (2024: £292 million). Net settlements on the Group's interest rate swaps provided a £50 million benefit (2024: £62 million), partially mitigating the impact of higher interest rates.

Cash and cash equivalents at 31 December 2025 was £139 million (2024: £85 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 2025 (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 £28 million comprises £3 million relating to restructuring costs, M&A related costs of £10 million, and £15 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 2025 with costs incurred of £3 million (2024: £8 million). Given the scale and nature of the restructuring programme, the Group has exercised judgement and determined that these costs are appropriately classified as non-recurring. There are multiple M&A projects underway at varying stages of progression. Costs of £10 million relate to those directly attributable to each phase of the acquisition lifecycle i.e. due diligence, incremental resourcing, and post-acquisition integration, thus are not reflective of the Group's ordinary operational performance. Other non-recurring administrative expenses of £15 million (2024: £6 million) relate primarily to strategic project and regulatory costs, which are considered non-recurring. These projects may last more than one year. Included in this total is £7 million relates to impairment arising from the decision to accelerate the XGS-PON rollout as part of the Group's strategic programme.
2	Non-recurring net finance costs	Non-recurring finance costs of £105 million relates to a £64 million unrealised loss on the fair value of derivative financial instruments (2024: £23 million unrealised gain) and a £41 million loss on non-substantial loan modification (2024: £nil).
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 13 for reconciliation.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Principal risks and uncertainties

Risk Universe

We operate within a complex and evolving environment, and our ability to deliver sustainable, long-term value depends on understanding and effectively managing the full spectrum of risks to which we are exposed.

Our risk universe represents the comprehensive set of internal and external factors that have the potential to influence our strategic objectives, operational performance, financial resilience, regulatory compliance, and reputation. This spans risks arising from our role as a wholesale Full Fibre network operator, critical national infrastructure provider, our technology-enabled operating model, the regulatory and competitive landscape, and the broader macroeconomic and geopolitical environment in which we operate. It also incorporates people-related, cultural, and ESG-driven considerations that are essential to the delivery of our strategy.

We regularly assess and refresh our risk universe to ensure it reflects emerging threats, opportunities, and changes in our business model, including advancements in technology, the evolving expectations of our stakeholders, and shifts in market dynamics. It provides the foundation for our enterprise risk management framework, enabling us to identify, assess, monitor, and mitigate risks in a structured and proactive manner. Our risk management processes include regular reporting at both operational and Board level, escalation mechanisms, and assurance activities underpinned by 1st, 2nd and 3rd line capabilities. Our risk management policy outlines our risk management approach and includes defined assessment criteria and risk appetite aligned to strategic objectives. The overall effectiveness of our risk management framework is assessed on an annual basis with outcomes driving continuous improvement activity. This ensures we maintain a holistic view of risk exposure across the organisation, strengthening our ability to make informed decisions, build resilience, and support the safe, sustainable, and efficient growth of our Full Fibre network across the UK for our customers.

Within our broader risk universe, we identify a subset of risks that have the greatest potential to affect the achievement of our strategic objectives, operational performance, financial resilience and long-term sustainability. These are defined as our principal risks and uncertainties and represent the most material exposures after considering the strength of our controls, the evolving external environment and our overall risk appetite. The following section outlines each of these principal risks in detail, including their potential impact and how they are managed.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Principal risks and uncertainties (continued)

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. Access to funding remains dependent on operational delivery and we are also required to comply with banking draw stops, covenants and other financial obligations as they fall due.	We successfully secured £2.3 billion financing in 2025, including both debt and equity, to support the delivery of our business plan. We have further strengthened cash flow processes to support lender requirements and remain focussed on the effective management of working capital and maintaining compliance with banking covenants and debt draw conditions. We forecast both short and long-term cash flow and perform sensitivity analysis. We actively engage with shareholders, lenders and funding partners on funding requirements, including the execution of our acquisition strategy.
Interest rates We have a floating interest rate exposure linked to SONIA¹⁷ that we pay on our debt facility. Interest rate rises and volatility could increase borrowing cost.	We have appropriate hedging instruments in place covering minimum 50% of debt, updated to reflect our new financing, 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.
Competition The UK telecommunications sector is highly regulated. We compete for customers with BT Openreach, Virgin Media O2/Nexfibre, and other Altnets. 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, supported by strong capital access and established revenues. Our strategic partnership with Sky supports expansion to 8 million homes and a multi-year migration opportunity, while our participation in Project Gigabit enables ISP engagement in locations where there is limited Full Fibre competition. We regularly review our products to ensure our offer remains competitive, supported by the XGS-PON rollout delivering market-leading speeds. We successfully completed the acquisition of Connect Infracore Limited in 2025 and intend to play a key role in the ongoing Alt-Net market consolidation with an experienced team of advisors in place to support the delivery of our acquisition strategy.
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. The Telecoms Access Review, due for publication in March 2026, sets the regulatory framework for 2026-31 and is expected to be largely in line with consultation proposals with an emphasis on the importance of long term sustainable network competition supported by favourable regulatory conditions.

¹⁷ 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 2025 (CONTINUED)**Principal risks and uncertainties (Continued)**

Risk	Mitigation
Transformation and Change Our position as the second-largest Full Fibre network in the UK and a critical part of national telecommunications infrastructure reflects our ability to adapt and grow at pace. Our business plan depends on scaling through organisational, technology, and operational transformation. Failure to scale effectively may cause operational and customer disruption, compliance breaches, increased costs, and reputational damage.	We are undergoing significant change to deliver our strategy. Our organisation redesign aligns people and skills to priorities, including integration of acquired networks and operations, delivery of our technology roadmap, and scaling to meet customer demand. The Chief Transformation Office and Chief of Staff, alongside the Integration Management Office, strengthen governance and oversight. Programme governance identifies dependencies, tracks milestones, and monitors benefit realisation.
Organisational Resilience As a critical national infrastructure (CNI) provider we play a crucial role in the UK telecommunications infrastructure. Network assets and operations that are unable to withstand threats arising from climate change, physical damage, loss of power, software failure or other adverse events could lead to loss of connectivity for critical public services, business and customers. This could undermine trust and has the potential to impact delivery of our strategy.	Our network architecture reduces single points of failure through diversity and failover. Assets are climate-resilient, securely housed, and supported by generator backup. Resilience requirements are embedded across suppliers through contractual and assurance controls. ISO22301-certified business continuity and disaster recovery processes are regularly tested. Cybersecurity controls, supplier assurance, and contingency plans protect critical dependencies. Our Network Operations Centre monitors availability, performance, and fault resolution. Incident management procedures align with regulatory expectations, and compliance with the Telecoms Security Act is monitored.
Outsourced Construction We award contracts to principal construction and installation partners in order to build and deploy 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.	As we look to deliver growth through acquisition, our core build activity has reduced however our installation activity has increased. We now work with fewer construction and installation partners, prioritising those who can demonstrate compliance with UK laws and regulations and whose standards and values align with our own. Our supply chain strategy is focussed on ensuring dual suppliers for critical areas, building resilience into our supply chain to meet the growing installation demand. Contract management processes have been strengthened to ensure ongoing review and monitoring of contractor performance, legal, regulatory and contract compliance, and financial due diligence allowing us to make early interventions where required.
Health and Safety Network construction and installation activities present inherent health and safety risks to employees, contractors, and the public. We rely upon our principal contractors to ensure their subcontracted workforce comply with our policies and procedures. Failure to meet required standards may result in injury, litigation, reputational damage, and loss of customer or government contracts.	We maintain robust health and safety standards, through our membership of SHiFT (Safety & Health in Fibre Telecoms), supported by a dedicated Safety, Health and Environment team who work closely with our principal contractors to ensure compliance with legal obligations. Our practices are ISO45001-certified and have received five consecutive Gold Awards from RoSPA. We continuously enhance controls, supervision, and contractor oversight to address increased installation activity, including contractor improvement programmes where required. We support employee wellbeing through assistance programmes, mental health first aiders, private medical cover, and enhanced support during the recent restructuring of our business.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (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, has the potential to cause disruption to our ISP customers and operations, and data breaches resulting in regulatory and financial penalties.	We continue to strengthen cyber and information security to address evolving threats through enhanced tools and incident response capabilities. Our ISO22301-certified business continuity plan supports cyber-attack response. Employees are required to complete mandatory training, supported by awareness campaigns, phishing simulations, and privileged access monitoring. We have adopted ISO27001 2022 and monitor compliance with the Telecommunications Security Act, including across our supply chain. We participate in Government-backed Cyber Essentials scheme, collaborate with Government, Ofcom, and industry peers, and maintain cyber insurance cover.
Digital Disruption and Emerging Technology Reliance on legacy systems, data inconsistencies, and non-scalable processes may limit automation, operational effectiveness, and efficiency. GenAI brings opportunity but heightens cyber, privacy and operational risks (AI-enabled attacks, deepfakes, biased decision-making) and raises ethical, legal and workforce considerations.	Our technology roadmap aligns with business priorities. Our increased focus on data architecture, quality and governance also ensures we are able to maximise the opportunity to drive efficiencies through automation as we scale. We recognise AI's transformative potential and apply ethical principles, a security-first approach, data privacy, and responsible decision-making, with a focus on mitigating bias and maintaining transparency. Our AI security policy, training, and new monitoring tools support appropriate use and compliance.
Global Economic and Geopolitical Uncertainty Global economic and geopolitical uncertainty exposes UK businesses to interconnected risks. Ongoing US–China tensions may disrupt global trade routes and semiconductor and fibre supply chains. Political developments may influence trade policy, tariffs, and taxation, affecting inflation, lending markets, and insolvency risk. We, our contractors, and customers are exposed to these pressures, which may increase costs, disrupt delivery, and affect customer demand	Our supply chain strategy includes diversification of supplies and friendshoring to reduce disruption risk. We regularly review materials demand forecasts and work closely with construction partners to maintain sufficient stock. Our acquisition-led growth strategy reduces reliance on new build materials and labour. Construction contracts include market benchmarking provisions. We conduct financial due diligence on suppliers and monitor liquidity to reduce contract failure risk. Customer receivables are actively monitored, with recovery action taken where required.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Principal risks and uncertainties (Continued)

Risk	Mitigation
Environmental, Social and Governance Failure to operate sustainably and meet ESG commitments may result in regulatory non-compliance, reputational damage, and reduced access to customers, talent, and capital. 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. 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 support social value through partnerships with organisations including The Wildlife Trusts, Business in the Community, and STEM Ambassador. We have also established our own CityFibre Community Fund to directly fund community projects. We remain committed to the delivery of our gender goals, digital inclusion, and skills development. We encourage employees to take charitable leave for causes important to them and have increased paid volunteering days to three, with an expanded scope that includes our nominated charities. Our zero-tolerance approach to corruption is supported by policies, training, and our Supplier Code of Conduct. Employees complete fraud awareness training, and our Speak Out policy provides guidance on how to raise concerns in the knowledge that all reports will be investigated fairly and without fear of retaliation. We monitor regulatory developments and ESG reporting requirements to ensure ongoing compliance.
Human Capital, Diversity and Talent Management We recognise that our employees are our greatest 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. 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 geographically diverse workforce supports access to a broad talent pool. Retention and development initiatives include succession planning, salary benchmarking, competitive benefits, and structured onboarding. We monitor attrition and conduct exit interviews to identify improvement opportunities. We provide training and development through our learning platforms, accredited programmes, mentoring, and coaching. Employee feedback is captured through our annual Employee Voice Survey and translated into action plans. Flexible working arrangements and wellbeing support promote work-life balance. We provide resources to support physical, mental and financial wellbeing, including GP access, savings and discounts, and a 24/7 confidential helpline. Our values are reflected in the CityFibre Way and our employee recognition programmes. Strong ethics and conduct policies underpin an inclusive culture, supported by active diversity, equity and inclusion networks across gender, disability, cultural inclusion, carers and LGBT+ communities.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

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:

Customers

We have built 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 primarily 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.

We also recognise that our customers expect consistently high levels of service, reliability and responsiveness from our network. We are committed to meeting these expectations by maintaining strong network performance, embedding operational excellence and driving continuous improvement across all aspects of our service delivery.

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 26 for further information.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Section 172 Statement (continued)

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 24.

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 23 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:

Sky Service Launch

Following the 2024 agreement between CityFibre and Sky, the Board oversaw the successful go-live of Sky services in July 2025 on our nationwide network, including multi-gig packages up to 5 Gbps. This decision expanded consumer choice, accelerated take-up across our footprint and deepened relationships with a key national ISP.

£2.3 billion Financing to Support Growth & Consolidation

The Board approved a major financing round comprising over £500 million of new equity, a £960 million expansion of existing debt facilities and an over £800 million accordion to fund M&A. This strengthened liquidity, underpinned the next phase of network expansion and positioned the Group to lead sector consolidation in the UK Altnet market.

Corporate Development Activity

In 2025 the board pursued additional 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 Connect Infracore Limited, which was completed on 24 March 2025. Following rapid integration of the acquired footprint, the Board approved the commercial launch in Hull in November 2025, enabling more than 80,000 premises to access services from over 30 ISPs for the first time. This increased local consumer choice and supported competition in the local market.

New Multi-Gig product

The Board approved the launch of a new 5.5 Gbps symmetrical wholesale product in June 2025, enabled by the near-complete upgrade of the network to 10Gb XGS-PON. This decision enhanced partner economics and future-proofed the platform for further speed tiers expected from 2026.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

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 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 programmes 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.

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 and helped the business deliver record performance over 2025, with 330,000 new customers connected to our network, an uplift of 82% YoY, and 0.4 million Ready for Service premises for our partners.

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.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Responsible Business (continued)

Diversity and Inclusion

Strengthening our culture of diversity and inclusion continued to be a focus for CityFibre throughout 2025. Over the past year, we have demonstrated that embracing different backgrounds and viewpoints remains fundamental to our ongoing progress and achievements.

In 2025 we made a change to the structure of our employee resource groups, transforming them into a network of communities and removing barriers to entry. This has allowed employees to work together across the communities to increase representation, amplify voices and champion diversity.

Additionally, we have refreshed and developed mandatory trainings for both Diversity, Equity and Inclusion as well as for Dignity at Work. These trainings are designed to remind current employees on their rights and responsibilities as well as to familiarise new employees with our processes and culture.

We understand the importance of working with external organisations and schemes to help us continuously improve. In 2025 we were accredited as a Disability Confident Leader, a Times Top 50 Employer for Gender Equality, a Menopause Friendly employer and earned the Gold Covenant for Military Support under the Defence Employer Recognition Scheme. We also strengthened our commitment to mental health at work through the Mind 'Mental health at Work Commitment' and refreshed our commitment with Purple Tuesday to improve the experience for customers with disabilities. We also laid the groundwork for the Care Leaver Covenant which we plan to achieve in 2026.

Gender Diversity

As of 31 December 2025, CityFibre's gender split was as follows:

- Total Employees: 1,461 employees (excluding contractors), of which 26% identify as female (2024: 26%)
- Line Management Roles: 338 total, of which 26% identify as female (2024: 27%)
- There were 46 employees employed in the capacity of Executive or Director at CityFibre, of which 24% identify as female (2024: 33%)
- Of the six executives reporting directly to the CEO, three identify as female (50%).

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. Our gender diversity target for 2025 was 27% which we will continue to work towards in 2026, in addition to specific gender pay gap and female promotion KPIs.

Health and Safety

The Company Directors recognise their responsibilities to ensure, as far as is reasonably practicable, the health, safety and welfare of all our employees, contractors and others who may be affected by the Company's operations. Our commitment to this is reflected through our training programmes, policies, processes and procedures, all of which align with our safety management system, which is ISO 45001, 14001 and 9001 accredited and independently audited, designed to comply with relevant legislation, including the Health and Safety at Work etc. Act 1974 and associated regulations.

The Company Safety, Health and Environment (SHE) programme focusses on key topics based on our risk profile, employee consultation, accident statistics and, where appropriate, industry trends. CityFibre take a collaborative approach with our contractor organisations and have formalised this with the launch of our Return On Experience Partnership programme, to ensure we share best practice, and continually improve SHE standards and performance.

The Company 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 2024.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Responsible Business (Continued)

Health and Safety (continued)

CityFibre contractors had eight injuries in 2025 (2024: seven), resulting in more than seven days of absence reported under RIDDOR.

Our Network Build Principal Contractor health and safety performance scores, aggregated across several different metrics compared against RFS, illustrated a threefold improvement from 2024. And due to the improved performance, no Network Build Contractor Continual Improvement Plans (CCIPs) were initiated.

We had one member of the public injury reported under RIDDOR and we maintained our site compliance performance score of 86% during inspections.

The Company 3 Year SHE Plan is designed to maintain progress toward our annual target of a 10% year-on-year improvement in performance and go beyond compliance. An integral part of our plan to go beyond compliance is our 'home safe and well' programme, which focuses on the behavioural aspects of our health, safety and wellbeing culture. Our strong focus on health and safety has led to a sustained performance and is reflected in our 2025 results as well as external validation and recognition.

In recognition of our strong and sustained culture, CityFibre achieved a milestone in Health, Safety and Wellbeing in 2025, securing a fifth consecutive Gold Achievement Award from the Royal Society for the Prevention of Accidents (RoSPA) for our dedication to ensuring staff and Partners operate in a safe environment.

Information Security and Cyber Risks

Maintaining effective Information Security is essential for upholding the trust and confidence of customers, shareholders and other stakeholders, whilst also ensuring compliance with relevant legal and regulatory obligations. We implement comprehensive security protocols and conduct ongoing monitoring to assess their performance in preventing data breaches and security incidents. Our organisation operates under an Information Security Management System certified to the ISO/IEC 27001:2022 standard and is also certified under the government-backed Cyber Essentials scheme. In addition to this, we have external audits and assessments carried out to ensure ongoing compliance and adherence to best practice.

Notable achievements and undertakings during 2025 include:

- 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.
- Submission of a formal response to the periodic Ofcom Notice under Section 135 of the Communications Act 2003.
- An external audit to assess alignment with the NIST Cyber Security Framework 2.0, finding a 137.9% year-over-year improvement due to policy and process enhancements implemented over the past year.
- Implemented an agentless Cloud-Native Application Protection Platform to ensure full visibility and accountability of any identified vulnerabilities in our in-house developed software solutions.
- Implemented a new Cloud Access Security Broker solution, for improved threat protection and auditing.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Responsible Business (continued)

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 fraud, 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. This includes a confidential speak up process which is managed and monitored by the Legal & Regulatory team of CityFibre.

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.

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 leaving a legacy in the areas that we build and work to increase access to and develop the skills that people and communities need to thrive in the digital age and have several partnerships that support us in doing so. One of our core focus areas is enhancing access to STEM learning for underrepresented groups: we know that young people from a disadvantaged background are significantly less likely to achieve and progress in STEM. To support this, we have continued our partnership with STEM to improve computing education in underserved areas focusing on those with higher than average free school meals. This work consists of Enthuse Partnerships, Computing Clusters and Key Stage 1 & 2 collateral. Our Key Stage 1 & 2 materials have been used by almost 1,000 teachers across the UK so far, reaching an estimated 85,000 primary school children. We have seen great success in our computer clusters programme, which sees funding and tailored support to improve teaching and learning in computing, with a strong emphasis on leadership, curriculum, careers education, equity, and inclusion with excellent feedback from participating schools.

In 2025, we successfully launched our CityFibre community fund, pledging over £2 million to support local digital inclusion initiatives over the next few years. In 2025, we have already funded and are working with 37 community organisations across the Project Gigabit regions (the UK Government programme to bring Gigabit-capable broadband to hard to reach areas), under both a large and a small grants programme. Overall, this is estimated to be improving the digital skills of 14,000 people, with local community organisations focusing on people most in need, as well as creating long-term capacity in charities.

One of the things we value most is encouraging people to support people, by sharing time, knowledge and expertise. This year, we launched a new volunteering policy, increasing our employee volunteering allowance from one to three days per person per year, to recognise the importance that CityFibre places on our employees giving back and leaving a lasting contribution on society enabling our people to give more of their time to help others. This year, CityFibre has also established The Chamber Digital Academy, led by Thames Valley Chamber of Commerce, and partnered with a number of Accredited Chambers of Commerce, to provide digital expertise and knowledge to businesses through a series of virtual and face-to-face events.

Local relationships are key to us; when we start 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. Our relationship with Business in The Community (BITC) continues to support this; we work with them to develop our social value strategy as well as receiving support, insights and benchmarking to mature our social interactions, particularly on material topics such as digital literacy.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Responsible Business (continued)

Active in the Community (continued)

In addition, 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 2025 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 as well as our membership with the Digital Connectivity Forum with whom we partnered on their emissions reduction initiative, working with the technology industry to publish an external commitment to ask that suppliers improve their emissions reduction approach and strategies as well as asking them to begin the process of setting externally validated emissions reduction targets.

In addition, we are in the final stages of setting our advanced Tech Take-Back programme. Although we already recycled our tech waste, we will begin to work with the National Device Bank to ensure that our tech waste is reused where possible by charities and given a new lease of life rather than being immediately recycled.

Learning, Development, and Education

Our Learning and Development team offers a wide range of learning initiatives and support. For the 2025 period, 92% (2024: 78%) of our employees completed a learning activity.

In total, 22,225 training hours (2024: 31,000) were completed across 950 instructor-led sessions (2024: 2,600) and 1,257 separate online courses (2024: 5,800).

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 2025.

Climate Action and Energy Management

Climate change remains one of the most urgent global challenges. As a national provider of Full Fibre infrastructure, CityFibre enables the UK's transition to a low-carbon, digital economy by providing high-speed, low-latency connectivity that underpins digitisation and smart systems.

Our focus areas for climate action remain consistent:

- Decarbonising operations and the supply chain by improving energy performance across our estate, transitioning to renewable resources, and delivering our near-term sustainability targets within a long-term decarbonisation plan.
- Building climate-resilient infrastructure by strengthening the resilience of our assets and operations to climate-related risks.
- Delivering low-emission networks whose lifecycle carbon footprint supports the UK's wider decarbonisation ambitions.

Progress in 2025. We secured validation of our near-term Science-Based Targets and began implementing a detailed decarbonisation plan encompassing operations and supply chain. Key actions included an EV-first policy for future van procurement and the planned transition of the fleet to EVs from 2026, and the phase-out of temporary generators used to power Fibre Exchanges (FEXs), with the final unit scheduled for decommissioning by Q2 2026. We continued to consolidate office space, prioritise BREEAM-certified sites, enhance insulation, and install voltage optimisation at FEXs. Building Management Systems (BMS) were deployed to improve visibility and control of energy performance.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Responsible Business (continued)

Climate Action and Energy Management (continued)

We are phasing down gas heating by prioritising offices with alternative systems and replacing gas boilers at our most gas-intensive sites by 2028. From 2026, we will explore further opportunities to reduce energy and refrigerant use in our FEXs.

Responsible supply chain.

We launched a Supplier Code of Conduct and are developing a Responsible Sourcing Policy aligned with ISO standards and UK government guidance, supported by shared KPIs. Carbon-related requirements are being embedded in key supplier contracts, with early-stage support for suppliers on their decarbonisation journeys and improved data granularity. As a signatory to ICT sector guidance from the Digital Connectivity Forum, we encourage suppliers to set minimum climate targets and engage their own value chains.

Finally, in October we published our inaugural annual Impact Report and our Carbon Reduction Plan, both available at www.cityfibre.com, providing a detailed overview of our progress and commitments in this space.

Streamlined Energy Carbon Reporting (SECR).

CityFibre's climate strategy and key actions are described in the Climate Action and Energy Management section of the Responsible Business report on page 27. CityFibre's Streamlined Energy and Carbon Reporting (SECR) disclosures for the reporting year have been prepared in accordance with the regulatory requirements for "large" unquoted companies under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

2025 Emissions and Energy Performance Highlights

In 2025, CityFibre delivered measurable improvements in energy and emissions performance, including an 11% reduction in Scope 1 emissions, a 39% reduction in market-based Scope 2 emissions, and a 39% reduction in energy-per-connection intensity. These results reflect ongoing efficiency initiative and expanded use of renewable power.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**Streamlined Energy Carbon Reporting (SECR) Disclosure (continued)****GHG Emissions and Associated Energy Use (2023 – 2025)**

The data covers the reporting period 1 January to 31 December 2025, with the previous two years included for comparison. CityFibre has monitored and reported its greenhouse gas (GHG) emissions since 2019. Minor variations from values published in earlier years may occur due to ongoing improvements in data quality and reporting methodology.

Reporting Year 1st January – 31st December	2025	2024	2023
Location	UK	UK	UK

Scope 1			
Operational activities controlled by the company, including stationary and mobile combustion (tCO ₂ e)	1,136	1,232	1,085
Fugitive emissions (tCO ₂ e)	187	249	131
Energy consumption used to calculate (kWh)	4,545,177	5,077,585	4,427,762
Scope 2			
Purchased electricity (location-based, tCO ₂ e)	5,336	5,899	5,718
Purchased electricity (market-based, tCO ₂ e)	185	303	437
Energy consumption used to calculate (kWh)	30,147,066	28,485,284	27,611,645
Scope 3			
Business travel in rental and employee-owned vehicles where the company purchases fuel (tCO ₂ e)	1,167	1,691	864
Energy consumption used to calculate (kWh)	3,794,792	4,795,939	3,098,265
Total tCO₂e (Location-Based)	7,826	9,071	7,799
Total kWh	38,487,035	38,358,807	35,137,672

Intensity ratios			
Total tCO ₂ e (Location-Based) per FTE	5.34	5.69	4.8
Total tCO ₂ e (Location-Based) per £'000 revenue	0.046	0.068	0.067
Total kWh gross energy consumption per km network length	739	788	892
Total kWh gross energy consumption per connection	44.84	74.05	104.1

Methodology

CityFibre's SECR methodology follows the GHG Protocol and applies an operational control boundary, meaning all activities over which CityFibre has operational control are included. The 2025 reporting period incorporates emissions relating to Connect Infracore Limited, acquired in March 2025.

The report includes emissions from:

- Scope 1: Direct combustion of fuels and fugitive emissions
- Scope 2: Purchased electricity (location- and market-based)
- Scope 3: Business travel in rental cars and employee-owned vehicles where CityFibre pays for fuel

Emission factors and conversion coefficients are taken from the UK Government's Greenhouse Gas Reporting: Conversion Factors (2025/2026).

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

Streamlined Energy Carbon Reporting (SECR) Disclosure (continued)

Business travel energy calculations follow this process:

1. Monetary fuel spend (k£) is converted to litres of fuel using average diesel and petrol pump prices (Quarterly Energy Prices, UK Government, June 2025).
2. A fuel split of 56% petrol / 44% diesel is applied (Energy Consumption in the UK 2025, Table C8).
3. Litres of fuel are converted to kWh using the UK Government GHG Conversion Factors (2026), applying "Average car – unknown motorisation – combustion".

Energy Efficiency Actions

- Voltage optimisation installed at 25 additional FEX sites (32 cumulative), delivering estimated savings of 304 MWh.
- Deployment of Building Management Systems (BMS) to enhance visibility and control of energy performance.
- All acquired network assets migrated to a renewable electricity tariff (100% renewable supply).
- EV-first policy adopted for future van procurement; ongoing transition targeting c. 35% electrification by 2027.
- Policy introduced to prevent activation of new sites without a DNO connection, avoiding further dependence on temporary generators.
- Phase-out of temporary generators progressed; final unit scheduled for decommissioning by Q2 2026.

On behalf of the Board.



Simon Holden
Chief Executive Officer
30 April 2026

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 2025.

Directors

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

Steve Holliday
Simon Holden
Nick Dunn
Sharon Flood
Mark Morris

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 and the Company's assessment of their ability to continue in operational existence for the foreseeable future. As the Company is a holding entity, the Directors have considered the financial position of the wider CFIH Group in forming their going concern conclusion.

The assessment is based on the Board approved annual budget and extended cash flow forecasts covering the period to June 2027. The Directors have evaluated both a base case and a severe but plausible downside scenario. The primary areas incorporated into the downside scenario analysis are as follows:

- reductions in customer penetration rates, and
- increases in SONIA and associated financing costs

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

The most significant uncertainty considered by the Directors relates to the Group's ability to comply with the first leverage ratio covenant under the debt facility, which applies on 30 June 2027. While the base case forecasts indicate compliance at this test date, the margin over the covenant threshold is limited. As a result, reasonably possible adverse movements in customer penetration rates, which directly impact the number of customer connections and therefore earnings, could reduce headroom and breach covenant. Interest rate increases would have a similar effect given the Group's financing structure. A covenant breach would require lender waivers or amendments, which are outside the Directors' control and cannot be assumed.

The Directors have also reviewed the Group's forecast liquidity requirements together with the funding available under the Group's committed financing arrangements. Following the major refinancing completed during the year, the Group has substantial funding available, comprising a new £960m committed facility and an £800m accordion facility. However, for the purposes of the going concern assessment, only committed funding and the portion of the accordion facility that is currently available to be drawn have been considered, with the wider uncommitted capacity excluded. Under both the base case and the downside scenario incorporating SONIA increases and reduced penetration, forecast liquidity remains sufficient to meet obligations as they fall due throughout the going concern assessment period.

Mitigating actions are available to management if required for covenant headroom, including moderating or rephasing elements of capital expenditure, reducing discretionary operating spend, optimising working capital flows, and implementing further cost efficiency measures. The Group is also actively progressing additional financing options, including pursuing further commitments under the accordion facility, supported by its proven track record of successfully raising external capital. In addition, there is potential upside from prospective M&A activity, which would have a favourable impact on covenant headroom and further strengthen the Group's financial position. The Group maintains a strong liquidity position thus these mitigating actions relate primarily to covenant compliance rather than liquidity.

Notwithstanding the availability of these actions, the combination of limited forecast covenant headroom and sensitivity to reasonably possible downside movements represent a material uncertainty which may cast significant doubt upon the Group's and Company's ability 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.

After considering the base case and downside scenario, together with the financing available and range of mitigating actions available, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on a going concern basis. However, as described above, a material uncertainty exists which may cast significant doubt on the Group's and Company's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary if the Group or the Company were unable to continue as a going concern.

The ultimate parent company, Connect Infrastructure Topco Limited, has confirmed 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 23 for further information.

Future outlook

The future outlook is detailed as part of the Strategic Report on page 11.

DIRECTORS' REPORT (CONTINUED)

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 - the Audit & Risk, Remuneration and ESG committees - 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. In September 2025 Mark Morris joined the Board as an Independent Non-Executive Director. Mark is an experienced executive and non-executive board director with extensive experience in capital raising.

Steven Holliday, Sharon Flood and Mark Morris were all appointed as non-executive directors of CityFibre Infrastructure Holdings Limited in September 2025.

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.

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.

Qualifying third-party indemnity provision

The Group has made qualifying third-party indemnity provisions for the benefit of CityFibre Infrastructure Holding Limited directors during the year. These provisions remain in force at the reporting date.

Subsequent events

Subsequent to the reporting date, the Group announced proposals for an organisational restructuring as part of the ongoing execution of its strategy. The proposals were communicated to employees after the reporting date and are subject to a formal consultation process, which is ongoing. A reliable estimate of the financial impact cannot be made at this stage. No present or constructive obligation existed at the reporting date and accordingly no provision has been recognised. Any costs arising will be recognised in the period in which a present obligation is established.

The Directors do not consider this subsequent event to impact the Group's ability to continue as a going concern.

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
30 April 2026

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 2025 and of the Group's loss and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; 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 2025 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 notes to the financial statements, including a summary of material and significant accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law UK adopted international accounting standards.

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 to the financial statements, which indicates that the forecasted covenant breach in a reasonably possible adverse scenario would require lender waivers or amendments, which is not guaranteed. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary if the Group or the Parent Company were 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 Parent Company 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 and the Parent Company'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, Companies Act 2006.

The Group and the Parent Company are 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, the Bribery Act 2010, and The Economic Crime and Corporate Transparency Act 2023.

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 correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- 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 and Company'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 those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and unusual journal entries posted to revenue.

Our procedures in respect of the above included considering the risk of fraud in management override of controls and the risk of fraud in revenue recognition by:

- Assessing the appropriateness of journal entries made throughout the year, which met a specific defined risk 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, intangible assets, and non-current assets, and the going concern assumption.

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:



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Christian Bower-Sloane (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

30 April 2026

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 2025

	Note	2025	2025	2025	2024	2024	2024
		£'000	£'000	£'000	£'000	£'000	£'000
		Underlying	Non-recurring ¹	Statutory	Underlying	Non-recurring ¹	Statutory
Revenue	2	169,576	-	169,576	133,871	-	133,871
Cost of sales		(59,920)	-	(59,920)	(52,722)	-	(52,722)
Gross profit		109,656	-	109,656	81,149	-	81,149
Administrative expenses		(290,592)	(28,168)	(318,760)	(241,057)	(17,053)	(258,110)
Other Income		1,868	-	1,868	274	-	274
Operating loss	3	(179,068)	(28,168)	(207,236)	(159,634)	(17,053)	(176,687)
Finance income	5	55,267	-	55,267	72,196	23,091	95,287
Finance cost	6	(288,438)	(104,999)	(393,437)	(279,087)	-	(279,087)
Loss on ordinary activities before taxation		(412,239)	(133,167)	(545,406)	(366,525)	6,038	(360,487)
Income tax credit	7	15,258	-	15,258	-	-	-
Loss for the year		(396,981)	(133,167)	(530,148)	(366,525)	6,038	(360,487)
Other comprehensive income							
<i>Items to be reclassified to profit or loss in subsequent periods</i>							
Cash Flow Hedging losses		-	(16,889)	(16,889)	-	-	-
Total other comprehensive loss for the period		-	(16,889)	(16,889)	-	-	-
Total comprehensive loss for the period				(547,037)			(360,487)

¹Refer to page 14 and 15 for details of Alternative Performance Measures.

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 28 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company number 08772997

As at 31 December 2025

	Note	2025	2024
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	8	4,430,725	3,915,131
Right of use assets	19	168,459	156,921
Intangible assets	9	336,550	287,370
Derivative financial assets	26	44,107	126,749
Trade and other receivables	12	116,678	66,561
Total non-current assets		5,096,519	4,552,732
Current assets			
Inventory	10	2,216	1,991
Trade and other receivables	12	189,119	119,460
Cash and cash equivalents	11	139,170	85,498
Total current assets		330,505	206,949
Total assets		5,427,024	4,759,681
Equity and liabilities			
Equity			
Share capital	14	19,417	15,784
Share premium		2,842,185	1,791,066
Merger reserve		331	331
Cash flow hedge reserve		(16,889)	-
Retained deficit		(1,799,020)	(1,268,906)
Total shareholders' equity		1,046,024	538,275
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	15	3,808,710	3,632,287
Lease liabilities	19	143,305	130,033
Deferred revenue	16	51,686	45,674
Deferred income	17	143,507	44,652
Provisions	20	24,976	22,848
Derivative financial liabilities	26	1,529	2,853
Total non-current liabilities		4,173,713	3,878,347
Current liabilities			
Interest bearing loans and borrowings	15	-	148,327
Lease liabilities	19	11,749	12,386
Deferred revenue	16	3,124	9,527
Deferred income	17	3,163	1,082
Provisions	20	18,773	7,072
Trade and other payables	18	170,478	164,665
Total current liabilities		207,287	343,059
Total liabilities		4,381,000	4,221,406
Total shareholders' equity and liabilities		5,427,024	4,759,681

These financial statements were approved by the Board of Directors and authorised for issue on 30 April 2026
They were signed on its behalf by



N J Dunn
Director

Notes 1 to 28 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital	Share premium	Merger reserve	Cash flow hedge reserve	Retained deficit	Total shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2024	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
Comprehensive income						
Loss for the year	-	-	-	-	(530,148)	(530,148)
<i>Other comprehensive loss:</i>						
Cash Flow Hedging losses	-	-	-	(16,889)	-	(16,889)
Total comprehensive loss	-	-	-	(16,889)	(530,148)	(547,037)
Transactions with owners						
New share capital issued in the year	3,633	1,051,119	-	-	-	1,054,752
Share based payment expense	-	-	-	-	34	34
Balance at 31 December 2025	19,417	2,842,185	331	(16,889)	(1,799,020)	1,046,024

Share premium

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

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.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

Retained deficit

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

Notes 1 to 28 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Cash flows utilised in operating activities			
Loss before taxation		(545,406)	(360,487)
Depreciation of property, plant and equipment	8	162,358	133,857
Depreciation of right of use assets	19	14,579	11,490
Amortisation of intangibles	9	28,246	19,631
Impairment of property, plant and equipment	8	9,621	-
Finance income	5	(55,267)	(95,287)
Finance costs	6	393,437	279,087
(Increase)/decrease in inventory	10	(225)	26
Other income	17	(1,868)	(274)
Share based payment expense	23	34	322
Loss on disposal of property, plant and equipment		280	348
Loss on disposal of subsidiary		-	208
Increase in receivables		(65,456)	(70,139)
Increase/(decrease) in payables		12,679	(23,665)
Decrease in provisions		(950)	(4,584)
Income tax paid		-	(96)
Net cash utilised in operating activities		(47,938)	(109,563)
Cash flows utilised in investing activities			
Interest received		5,649	10,676
Purchase of intangible assets		(34,216)	(28,048)
Purchase of property, plant and equipment		(530,801)	(423,863)
Capitalised labour costs		(87,830)	(98,467)
Receipt of asset-related government grant		96,738	34,874
Acquisition of a subsidiary, net of cash acquired		-	1,135
Disposal of subsidiary, net of cash disposed of		-	984
Proceeds from sale of property, plant and equipment		-	517
Net cash utilised in investing activities		(550,460)	(502,192)
Cash flows generated from financing activities			
Proceeds from the issue of share capital		972,000	105,000
Loan transaction costs paid	15	(72,731)	(5,567)
Proceeds from borrowings	15	7,500	706,300
Interest paid		(283,883)	(291,571)
Interest rate swap net settlements		49,685	62,214
Principal paid on lease liabilities	19	(20,501)	(16,364)
Net cash generated from financing activities		652,070	560,012
Net increase/(decrease) in cash and cash equivalents		53,672	(51,743)
Cash and cash equivalents at beginning of period	11	85,498	137,241
Cash and cash equivalents at end of period	11	139,170	85,498

Notes 1 to 28 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. MATERIAL 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 and the Company's assessment of their ability to continue in operational existence for the foreseeable future. As the Company is a holding entity, the Directors have considered the financial position of the wider CFIH Group in forming their going concern conclusion.

The assessment is based on the Board approved annual budget and extended cash flow forecasts covering the period to June 2027. The Directors have evaluated both a base case and a severe but plausible downside scenario. The primary areas incorporated into the downside scenario analysis are as follows:

- reductions in customer penetration rates, and
- increases in SONIA and associated financing costs

The most significant uncertainty considered by the Directors relates to the Group's ability to comply with the first leverage ratio covenant under the debt facility, which applies on 30 June 2027. While the base case forecasts indicate compliance at this test date, the margin over the covenant threshold is limited. As a result, reasonably possible adverse movements in customer penetration rates, which directly impact the number of customer connections and therefore earnings, could reduce headroom and breach covenant. Interest rate increases would have a similar effect given the Group's financing structure. A covenant breach would require lender waivers or amendments, which are outside the Directors' control and cannot be assumed.

The Directors have also reviewed the Group's forecast liquidity requirements together with the funding available under the Group's committed financing arrangements. Following the major refinancing completed during the year, the Group has substantial funding available, comprising a new £960m committed facility and an £800m accordion facility. However, for the purposes of the going concern assessment, only committed funding and the portion of the accordion facility that is currently available to be drawn have been considered, with the wider uncommitted capacity excluded. Under both the base case and the downside scenario incorporating SONIA increases and reduced penetration, forecast liquidity remains sufficient to meet obligations as they fall due throughout the going concern assessment period.

Mitigating actions are available to management if required for covenant headroom, including moderating or rephasing elements of capital expenditure, reducing discretionary operating spend, optimising working capital flows, and implementing further cost efficiency measures. The Group is also actively progressing additional financing options, including pursuing further commitments under the accordion facility, supported by its proven track record of successfully raising external capital. In addition, there is potential upside from prospective M&A activity, which would have a favourable impact on covenant headroom and further strengthen the Group's financial position. The Group maintains a strong liquidity position thus these mitigating actions relate primarily to covenant compliance rather than liquidity.

Notwithstanding the availability of these actions, the combination of limited forecast covenant headroom and sensitivity to reasonably possible downside movements represent a material uncertainty which may cast significant doubt upon the Group's and Company's ability 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. MATERIAL ACCOUNTING POLICIES

Basis of preparation (continued)

Going concern (continued)

After considering the base case and downside scenario, together with the financing available and range of mitigating actions available, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on a going concern basis. However, as described above, a material uncertainty exists which may cast significant doubt on the Group's and Company's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary if the Group or the Company were unable to continue as a going concern.

The ultimate parent company, Connect Infrastructure Topco Limited, has confirmed 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 2025

New standards that have been adopted in the annual financial statements for the year ended 31 December 2025, but have not had a significant effect on the Group are:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates);

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 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)
- Annual improvements 2024 effective 2027 financial year

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2025. 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 became the new UK holding company of the Group through a share-for-share exchange with existing shareholders of CityFibre Holdings Limited. 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 fell 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 was recognised in a merger reserve. The Company took advantage of merger relief available under Companies Act 2006 in respect of the share for share exchange as the issuing company secured more than 90% equity in the other entity.

Subsequently the Topco Group made a number of acquisitions, the most recent being Connect Infracore Limited in March 2025. In accordance with IFRS 10 Consolidated Financial Statements, the financial statements of all subsidiaries, including newly acquired entities, are consolidated from the date the Group obtains control and are deconsolidated when control ceases. The transfer of Connect Infracore Limited to the CFIH group was a transaction under common control and is outside the scope of IFRS 3. As the common control arrangement is not transitory in accordance with IFRS 3.B1, the Group has included relevant IFRS-3-style disclosures in the CFIH group financial statements. Predecessor accounting was applied, and the entity was consolidated from 24 March 2025 at existing carrying amounts (see note 27).

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.

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. When revenue is recognised in advance of billing, a receivable is recognised (presented as accrued income). This typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (continued)

Revenue (continued)

Performance obligations and timing of revenue recognition (continued)

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

Refer to Note 16 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 marketing incentives are payable to the customer or where minimum volume commitments are linked to available capacity on the network. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur when the uncertainty is subsequently resolved. In assessing the constraint, the Group considers all available evidence, including the nature and extent of uncertainty regarding customer obligations and the likelihood of disputes affecting the expected consideration.

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.

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 to other general administrative costs. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (continued)

Revenue (continued)

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. The installation related charge incurred is capitalised and amortised over the same period.

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.

There are a variety of discounts and rebates provided to customers, which are assessed on a case-by-case basis as to whether the resulting payment to customers is for a distinct good or service or for a promotional discount.

If a payment to a customer is judged to be for a distinct good or service, this is accounted for as a cost in administrative expenses. If the payment is judged to represent a discount, this is accounted for as a reduction in the underlying transaction price. Management restrict revenue to the amount that is highly unlikely to subsequently be reduced by promotion or discount. Accruals are included in the consolidated statement of financial position in respect of expected amounts necessary to meet the claims of the Group's customers based on discount and rebate agreements in place. None of the discounts or rebates result in a material right being provided to the customer, as there are no cases where customers are given the option to purchase at a discount in the future as a result of their historical purchases.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (continued)

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	5 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 40 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (continued)

Goodwill (continued)

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-financial 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.

Impairment losses are reversed when the conditions that gave rise to them no longer exist, subject to the asset not being increased above its original carrying amount.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value and subsequently measured at fair value at each reporting date.

The Group uses interest rate swaps and interest rate caps to manage exposure to variability in cash flows arising from changes in SONIA on its external debt facility. Derivatives are recognised at fair value on initial recognition and subsequently re-measured at fair value at each reporting date. Changes in fair value of derivatives not designated in a hedging relationship are recognised in finance income or finance costs.

During the year, the Group applied cash flow hedge accounting for the first time. In accordance with IFRS 9, existing interest rate swaps and caps were designated prospectively into cash flow hedge relationships. Prior periods have not been restated.

For designated cash flow hedges, the effective portion of changes in fair value is recognised in other comprehensive income and accumulated in the cash flow hedge reserve; the ineffective portion is recognised in finance costs.

Amounts accumulated in the cash flow hedge reserve are reclassified to finance costs in the periods in which the hedged interest cash flows occur. If the hedging relationship ceases to qualify for hedge accounting, accumulated amounts remain in equity until the forecast transaction occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL 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 19.

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 2025 (CONTINUED)

1. MATERIAL 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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (continued)

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.

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 23 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.

Fair Value Measurement

The Group measures derivatives and other financial instruments carried at fair value using valuation techniques that maximise the use of observable market data. Fair value measurements are categorised into a three-level hierarchy based on the observability of inputs used. The Group's interest rate swaps and caps are classified as Level 2, as valuations are based on observable SONIA yield curves. For financial instruments measured at amortised cost, fair value is disclosed where required using discounted cash flow techniques based on market-observable inputs.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (Continued)

Key judgements and sources of estimation uncertainty (continued)

Judgements

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 limited forecast covenant headroom, 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 42 where these are discussed further.

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 their fair value less costs to sell, determined using appropriate valuation techniques. This may include discounted cash flow models reflecting assumptions that market participants would use in pricing the assets, discounted at an appropriate rate.

In determining the fair value less costs to sell, certain assumptions are required to be made in respect of uncertain matters. In particular, management has regard to assumptions in respect of revenue growth, terminal penetration rate, discount rate and long-term growth rate. Further discussion and sensitivity analysis on these assumptions are included in Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2. REVENUE

	2025	2024
	£'000	£'000
On-net	144,689	105,854
Off-net	24,887	28,017
	<u>169,576</u>	<u>133,871</u>

All revenue arose in the United Kingdom.

Refer to page 12 for definitions of on-net and off-net revenue.

3. OPERATING LOSS

Operating loss is after charging:

	2025 £'000	2024 £'000
Depreciation of property, plant and equipment	162,357	133,857
Depreciation of right of use assets	14,580	11,490
Amortisation of intangibles	28,246	19,631
Loss on disposal of assets	280	348
Impairment of assets	9,621	-
Share based payment expense	<u>34</u>	<u>322</u>

Non-recurring administrative expenses (see Strategic Report on page 15):

Restructuring charges	3,171	8,640
Mergers and acquisitions/integration costs	9,808	2,727
Other non-recurring administrative expenses	<u>15,189</u>	<u>5,686</u>
Total non-recurring administrative expenses	<u>28,168</u>	<u>17,053</u>

Included in other category is £13 million relating to strategic projects and regulatory costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

3. OPERATING LOSS (continued)

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

	2025 £'000	2024 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable for the audit of the Group's annual financial statements	338	165
Fees payable for the audit of the Group's subsidiaries' financial statements	407	334
Total audit fees	745	499
Total fees	745	499

4. STAFF COSTS

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

	2025 Number	2024 Number
Commercial	94	89
Corporate	167	157
Customer	390	321
Delivery	299	508
Technology & Design	523	519
	1,473	1,594

	2025 £'000	2024 £'000
The aggregate payroll costs of the above were:		
Wages and salaries	109,583	118,617
Social security costs	14,554	13,197
Other pension costs	12,671	10,253
	136,808	142,067

Capitalised staff costs for 2025 are £83 million (2024: £88 million) and are included in the above figures. Redundancy costs of £3 million (2024: £7 million) are included in the above figures which form part of the restructuring charges classified as a non-recurring operating item.

See Note 24 for directors' remuneration and key management compensation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

5. FINANCE INCOME

	2025 £'000	2025 £'000 Non- recurring	2025 £'000 Statutory	2024 £'000	2024 £'000 Non- recurring	2024 £'000 Statutory
Interest on bank deposits	5,582	-	5,582	10,351	-	10,351
Interest rate swap net settlements	49,685	-	49,685	61,845	-	61,845
Gain on change in fair value of hedging instrument (see Note 26)	-	-	-	-	23,091	23,091
	55,267	-	55,267	72,196	23,091	95,287

6. FINANCE COST

	2025 £'000	2025 £'000 Non- recurring	2025 £'000 Statutory	2024 £'000	2024 £'000 Non- recurring	2024 £'000 Statutory
Interest expense on financial liabilities measured at amortised cost	279,214	-	279,214	265,685	-	265,685
Unwind of discount on provisions	1,011	-	1,011	842	-	842
Interest on lease liability	8,213	-	8,213	12,560	-	12,560
Loss on change in fair value derivative financial instruments (see Note 26)	-	64,429	64,429	-	-	-
Loss on loan modification	-	40,570	40,570	-	-	-
	288,438	104,999	393,437	279,087	-	279,087

During the year, borrowing costs of £24 million (2024: £30 million) were capitalised in accordance with IAS 23. Refer to Note 8 for further details.

As part of the in-year refinancing, the contractual terms of the existing debt were modified. The amendments did not result in derecognition under IFRS 9. The liability was remeasured to the present value of the modified cash flows discounted at the original EIR, with the resulting increase of £41 million recognised in profit or loss. Fees paid to lenders in connection with the modification were deducted from the carrying amount of the liability and are amortised using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

7. TAXATION

	2025 £'000	2024 £'000
Recognised in profit and loss		
<i>Current tax</i>		
UK corporation tax based on the results for the year at 25% (2024: 25%)	(181)	-
Tax credit relating to prior years	(11,476)	-
Total current tax	(11,657)	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(3,601)	-
Tax on loss on ordinary activities	(15,258)	-

Factors affecting total tax result

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 25% (2024: 25%) as follows:

	2025 £'000	2024 £'000
Loss on ordinary activities before taxation	(545,406)	(360,487)
Tax on loss on ordinary activities at standard rate	(136,352)	(90,121)
Factors affecting result		
Expenses not deductible for tax purposes	2,417	1,522
Origination of temporary differences on which no deferred tax asset has been recognised	125,367	80,135
Group relief surrendered	-	6,028
Recognition of deferred tax assets on consolidation	-	849
Other timing differences	4,787	1,587
Prior year adjustment	(11,477)	-
Total tax result	(15,258)	-

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.

During the year, it was decided that group would begin paying for group relief at the prevailing cash tax rate. The current and prior year tax credit arises on amounts owed for group relief from other group companies, with the prior-year adjustment reflecting the alignment of those balances to the updated group-relief arrangements.

Origination of temporary differences

The unrecognised deferred tax movement of £125 million (2024: £80 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 2025 (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 2024	1,184	3,483,202	228,457	4,473	1,029	3,718,345
Additions	-	482,929	69,044	35	-	552,008
Acquisitions	-	50,060	4,533	335	-	54,928
Sale of subsidiary	-	(37)	(81)	-	-	(118)
Disposals	-	(865)	-	-	-	(865)
At 31 December 2024 and at 1 January 2025	1,184	4,015,289	301,953	4,843	1,029	4,324,298
Additions	-	550,937	77,778	-	-	628,715
Acquisitions (see note 27)	-	56,569	2,568	-	-	59,137
Disposals	-	(279)	-	-	-	(279)
At 31 December 2025	1,184	4,622,516	382,299	4,843	1,029	5,011,871
Accumulated depreciation and impairment losses						
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 and at 1 January 2025	1,153	290,987	112,968	4,059	-	409,167
Charge in the year	-	108,434	53,719	205	-	162,358
Impairment loss	-	9,621	-	-	-	9,621
At 31 December 2025	1,153	409,042	166,687	4,264	-	581,146
Net book value						
At 31 December 2025	31	4,213,474	215,612	579	1,029	4,430,725
At 31 December 2024	31	3,724,302	188,985	784	1,029	3,915,131

Network assets include assets under construction not yet depreciated of £109 million (2024: £149 million) and £24 million (2024: £30 million) of borrowing costs capitalised at a rate of 7.4% (2024: 8%).

Impairment indicators arose during the year due to the write-down of a £3 million contract asset relating to a project that will no longer continue, and a £7 million impairment arising from the Group's decision to accelerate its XGS-PON rollout. In total, an impairment charge of £10 million (2024: £nil) was recognised. No impairment indicators were identified for the remainder of the network asset base.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9. INTANGIBLE ASSETS

	Website costs	Customer contracts	Software costs	Brand	Goodwill	Trade-mark	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 January 2024	31	90,830	68,123	2,148	110,887	1	-	272,020
Additions	-	-	40,630	-	-	-	-	40,630
Acquisitions	-	-	202	-	33,224	-	-	33,426
Sale of subsidiary	-	-	(202)	-	-	-	-	(202)
At 31 December 2024 and at 1 January 2025	31	90,830	108,753	2,148	144,111	1	-	345,874
Additions	-	-	45,218	-	-	-	-	45,218
Acquisitions(see note 27)	-	5,952	115	-	17,689	-	8,452	32,208
At 31 December 2025	31	96,782	154,086	2,148	161,800	1	8,452	423,300
Accumulated amortisation								
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 and at 1 January 2025	31	16,967	40,444	1,061	-	1	-	58,504
Amortisation	-	3,419	24,683	144	-	-	-	28,246
At 31 December 2025	31	20,386	65,127	1,205	-	1	-	86,750
Net book value								
At 31 December 2025	-	76,396	88,959	943	161,800	-	8,452	336,550
At 31 December 2024	-	73,863	68,309	1,087	144,111	-	-	287,370

The Group performs an annual impairment assessment of goodwill and other indefinite life assets. Management has identified the Group's cash generating units (CGUs) as on net (being on CityFibre's network) and off net (being on third party networks). These CGUs have been assessed as appropriate because the Group's shared network model does not generate largely independent cash inflows at a lower level. The carrying value of the CGU at 31 December 2025 was £4.8 billion (2024: £4.3 billion) and 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 Directors have assessed the recoverable amount of the CGU to be higher than the carrying amount.

The recoverable amount of the on net CGU has been determined on the basis of fair value less costs to sell (FVLCTS), in accordance with IFRS 13 and IAS 36 derived from the Group's Board approved long range business plan through to 2040. This basis was adopted as a market participant valuation prepared in connection with the Group's renewed focus on M&A activity indicated a recoverable amount higher than that derived using a value in use approach. The fair value measurement was estimated using a discounted cash flow methodology reflective of the assumptions a market participant would apply to a digital infrastructure business of this nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9. INTANGIBLE ASSETS (CONTINUED)

The key assumptions underpinning the valuation include:

- long-term projections of customer penetration,
- ability to scale through selective M&A activity and network consolidation,
- revenue growth and operating margins across the Group's fibre footprint,
- expectations regarding future capital investment requirements,
- discount rates reflecting the risks associated with large-scale fibre network deployment and operation, and
- terminal value assumptions estimated using an exit multiple informed by observable market valuation metrics for comparable infrastructure assets.

As the fair value measurement uses significant unobservable inputs within its key assumptions, it is classified as a Level 3 measurement under the IFRS 13 fair value hierarchy.

These assumptions were determined using a combination of the Group's long-term planning information and externally sourced market data, including industry benchmarks, long-term infrastructure sector valuation parameters and prevailing market-based discount rate inputs. Costs to sell were estimated with reference to published transaction benchmarks for sales of similar scale.

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 deriving the Group's WACC are benchmarked to externally available market data. Given the differing risk profiles across the forecast horizon, a range of phase-specific discount rates was applied to the relevant periods of the cash flow projections. The representative pre-tax discount rate was 9.2%.

In addition to the discount rate, the terminal value is a significant component of the fair value measurement. In estimating the terminal value, the Group applied an exit multiple approach, using a terminal EV/EBITDA multiple. This multiple reflects market-participant pricing for mature digital infrastructure assets and is consistent with observable valuation metrics for comparable transactions and listed wholesale fibre infrastructure companies. The selected multiple also reflects the stabilised operating profile of the business in the terminal period.

The recoverable amount determined on this basis significantly exceeds the carrying amount of the on-net CGU, and accordingly no impairment has been recognised for the year ended 31 December 2025. Sensitivity analysis performed on the key assumptions used in the fair value measurement, including discount rates, operating cash flows and terminal value growth assumptions, indicates that no reasonably possible change in these assumptions would cause the recoverable amount to fall below the carrying amount.

10. INVENTORY

	2025 £'000	2024 £'000
Completed assets held-for-sale	1,479	1,479
Raw materials and consumables	737	512
	<u>2,216</u>	<u>1,991</u>

Inventory is stated net of an impairment provision of £Nil (2024: £Nil). No amount was expensed through cost of sales during the year (2024: £0.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

11. CASH AND CASH EQUIVALENTS

	2025 £'000	2024 £'000
Cash at bank and in hand	139,170	85,498

All cash and cash equivalent balances are denominated in Sterling.

12. TRADE AND OTHER RECEIVABLES

	2025 £'000	2024 £'000
Trade receivables	52,350	38,246
Other receivables	24,568	18,526
VAT receivable	10,786	19,837
Prepayments	13,071	13,272
Prepaid loan transaction costs (see Note 15)	39,038	3,705
Amounts due from related parties	21,377	5,013
Accrued income	16,885	12,418
Prepaid incentive	135,559	75,004
	313,634	186,021

	2025 £'000	2024 £'000
Current	196,956	119,460
Non-current	116,678	66,561
	313,634	186,021

Trade and other receivables position is presented on the statement of financial position after reducing £8 million (deferred revenue) from accrued income as at 31 December 2025.

Trade receivables are stated net of a total provision of £33 million (2024: £7 million). Refer to Note 22 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 (2024: £5 million) and the amount of costs recognised as an expense in the period is £1 million (2024: £2 million). Other receivables also include £12 million of grant income receivable in relation to a government grant for the construction of long-term assets.

Prepaid incentive 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 2025 (CONTINUED)

12. TRADE AND OTHER RECEIVABLES (continued)

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

Prepaid incentive	2025 £'000	2024 £'000
Current	19,471	9,534
Non-current	116,088	65,470
	<u>135,559</u>	<u>75,004</u>
As at 1 January	75,004	32,417
Amounts recognised as a prepaid incentive during the year	74,099	49,361
Amounts recognised as a deduction to revenue during the year	(13,544)	(6,774)
As at 31 December	<u>135,559</u>	<u>75,004</u>

13. DEFERRED TAX

	2025 £'000	2024 £'000
Balance at start of year	-	-
Deferred tax charge in the year	-	-
Balance at end of year	<u>-</u>	<u>-</u>

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

	2025 £'000	2024 £'000
Unused tax losses	340,536	259,781
Short-term timing differences	189,681	136,398
	<u>530,217</u>	<u>396,179</u>

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:

	Asset £'000	Liability £'000	Net £'000	(Charged)/ credited to profit or loss £'000	(Charged)/ credited to equity £'000
31 December 2025					
Other temporary and deductible differences	349,988	-	349,988	-	-
Business combinations	-	(21,502)	(21,502)	-	-
Excess of tax base of property, plant and equipment over its carrying amount	-	(328,486)	(328,486)	-	-
Tax assets/(liabilities)	<u>349,988</u>	<u>(349,988)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Set off of tax	(349,988)	349,988	-	-	-
Net tax assets/(liabilities)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

13. DEFERRED TAX (continued)

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)	-	-	-	-	-

14. CALLED UP SHARE CAPITAL

	2025 £'000	2024 £'000
Authorised, called up, allotted and fully paid		
1,936,036,725 ordinary shares of £0.01 each (2024: 1,572,701,786)	19,360	15,727
5,653,865 deferred ordinary shares of £0.01 each (2024: 5,653,865)	57	57
	<u>19,417</u>	<u>15,784</u>

	2025 Number
Ordinary shares (issued)	
Balance at start of period	1,572,701,786
Share issue	363,334,939
Balance at end of period	<u>1,936,036,725</u>

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 30 January 2025 and 12 September 2025, the Company issued a total of 363,334,939 ordinary shares at £0.01 per share for aggregate consideration of £1,055 million (including £83 million in connection with the acquisition of Connect Infracore Limited), with the excess over the nominal value recognised in share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15. BORROWINGS

	2025	2024
	£'000	£'000
Bank loan	3,808,710	3,780,614
Due within one year	-	148,327
Due after one year	3,808,710	3,632,287
	3,808,710	3,780,614

The carrying value of the loan is stated net of unamortised finance costs of £78 million (2024: £61 million).

In 2022, the Group entered into a £3.9 billion loan facility comprising a £1.3 billion term loan, a £2.5 billion capex facility and a £150 million revolving credit facility. In 2025, the Group refinanced with its existing lenders, increasing the committed loan facility by £960 million ('New Class A') and adding a new £800 million accordion. Certain tranches of the existing facility were re-designated into a Class A loan (attracting the same margin as the New Class A facility).

On securing the loan, financing costs of £69 million were incurred and recognised as a prepayment. Commitment fees on the undrawn balance are also recognised as a prepayment when incurred. These loan transaction costs are allocated to the loan balance as the facility is drawn and are amortised using the effective interest method.

As at 31 December 2025, the Group held £39 million of prepaid loan transaction costs relating to the refinancing and commitment fees (2024: £4 million).

As part of the in-year refinancing, the contractual terms of the existing debt were modified. The amendments did not result in derecognition under IFRS 9. The liability was remeasured to the present value of the modified cash flows discounted at the original EIR, with the resulting increase of £41 million recognised in profit or loss. Fees paid to lenders in connection with the modification were deducted from the carrying amount of the liability and are amortised using the effective interest method.

Interest is paid at SONIA plus 3.05%-4.15% (2024: 2.95%-3.85%) dependent on the facility type and the Group's leverage. The facility has a term to 24 June 2029 with a bullet repayment at the end of the term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

15. BORROWINGS (continued)

A reconciliation from the opening carrying amount of the loan to the closing carrying amount is shown below:

	Movement £'000	Cash/Non-cash	Description
Opening carrying amount	3,780,614	-	Balance at the start of the period
Drawdowns	7,500	Cash	Additional amounts drawn on the facility (increases liability).
Capitalised transaction costs	(38,205)	Cash	Fees and costs directly attributable to refinancing/loan modification, deducted from the liability (decreases carrying amount).
Amortisation of deferred transaction costs	18,231	Non-cash	Unwinding of deferred fees via the EIR in finance costs (increases carrying amount).
Loan modification loss	40,570	Non-cash	Modification loss recognised in profit or loss on non-substantial modification (increases carrying amount).
Net movement in period	28,096	-	Sum of above
Closing carrying amount	3,808,710	-	Balance at period end

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, Lit Fibre Group Limited and Connect Infracore 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 2025 (CONTINUED)

15. BORROWINGS (continued)

Maturity analysis

	2025 £'000	2024 £'000
Bank and other loans		
In less than one year	-	148,327
In more than one year but not more than two years	-	-
In more than two years but not more than five years	3,808,710	-
In more than five years	-	3,632,287
	<u>3,808,710</u>	<u>3,780,614</u>

16. DEFERRED REVENUE

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied at 31 December 2025 was £63 million (2024: £55 million) and is expected to be recognised as revenue in future periods as follows:

Period of performance obligation

	2025 £'000	2024 £'000
In one year or less or on demand	10,962	9,527
In more than one year but not more than two years	8,596	6,942
In more than two years but not more than five years	15,176	18,381
In more than five years	27,914	20,351
	<u>62,648</u>	<u>55,201</u>

	2025 £'000	2024 £'000
Current	10,962	9,527
Non-current	51,686	45,674
	<u>62,648</u>	<u>55,201</u>

£10 million of the deferred revenue at 31 December 2024 was recognised as revenue during the current year (2024: £8 million). Net deferred revenue position presented on the statement of financial position after reducing £8 million (accrued income) from deferred revenue as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17. DEFERRED INCOME

	2025	2024
	£'000	£'000
At 1 January	45,734	-
Receivable in the year	102,804	46,008
Released to the statement of profit or loss	(1,868)	(274)
At 31 December	<u>146,670</u>	<u>45,734</u>
Current	3,163	1,082
Non-current	<u>143,507</u>	<u>44,652</u>
	<u>146,670</u>	<u>45,734</u>

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.

18. TRADE AND OTHER PAYABLES

	2025	2024
	£'000	£'000
Trade payables	37,066	25,721
Other taxation and social security	3,933	3,668
Other payables	20,792	13,129
Amounts due to related parties	-	952
Accruals	<u>108,687</u>	<u>121,195</u>
	<u>170,478</u>	<u>164,665</u>

Included within other payables is an amount of £16 million (2024: £13 million) relating to accrued marketing incentives. Accrued marketing incentives balance relates to variable consideration in relation to incentives due to 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 2025 (CONTINUED)

19. LEASES

Nature of leasing activities

The group leases a number of properties across the regions in which 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.

Right of use assets	Leasehold Property £'000	Network Assets £'000	Plant and Machinery £'000	Vehicles £'000	Total £'000
At 1 January 2024	6,628	64,311	46,474	36	117,449
Additions	71	42,918	1,234	-	44,223
Acquisitions	-	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 and at 1 January 2025	5,664	109,420	41,662	175	156,921
Additions	-	31,377	2,121	-	33,498
Disposals	(45)	-	(122)	-	(167)
Modification	403	(7,290)	(327)	-	(7,214)
Depreciation	(1,322)	(10,365)	(2,809)	(83)	(14,579)
At 31 December 2025	4,700	123,142	40,525	92	168,459

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19. LEASES (continued)

Lease liabilities	Leasehold Property £'000	Network Assets £'000	Plant and Machinery £'000	Vehicles £'000	Total £'000
At 1 January 2024	5,596	54,592	38,170	38	98,396
Additions	64	40,733	1,153	-	41,950
Disposals	-	-	-	-	-
Acquisitions	-	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 and at 1 January 2025	5,335	101,339	35,646	99	142,419
Additions	-	30,339	1,916	-	32,255
Modification	875	(9,922)	1,819	(104)	(7,332)
Interest Expense	233	6,461	1,511	8	8,213
Lease payments	(2,262)	(14,850)	(3,389)	-	(20,501)
At 31 December 2025	4,181	113,367	37,503	3	155,054

Lease liabilities	2025 £'000	2024 £'000
Current	11,749	12,386
Non-current	143,305	130,033
	155,054	142,419

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.

	2025 £'000	2024 £'000
Short-term lease expense	698	425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20. PROVISIONS

	Dilapidations	Restructuring provision	Total
	£'000	£'000	£'000
At 1 January 2025	22,848	7,072	29,920
Utilisation of provision	(47)	(2,326)	(2,373)
Provision recognised – charged to statement of profit	-	791	791
Provision recognised – charged to plant and equipment	-	13,236	13,236
Provision recognised – charged to right of use assets	1,214	-	1,214
Unwinding of discount	961	-	961
At 31 December 2025	24,976	18,773	43,749
Current	-	18,773	18,773
Non-current	24,976	-	24,976
	24,976	18,773	43,749

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 2025 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.

21. CAPITAL COMMITMENTS

	2025	2024
	£'000	£'000
Contracted but not provided for	24,355	24,786

Capital commitments include amounts in relation to contracts signed in 2025 for which construction will take place in 2026 and future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

22. FINANCIAL RISK MANAGEMENT

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 discussion of the Group's principal risks and uncertainties is included in the Strategic Report. 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 15. 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.

2025	Note	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	18	170,478	170,478	170,478	-	-	-
Borrowings (including interest obligations)	15	3,808,710	4,909,947	284,502	292,403	4,333,042	-
Lease liabilities	19	155,054	283,484	21,443	21,443	64,341	176,257
Derivative financial liabilities (designated hedge instruments)	26	1,529	1,529	-	-	1,529	-
Total		4,135,771	5,365,438	476,423	313,846	4,398,912	176,257

2024	Note	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	18	164,665	164,665	164,665	-	-	-
Borrowings (including interest obligations)	15	3,780,614	5,193,000	447,000	292,000	4,454,000	-
Lease liabilities	19	142,419	217,096	16,589	16,036	39,221	145,250
Derivative financial liabilities (fair value through profit and loss)	26	2,853	2,853	-	-	2,853	-
Total		4,090,551	5,577,614	628,254	308,036	4,496,074	145,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

22. FINANCIAL RISK MANAGEMENT (continued)

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.

Interest rate risk

As at 31 December 2025 the bank loan is the only financial instrument subject to interest rate risk due to floating interest rates. The target ratio for fixed-to-floating rate debt is 50:50, in line with the financing obligation. To achieve this, interest rate derivatives, primarily interest rate swaps and interest rate caps, are employed to convert floating-rate borrowings into fixed-rate exposures or vice versa, as appropriate.

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.

	2025 £'000	2024 £'000
Gross trade receivables	84,915	45,510
Expected credit losses	(60)	(301)
Expected credit losses – credit impaired	(32,505)	(6,963)
Total provision	(32,565)	(7,264)
Net trade receivables (Note 12)	52,350	38,246

The expected credit losses for trade receivables are as follows:

Trade receivable ageing

31 December 2025	Current £'000	More than 30 days past due £'000	More than 60 days past due £'000	More than 90 days past due £'000	Total £'000
Expected loss rate	0%	0.1%	0.1%	0.1%	
Gross carrying amount	605	14,110	10,911	59,289	84,915
Expected credit losses	-	(10)	(8)	(42)	(60)

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 credit loss experience 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

22. FINANCIAL RISK MANAGEMENT (continued)

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 £33 million (2024: £7 million).

Trade receivable ageing		More than 30 days past due	More than 60 days past due	More than 90 days past due	
31 December 2024	Current £'000	£'000	£'000	£'000	Total £'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)

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 £44 million (2024: £127 million) and derivative liabilities of a fair value of £2 million (2024: £3 million). The valuation technique adopted for the derivatives is the mark-to-market method. Refer to Note 26 for further details.

23. SHARE BASED PAYMENTS

The ultimate parent company, Connect Infrastructure Topco Limited, operates a Joint Share Ownership Plan (JSOP) share based payment plan.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

23. SHARE BASED PAYMENTS (continued)

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 (2024: £ 0.03 million). As of 31 December 2025, all JSOP shares are fully vested.

Joint Share Ownership Plan

	2025 Weighted average price	2025 Number	2024 Weighted average price	2024 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

24. 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 2025 were as follows:

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
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
Lit Fibre Group Limited	UK	Provision of telecommunication networks	100
Connect Infracore Limited	UK	Provision of telecommunication networks	100
FibreCity Bournemouth Limited	UK	Dormant	100
Bolt Pro Tem Limited	UK	Dormant	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

24. RELATED PARTY TRANSACTIONS (continued)

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)

Fibrecity Holdings Limited was dissolved on 15 April 2025.

At 31 December 2025, the ultimate parent company of the Group was Connect Infrastructure Topco Limited. At 31 December 2025, 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, Newlight Partners, IOT Bidco Limited and PATRIZIA European Infrastructure Fund II.

Parent companies

The parent companies of the Group at 31 December 2025 were as follows:

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):

	2025	2024
	£'000	£'000
Connect Infrastructure Bidco Limited	4,684	(259)
CityFibre Holdco Limited	(4)	33
Connect Infrastructure Topco Limited	12,636	1,381
	<u>17,316</u>	<u>1,155</u>

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

	2025	2024
	£'000	£'000
Connect Infrastructure Bidco Limited	3,732	(952)
CityFibre Holdco Limited	100	104
Connect Infrastructure Topco Limited	17,545	4,909
	<u>21,377</u>	<u>4,061</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

24. RELATED PARTY TRANSACTIONS (continued)

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 2025 £'000	Key management personnel 2024 £'000	Total directors 2025 £'000	Total directors 2024 £'000
Remuneration	9,325	4,891	5,252	1,286
Benefits in kind	515	297	110	114
Pension contributions	85	305	-	-
Bonus	4,250	6,339	1,211	2,164
	14,175	11,832	6,573	3,564
Social security costs	2,019	1,591	927	492
Total emoluments	16,194	13,423	7,500	4,056

The highest paid director received emoluments of £5 million (2024: £2 million).

The share based payment charge related to key management personnel was £Nil (2024: £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 (2024: £94,000), in respect of services received. Of this, £15,600 (2024: £7,800) was owed at the year-end.

25. 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 £13 million (2024: £10 million). Contributions totalling £1 million (2024: £1 million) were payable to the fund at the period end and are included in other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

26. DERIVATIVE FINANCIAL INSTRUMENT

The Group's derivative financial instruments comprise interest rate swaps and interest rate caps, which are measured at fair value at each reporting date. The fair value of these instruments is determined using observable market inputs and is classified as Level 2 in the fair value hierarchy (see Note 22)

	2025 £'000	2024 £'000
<u>Derivative financial assets</u>		
Interest rate swaps	42,974	123,503
Interest rate caps	1,133	3,246
	<u>44,107</u>	<u>126,749</u>
<u>Derivative financial liabilities</u>		
Interest rate swaps	1,529	2,853
	<u>1,529</u>	<u>2,853</u>

At 31 December 2025, the notional principal amount of the Group's derivative contracts was £2,734 million for interest rate swaps and £79 million for the interest rate cap.

During the year, the Group recognised a total loss of £81 million arising from changes in the fair value of derivative financial instruments (2024: £23 million gain). This comprised £59 million of fair value movements recognised in finance costs prior to the adoption of hedge accounting in September 2025, a further £5 million recognised in finance costs as hedge ineffectiveness, and £17 million recognised in other comprehensive income within the cash flow hedge reserve as the effective portion of the hedge.

Amounts recognised within the cash flow hedge reserve will be reclassified to finance costs over the period to 26 June 2029 in line with the timing of the hedged interest cash flows. Refer to Note 22 for the contractual maturity analysis of the Group's financial liabilities.

All derivative contracts are subject to standard ISDA master netting agreements; however, no offsetting has been applied as the Group does not intend to settle on a net basis.

27. BUSINESS COMBINATIONS

On 24 March 2025, Connect Infrastructure Topco Limited ("Topco") acquired 100% of the share capital of Connect Infraco Limited ("Infraco"). Infraco, which operated fibre assets in the Hull region, met the definition of a business under IFRS 3 and was acquired to support the Group's nationwide full-fibre rollout.

Immediately following the acquisition, the Group undertook a reorganisation in which the investment in Infraco was transferred to CityFibre Limited, an indirect subsidiary of CityFibre Infrastructure Holdings Limited ("the Company"). This was completed through a series of share-for-share transactions involving the Group's parent and intermediate holding companies. As part of the process, the Company issued 33,843,418 shares to its immediate parent, CityFibre Holdco Limited. As the final step, CityFibre Limited ultimately acquired 100% of the issued share capital of Connect Infraco Limited from its immediate parent, CityFibre Networks Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

27. BUSINESS COMBINATIONS (continued)

Assets acquired and liabilities assumed

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed as at the acquisition date are as set out in the table below:

	Fair value
	24-Mar-25
	£'000
Trade and other receivables	196
Indemnity assets	4,600
Intangible assets: other	14,403
Property, plant and equipment	59,583
Trade and other payables	(1,100)
Provision	(791)
Contingent liability	(4,600)
Deferred revenue	(3,296)
Deferred tax liability	(3,601)
Total identifiable assets acquired, and liabilities assumed	65,394
Goodwill arising on acquisition	17,359
Total consideration	82,753
Satisfied by:	
Cash considerations	19,838
Equity instruments (27,118,644 A Ordinary shares of Connect Infrastructure Topco Limited)	62,915
Total consideration transferred	82,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

27. Business Combinations (continued)

The consideration presented above, including both cash and equity instruments, represents the consideration transferred by Topco for the acquisition of Infraco. The Company was not the acquiring entity in this transaction and did not directly transfer this consideration. The above disclosure has been included to provide users with relevant information regarding the origin of the acquired net assets and goodwill of £17 million recognised within the Group.

The goodwill of £17 million arising from the acquisition comprises of the following factors:

- Integration of InfraCo network with CityFibre's existing infrastructure to accelerate the full fibre rollout programme in;
- Access to the Hull region, in which CityFibre previously had no presence;
- The opportunity to increase end-customer volumes on the CityFibre network, owing to the increased footprint available to Internet Service Providers (ISPs);
- The ability to realise cost synergies between CityFibre and InfraCo;
- Management's ability to sustain market share in the face of mounting competitive pressures and technological advancements; and
- The value attributable to skilled and experienced workforce already in place.

Goodwill has been allocated entirely to the on-net CGU. None of the goodwill is deductible for tax purposes.

There is no deferred or contingent consideration in respect of the acquisition of Connect Infraco Limited.

28. SUBSEQUENT EVENTS

Subsequent to the reporting date, the Group announced proposals for an organisational restructuring as part of the ongoing execution of its strategy. The proposals were communicated to employees after the reporting date and are subject to a formal consultation process, which is ongoing. A reliable estimate of the financial impact cannot be made at this stage. No present or constructive obligation existed at the reporting date and accordingly no provision has been recognised. Any costs arising will be recognised in the period in which a present obligation is established.

The Directors do not consider this subsequent event to impact the Group's ability to continue as a going concern.

COMPANY STATEMENT OF FINANCIAL POSITION

Company number 08772997

As at 31 December 2025

	Note	2025 £'000	2024 £'000
Assets			
Non-current assets			
Investments	C4	283,189	214,886
Intercompany loan	C9	6,515,844	5,614,142
Derivative financial assets	26	44,107	126,749
Trade and other receivables		590	1,090
Total non-current assets		<u>6,843,730</u>	<u>5,956,867</u>
Current assets			
Trade and other receivables	C6	50,133	9,496
Cash and cash equivalents	C7	107,508	61,789
Total current assets		<u>157,641</u>	<u>71,285</u>
Total assets		<u>7,001,371</u>	<u>6,028,152</u>
Equity			
Share capital	14	19,417	15,784
Share premium		2,842,185	1,791,066
Cash flow hedge reserve		(16,889)	-
Retained earnings		340,453	435,951
Total shareholders' equity		<u>3,185,166</u>	<u>2,242,801</u>
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	15	3,808,710	3,632,287
Total non-current liabilities		<u>3,808,710</u>	<u>3,632,287</u>
Current liabilities			
Interest bearing loans and borrowings	15	-	148,327
Trade and other payables	C8	5,966	1,884
Derivative financial liabilities	26	1,529	2,853
Total current liabilities		<u>7,495</u>	<u>153,064</u>
Total liabilities		<u>3,816,205</u>	<u>3,785,351</u>
Total shareholders' equity and liabilities		<u>7,001,371</u>	<u>6,028,152</u>

The parent company loss and total comprehensive loss for the year was £95 million (2024: £124 million profit).

These financial statements were approved by the Board of Directors and authorised for issue on 30 April 2026

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 2025

	Share capital £'000	Share premium £'000	Retained earnings £'000	Cash flow hedge reserve £'000	Total Shareholders' Equity £'000
Balance at 1 January 2024	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
Comprehensive income					
Loss for the year	-	-	(95,498)	-	(95,498)
Other comprehensive income:					
Cash flow hedging losses	-	-	-	(16,889)	(16,889)
Total comprehensive income	-	-	(95,498)	(16,889)	(112,387)
Transactions with owners					
New share capital issued in the year	3,633	1,051,119	-	-	1,054,752
Balance at 31 December 2025	19,417	2,842,185	340,453	(16,889)	3,185,166

Notes C1 to C10 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Profit before tax		5,685	123,761
Finance income		(422,030)	(398,598)
Impairment of investment in subsidiary	C4	14,450	-
Finance costs		384,139	265,685
Increase in receivables		(105,244)	(76,205)
Increase/(decrease) in payables		118,896	(28)
Net cash utilised in operating activities		<u>(4,104)</u>	<u>(85,385)</u>
Cash flows from investing activities			
Interest received		4,392	9,395
Intercompany loan		(627,008)	(501,889)
Net cash utilised in investing activities		<u>(622,616)</u>	<u>(492,494)</u>
Cash flows from financing activities			
Proceeds from the issue of share capital		972,000	105,000
Loan transaction costs paid		(72,937)	(5,567)
Proceeds from borrowings	15	7,500	706,300
Interest paid		(283,809)	(291,571)
Interest rate swap net settlements		49,685	62,214
Net cash generated from financing activities		<u>672,439</u>	<u>576,376</u>
Net increase/(decrease) in cash and cash equivalents		45,719	(1,503)
Cash and cash equivalents at beginning of period		61,789	63,292
Cash and cash equivalents at end of period	C7	<u>107,508</u>	<u>61,789</u>

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. The Company assesses its investments for indicators of impairment at each reporting date. Where indicators exist, the recoverable amount is estimated in accordance with IAS 36 using the higher of value in use or fair value less cost to sell. Value in use is determined using discounted cash flow forecasts based on approved budgets and long-term plans, while fair value less costs to sell is based on observable market evidence where available, adjusted for directly attributable costs of disposal. An impairment loss is recognised where the recoverable amount is lower than the carrying value of the investment.

Intercompany

Intercompany receivables are measured at their outstanding amounts less any expected credit loss provision recognised in accordance with IFRS 9.

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 (2024: £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

	2025 £'000	2024 £'000
Investments	283,189	214,886

Additions of £83m (2024: £nil) relate to the acquisition of Connect Infraco Limited.

During the year, management performed an impairment assessment of the Company's investments in subsidiaries in accordance with IAS 36. As a result of this assessment, an impairment charge of £14.5 million was recognised where the recoverable amount of an investment was determined to be lower than its carrying value. The recoverable amount was assessed on a fair value less costs to sell basis, derived from observable market evidence available at the reporting date. No impairment was recognised in respect of the Company's other investments.

Subsidiaries

The subsidiary undertakings of the Company at 31 December 2025 are disclosed in Note 24 of the Group consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

C5. INTERCOMPANY LOAN

	2025 £'000	2024 £'000
Intercompany loan – non-current	6,515,843	5,614,142

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 26 June 2029 with an interest rate of 6% (previously 5%). Refer to Note C9 for further detail. Intercompany loans are subject to the expected credit loss model under IFRS 9. A £12 million expected credit loss has been recognised against the intercompany loan as at 31 December 2025.

C6. TRADE AND OTHER RECEIVABLES

	2025 £'000	2024 £'000
Other receivables	243	331
Prepayments and accrued interest	39,038	345
Prepaid loan transaction costs	450	3,705
Amounts owing from parent undertakings	10,402	5,115
	50,133	9,496

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. Amounts owed from related parties are subject to the expected credit loss model under IFRS 9. A £19,000 expected credit loss has been recognised as at 31 December 2025. See Note 22 of the Group consolidated financial statements for further discussion of credit risk.

C7. CASH AND CASH EQUIVALENTS

	2025 £'000	2024 £'000
Cash at bank and in hand	107,508	61,789

All cash and cash equivalent balances are denominated in Sterling.

C8. TRADE AND OTHER PAYABLES

	2025 £'000	2024 £'000
Trade payables	596	540
Accruals	5,370	251
Amounts owed to parent undertakings	-	1,093
	5,966	1,884

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 24 of the Group consolidated financial statements). At 31 December 2025, the ultimate parent company of the Group was Connect Infrastructure Topco Limited. At 31 December 2025, 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, Newlight Partners and PATRIZIA European Infrastructure Fund II.

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

	2025	2024
	£'000	£'000
CityFibre Holdings Limited	909,783	911,815
CityFibre Limited	3,679	92,547
Entanet Holdings Limited	(1,887)	(1,800)
CityFibre Metro Networks Limited	2,196	-
FibreNation Limited	(12,069)	(8,851)
Connect Infrastructure Bidco Limited	4,446	(397)
CityFibre Holdco Limited	-	33
Connect Infrastructure Topco Limited	1,926	1,668
Total services provided	908,074	995,015

Related party balances

Group undertakings:

The balances due from group undertakings, which comprise intercompany loan balances at 31 December 2025, are as follows:	2025	2024
	£'000	£'000
CityFibre Holdings Limited	6,307,154	5,397,371
Entanet Holdings Limited	18,537	20,424
CityFibre Metro Networks Limited	2,196	-
FibreNation Limited	91,731	103,800
Cityfibre Limited	96,226	92,547
Total due from group undertakings	6,515,844	5,614,142

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 2025, are as follows:

	2025	2024
	£'000	£'000
Connect Infrastructure Bidco Limited	3,521	(926)
CityFibre Holdco Limited	103	104
Connect Infrastructure Topco Limited	6,778	4,851
Total due from parent undertakings	10,402	4,029
Total related party balances	6,526,246	5,618,171

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 26.

The Directors consider there is a limited risk of impairment with respect to these loan receivables, which are due from related parties.