

Hyperoptic Limited

Report and Financial Statements

Year Ended

31 December 2025

Company Number 07222543

Hyperoptic Limited

Report and financial statements for the year ended 31 December 2025

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Directors

D Tobak
S Horrocks

Registered office

Kings House, 174 Hammersmith Road, London, W6 7JP

Company number

07222543

Auditor

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

Hyperoptic Limited

Strategic report for the year ended 31 December 2025

The Directors present their strategic report on Hyperoptic Limited (the “Company”) together with the audited financial statements for the year ended 31 December 2025.

Principal activity

The Company’s principal activity during the year was to develop facilities for the provision of high-speed internet broadband by deploy and operate a Fibre to the Premise (FTTP) network and through fibre optic cabling in buildings.

Strategy and business model

The Board believes it has established a strategy and business model that promotes long-term value for shareholders.

The Company’s strategy is to deploy and operate a FTTP or “full fibre” network in buildings and geographic areas with a high customer acquisition potential.

Hyperoptic has a focus on multiple dwelling units in both existing and new development and works closely with freeholders, developers, property managers and residents to bring award-winning gigabit services to residential and business developments that increases the attractiveness and value of each property. Hyperoptic broadband is available at selected sites in 64 UK towns & cities. The business model will deliver long-term value by increasing penetration rates at existing sites, targeting attractive new sites across the UK and further extending the Company’s network reach through its new off-net retail offering.

The Company’s goal is to continue to grow its customer base by providing exceptional customer service and competitive product offerings whilst extending its national fibre network footprint to more than two million homes and businesses.

Financial key performance indicators

The Company’s key financial performance indicators are set out below:

	2025	2024
Revenue ¹	£138.8m	£113.6m
Gross profit	£132.2m	£87.4m
Gross profit margin	95.3%	76.9%
Adjusted EBITDA ²	£69.4m	£24.5m
Capital Investment ³	£133.9m	£173.3m
Subscribers ⁴	440,270	373,918
Average revenue per user (ARPU ⁵)	£27.63	£27.15
Total Homes Passed ⁶	1,979,771	1,876,152

¹ Revenue – Current year revenue includes £1.7million reduction in revenue reflecting the impact of amendments to FRS102.

² Adjusted EBITDA is defined as operating loss (2025: £55.8 million; 2024: £74.2 million) for the period before depreciation and amortisation, (2025: £108.7 million; 2024: 76.8 million) adjusted for business development (2025: £7.4 million; 2024: £7.9 million) costs and exceptional items (2025: £9 million; 2024: £13.9 million). In the prior year, EBITDA was calculated before adjusting for business development costs and exceptional items. The comparative EBITDA for 2024 has been restated from the previously disclosed £2.7 million to ensure consistency with the current year’s basis of presentation.

Current year EBITDA reflects the impact of amendments to FRS 102; on a comparable basis, 2025 EBITDA would have been £46.7 million compared to the 2024 reported £24.5 million. Further details are provided in Note 19.

³ Capital Investment is made up of acquisition of fixed assets and capitalisation of staff costs which together make up the additions in tangible assets for the Company in note 9 of the financial statements. Current year capital investment of £133.9 million excludes £11.1 million of capital expenditure that would have been recognised had the FRS 102 lease amendments not been adopted; accordingly, capital investment for 2025 would have been £145 million.

⁴ Subscribers are counted at 31 December 2025 and defined as all residential or business premises paying for service under a commercial contract.

⁵ ARPU represents total revenue from subscribers divided by average subscribers.

⁶ Total Homes Passed is defined as homes that are connected to the network or are able to be readily connected to the network through completion of a standard end-user connection.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Business review

Hyperoptic is on a mission to be the broadband provider of choice for partners, residents and businesses alike, giving its users the connectivity they deserve, underpinned by five-star customer experience. Hyperoptic continues to successfully expand its FTTP network reach by working as a true partner to property owners, developers, and professionals, designing and installing dedicated fibre infrastructure to new buildings and existing developments.

The results for the twelve months to 31 December 2025 show that Hyperoptic is delivering on its ambitions. The Company continued to grow its full fibre network, turnover and customer base compared with the previous twelve-month period. This growth has driven an increase in penetration of the existing network footprint and the continued increase in homes passed during that period.

Total homes passed reached 1,979,771 at 31 December 2025, and the Company took a focused approach to the continued increase in the network footprint, working with New Build developers and our Build partners.

Hyperoptic's subscriber base grew by 66,352 (18%) to a total of 440,270 for the year ending 2025.

Hyperoptic's commitment to excellent service has been recognised by both customers and the industry:

- Hyperoptic has surpassed 39,000 5-star Trustpilot reviews and achieved an overall score of 4.6 stars, demonstrating the Company's focus on customer satisfaction
- Hyperoptic was named Which? Great Value Provider in March 2025
- Hyperoptic has won Uswitch Best Telecom Innovation in March 2025

Financial Review

Turnover for the year was £138.8 million (2024: £113.6 million), an increase of £25.2 million or 22% (2024: £20.2 million or 22%). This represents revenue from subscribers in new homes passed as well as an increase in penetration in the existing network. The primary driver of the revenue increase was from the increase in subscribers compared to 2024.

The gross margin increased to 95.3% in 2025 from 76.9% in 2024, primarily due to a reduction in network operating costs recognised within cost of sales. This reflects a change in lease accounting adopted from 1 January 2025, under which costs including Ethernet Access Direct ('EAD') rentals, Duct and Pole access ('DPA') rentals, and Data Centre leases are no longer presented within cost of sales. While these costs continued to increase on a cash basis, driven by network expansion and growth in homes passed, their reclassification has resulted in a higher reported gross margin in 2025.

Distribution costs increased by £2.3 million to £12.0 million (2024: £9.7 million), reflecting growth in subscribers and sales activity.

Administration costs increased by £23.8 million to £177.3 million (2024: £153.5 million). The increase was primarily driven by higher depreciation associated with continued fibre network investment in 2025, as well as depreciation on newly recognised right-of-use assets following the lease accounting changes. Depreciation increased by £31.8 million to £108.7 million (2024: £76.9 million), of which £16.8 million relates to right-of-use assets.

This increase was partially offset by the absence of a £5.3 million provision for obsolete and slow-moving stock recognised in 2024.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Financial Review (*continued*)

As a result of increased turnover, driven by strong subscriber growth, the operating loss decreased by £18.4 million to £55.8 million (2024: £74.2 million).

Adjusted EBITDA has demonstrated strong year on year growth and turnover conversion, reaching £69.4 million including the amendments to FRS102 (2025 excluding amendments to FRS102: £46.7 million, 2024: £24.5 million). This growth reflects increases in ARPU and Customers, and a continued focus on operating cost efficiencies.

The Company has continued to grow its network and has invested in growing its homes passed footprint in the year investing £114.8 million (2024: £149.7 million) in the fibre network. The Company will continue to grow its homes passed footprint based on a selective approach to expansion of the network into new sites within existing cities as well as expanding into new geographic areas in the UK, further supported by the new off-net retail offering.

Financial position and risk management

As at 31 December 2025 the Company had cash balances of £2.9 million (2024: £11.7 million) and borrowings of £1,086.3 million (2024: £966.4 million) as stated in Note 18.

As at 31 December 2025 the size and amount drawn from loan facilities and debt issued from Group undertakings were as follows:

	Facility	Amount Drawn
Facility B	£1,233.9m	£1,079.3m
Revolving Facility	£35m	£7m
TOTAL	£1,268.9m	£1,086.3m

In December 2023, Facility B was amended to enable, subject to commitments, a total borrowing capacity of £1,250 million. To date, the Company has increased the committed debt under Facility B to £1,233.9 million.

In 2025 the above financial arrangements included covenants relating to the total net debt to homes passed (homes passed being a home which can readily be connected to Hyperoptic's fibre network) and total net debt to subscriber (subscriber being a residential or business customer with less than 3 months' charges outstanding).

As of the date of this report the total amount drawn under the facilities was £1,142.3 million.

Financial risk management

Hyperoptic has significant long-term funding requirements to deliver its fibre rollout to two million homes, requiring active liquidity management, efficient use of committed facilities, and mitigation of interest rate risk.

Treasury monitors financial risk closely, producing rolling 13-week cash flow forecasts to manage short-term liquidity and optimise drawdowns while minimising interest costs.

Liquidity is supported by a robust governance framework, including monthly covenant and cash flow reviews, alongside a sensitised long-term forecast to assess funding needs. These are overseen by the CFO and reviewed by the Board. The business plan is updated annually and reviewed quarterly, with advisors engaged early to support capital raising and ensure funding is secured ahead of requirements.

The Company is exposed to SONIA- and EURIBOR-linked floating rates. Treasury mitigates this through derivatives, with 94% of drawn debt (£1,015.2 million of £1,079.3 million) hedged via interest rate swaps, providing cost certainty. Hedge positions are reviewed regularly to align with forecasts and risk appetite.

The Company remained fully compliant with all debt covenants during the year.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Trends and factors affecting future performance

The UK Government had confirmed the previously set target for 85% of premises to have access to a gigabit-capable internet connection by the end of 2025. This target has now largely been achieved, with gigabit-capable coverage reaching approximately 88–89% of UK premises during 2025. Additionally, the UK Government's 2025 Spending Review pushed back the previous Government target for gigabit-broadband to be available nationwide, the target is now for it to be available by 2032, with nationwide coverage defined as “at least 99%” of premises. According to the latest data from thinkbroadband, full fibre rollout now covers approximately 84.2% of UK premises, reflecting continued rapid expansion of FTTP networks.

The industry regulator, Ofcom, is also actively encouraging fibre network investment. Through its most recent market review, Openreach pricing is regulated to protect competitor cost recovery. Mechanisms are in place to review Openreach pricing changes to assess any potential impact on competition. Ofcom has now published its final Telecoms Access Review (TAR 2026–31), setting out the regulatory framework for UK fixed telecoms markets from April 2026 through to March 2031, largely maintaining the existing approach while expanding areas subject to lighter-touch regulation to reflect increased network competition. The review aims to ensure that the UK's broadband infrastructure is fit for the future and promotes competition and investment in gigabit-capable broadband. This sits alongside wider industry transitions, including the ongoing retirement of legacy copper-based networks. Ofcom has also introduced new consumer protection rules (effective January 2025) requiring that any mid-contract price increases be clearly specified in pounds and pence at the point of sale, rather than linked to uncertain future inflation. In addition, the 'One Touch Switch' gaining-provider-led switching process for residential customers was launched in September 2024 and is now operational across the market, although further enhancements for business switching are still being developed.

Hyperoptic Limited, established in 2011, has targeted buildings and geographic areas underserved by fast internet connections. Demand for faster, more reliable internet connectivity is growing rapidly, driven by the increased use of higher bandwidth applications like video communication services, high definition & 4k video streaming, and gaming. Subsequent changes in home working practices post-Covid-19 have highlighted customers' reliance on broadband services. It is likely that more customers in the UK will seek faster, more reliable fibre connections in the coming years.

Hyperoptic Limited is one of several companies, both large and small, deploying FTTP networks, and while significant build activity has taken place in recent years, the market is now entering a more mature phase where the focus is shifting from network expansion to customer acquisition, utilisation and monetisation of existing networks. Recent industry developments indicate that investment conditions have tightened, with reduced availability of funding for smaller alternative network providers (“altnets”), alongside emerging consolidation across the sector. This presents both opportunities and challenges for the company. Increased awareness of and demand for fibre services will enhance the potential for the company to expand its customer base and market share. At the same time, competition is intensifying due to network overbuild in many areas, placing pressure on pricing and customer acquisition, while overall market growth in connections is beginning to stabilise. There is also an increasing strategic emphasis across the industry on improving take-up rates and achieving sustainable returns on invested capital.

In parallel, the UK telecoms industry is undergoing a major structural transition as Openreach retires the legacy Public Switched Telephone Network (PSTN), with all analogue and ISDN-based services due to be switched off by 31 January 2027. This transition presents operational and commercial challenges for providers and customers reliant on legacy copper-based services, while also acting as a catalyst for increased customer switching, service upgrades and fibre adoption. As a result, the period leading up to the switch-off is expected to see elevated levels of market activity and competition as providers seek to retain and acquire customers during the migration process.

Hyperoptic Limited

Strategic report (continued)
for the year ended 31 December 2025

Principal risks and uncertainties

Risk	Mitigation
Health and safety The Company is committed to ensuring the health and safety of its employees, contractors, public and anyone who may be affected by our activities by fostering a workplace environment that is safe and inclusive. Protecting the health, safety and welfare of customers is a priority. Due to the nature of the Company's work activities, employees, workers, and other stakeholders could be exposed to potential harm, serious injury or suffer wellbeing issues.	The health and safety of people is the primary focus of the Company. In order to control risk and prevent harm, the Company is focused on achieving the highest standards of health and safety management. This is achieved by establishing effective health and safety procedures and ensuring that effective leadership and organisational arrangements are in place to operate these procedures. There is ongoing development and implementation of a health and safety culture, including delivery of mental health and wellbeing initiatives and support services. Initiatives have been rolled out to foster a physically and psychologically healthy workplace. The Company frequently monitors processes, including regular inspections and audits undertaken by Principle engineers, drivers, and line management. These are reviewed by the safety team and action plans are included in our health and safety strategy. Third party auditing of the management system continues to take place. The Company has a third-party accredited safety management system ISO45001, an internationally recognised safety management system.
Market risk Demand for the services of the Company may be vulnerable to sudden economic downturns, a lack of confidence in the housing market and the broader economy, reductions in government and private sector spending, regulatory developments (including building and fire regulations) and increases in costs.	The Company's strategic focus is on those market sectors in which a competitive advantage is maintained and that have the most potential for profitable growth. Members of the leadership team participate in political, economic and regulatory forums to maintain effective working relationships with the government and regulatory authorities. Strategic and emerging risks and mitigations identified are managed as part of the overall Risk Management Framework.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Principal risks and uncertainties (*continued*)

Risk	Mitigation
Economic and Geopolitical uncertainty	
Ongoing geopolitical instability, including the war in Ukraine, conflict in the Middle East, international trade tensions and changes in sanctions, continues to contribute to uncertainty in the global and UK economy. These factors, together with wider macroeconomic pressures such as inflation, interest rates and reduced consumer and business confidence, may impact the Company through increased procurement costs, supply chain disruption, longer lead times, reduced demand, increased credit risk and pressure on margins.	The Company continues to monitor external market conditions, geopolitical developments, supplier risks and economic indicators. It works closely with key suppliers to manage the availability of critical equipment and materials, support forward planning, review supply routes and secure appropriate supplier commitments where required. The Company also uses scenario-based forecasting, regular reviews of budgets, pipeline and commercial priorities, and active procurement and operational planning to identify cost efficiencies, manage inflationary pressures and prioritise resources in line with market conditions and business needs.
Competition	
The Company needs to actively manage and respond to increased competition in relation to highly competitive providers with low margins. If it does not compete effectively within the telecom sector, the Company runs the risk of losing market share. While service quality, capability, reputation and experience are considered in customer decisions, price often remains the key determining factor.	The Company mitigates competitive risk by seeking to target projects and deploy its capital where it has a competitive advantage and can manage its costs and risks. The risk profile of every project is assessed at the planning stage to determine whether it is in line with the strategic objectives of the Company before approval of the project is given.
Project delivery	
Execution of projects involves professional judgement in estimating, planning, design and construction, often in complex environments. The Company's projects could encounter difficulties that could lead to cost and time overruns, lower revenues, litigation or disputes.	The Company's activities are guided by operating throughout the project lifecycle. These, combined with comprehensive management oversight, the risk management process, project reviews, vendor performance reviews and customer feedback help mitigate the risk to successful project delivery. There is an ongoing focus on relationships with current and potential suppliers including Senior Executive engagement with major contractors.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Principal risks and uncertainties (*continued*)

Risk	Mitigation
Outsource Partners The Company utilises outsource partners for a proportion of its network construction. This exposes the Company to the wider economic impacts on these firms and their ability to deliver services to Hyperoptic. Further, loss of outsource partners (e.g. due to liquidation, or performance issues) could lead to disruption of critical service/ capabilities.	The Company has contracted with a specialist group of multi-skilled partners to reduce the exposure to any one individual entity. Selection of outsource partners is managed through a strategic procurement and vendor management process. Contracts are designed so that the Company only pays for network elements that have been built and tested. The Company regularly reviews its partner's quality and cost through on-going vendor performance and benchmarking to ensure it has access to the best quality, efficient and competitive delivery.
Liquidity risk Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments as well as its ability to access and secure adequate equity and debt funding during the network build phase of its business lifecycle. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due, and could affect its ability to invest, win work or pay dividends.	The Company manages liquidity such that it always has sufficient liquidity to meet its liabilities when due. The Company continually monitors and stress tests its liquidity position by preparing and sensitising both short and long-term cashflow forecasts. Funding arrangements are reviewed regularly and approved by the Board. Qualified financial advisors are engaged early to support capital raises in sufficient time to meet liquidity demands.
Credit risk Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The principal credit risk for the Company arises from its trade debtors.	The Directors set credit limits for customers and actively monitor customers that do not pay on time. The Company has established credit control and collections procedures to support timely recovery of overdue balances, including regular monitoring of aged debt, customer payment reminders and escalation processes. Where balances remain outstanding, the Company may take further action, including service restriction or suspension, legal recovery procedures or referral to external debt collection agencies where appropriate.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Principal risks and uncertainties (*continued*)

Risk	Mitigation
Interest risk rates The Company has a floating interest rate exposure linked to SONIA and EURIBOR that it pays on its debt facility. Interest rate rises and foreign exchange volatility could increase borrowing costs to the Company.	The Company puts in place appropriate levels of hedging instruments to mitigate its exposure to interest rate volatility and ensures long-term financial planning takes into account a range of interest rate scenarios. At the reporting date, £1,079.3 million had been drawn under facility B, of which £1,015.2 million (approximately 94%) was hedged against interest rate volatility through to 31 December 2028.
Appointing and retaining talent An inability to attract talent and retain key critical people to drive and grow the business could lead to the unavailability of the necessary experience and expertise.	The Company knows that its people are at the heart of its on-going success. It seeks to offer market-competitive remuneration (which is reviewed regularly), training and career development opportunities, and to be an attractive and engaging employer. Emphasis has been made on employee engagement, belonging, wellbeing and development initiatives.
Government and Regulatory Risk A change in government policy or expectations that could impact on the ability to deliver the business strategy. Further, there is a risk that regulation imposed by Ofcom, the National Cyber Security Centre ("NCSC") and other regulatory bodies could put constraints on the Company's operating model in complying with those regulations causing increased cost and operational disruption.	The Company actively monitors and participates in policy discussions with both government and regulatory bodies, responding to consultations where requested. It engages with all levels of government and regulators to understand their proposed legal and regulatory positions and potential implications. The Company continuously monitors changes in the market, and the direction of travel of government and regulators. Additionally, the Company maintains relationships with a diverse set of suppliers to mitigate risks associated with specific NCSC High Risk Vendor decisions.

Hyperoptic Limited

Strategic report (continued)
for the year ended 31 December 2025

Principal risks and uncertainties (continued)

Risk	Mitigation
Cybersecurity and information protection There could be a data security breach (Hyperoptic data or customer data) involving personal, commercial or product data either from Hyperoptic or a third party. This could occur as a result of a malicious or criminal act, human error or an inadvertent system error. Cyber crime continues to grow to include ransomware and corporate espionage attacks across the globe. The potential impact could harm client or customer relationship, compliance, perceptions of the company’s service or product and/or increase regulatory scrutiny.	The company works to continually counter the risk posed by the current and emerging cyber security threat landscape. We use 2 factor authentication, encryption, 24/7 monitoring, vulnerability scanning and other state of the art tools to manage our environment. We have implemented a cyber security policy framework, a dedicated intranet site and continual employee training. We are members of the UK National Cyber Security Centre. Our work to support the Telecoms Security Regulation adds to security control framework. Our security in-depth threat posture is continually reviewed and managed and considers cyber resilience as a must in our security strategy.
Environmental, Social and Governance (ESG) practices The Company recognises the increasing importance of understanding the inherent risks that climate change poses to its operations, network continuity and service obligations. To support the resilience of the network and the individuals, communities and businesses that rely on it, the Company needs to understand and proactively manage the risks of climate change.	The Company has a loss-of-facilities business continuity plan that outlines how operations and services will continue if its physical locations are disrupted in the event of climate-related adverse weather scenarios, ensuring minimal to zero operational disruption.
Resilience of critical infrastructure The Company plays a critical role in keeping communities connected. It is essential that Company embed resilience into its infrastructure, IT systems and business operations. The Company must safeguard the network against increasingly extreme physical climate risks, natural hazards, power loss, hardware/ software failure and other adverse events.	The Company has put extensive measures in place to ensure the network can respond effectively to an emerging failure, incident, or disruption. These measures are in our business continuity plan and include investment in colocation facilities, resilient devices and connectivity, battery back-up systems and nationwide spares and engineering.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Section 172 statement

The directors of the Company act in the way they consider, in good faith, will be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have 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, and
- (f) the need to act fairly as between members of the Company.

There were no changes during the year in relation to the existing syndicate debt facility, Facility B remained unchanged with a total potential borrowing capacity of £1,250 million.

Shareholder needs and expectations

The Board of the Company acts within the powers granted by the Thunderbird Topco Limited shareholder agreement. The Company's strategy and budgets are approved by the Thunderbird Topco Limited Board, which is controlled by representatives of the shareholders. There is a monthly reporting process and regular feedback from the shareholders.

Stakeholder and social responsibilities

The Board takes into account wider stakeholder and social responsibilities and their implications for long-term success. The wider stakeholder community has been identified as the employees, customers, suppliers, and regulators.

Our People

The people and culture of the Company have been instrumental to the success of Hyperoptic since its inception and will be the foundation of its future results. We are committed to going beyond the expected for our customers, communities, and people. The Hyperoptic culture is reinforced across the business in the way we do things which is aligned to our three core behaviours.

- Working smarter, together
- Striving for excellence
- Staying focused

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Stakeholder and social responsibilities (*continued*)

Engagement

The Board recognises the importance of engaging employees at all levels in the business, to help them maximise their potential as individuals and make their fullest contribution to the business, which is fundamental to achieving the Company's strategy and long-term objectives. With employees based in both the UK and in Serbia via a branch office effective communication and engagement is paramount. Hyperoptic uses a variety of media to inform employees about the Company's development and prospects and seeks and listens to employees' views and opinions.

The Company regularly holds Business Updates, which are open to all employees, and are the main forums by which the Chief Executive and other senior leaders update all employees on the Company's performance, plans and future outlook as well as providing employees with an opportunity to provide feedback, ask questions, or to seek clarification, on the Company's purpose, goals, direction and results. The most recent Business Update was held in April 2026.

The Company also checks employee engagement and satisfaction through surveys. A survey is completed by employees across all business divisions.

The Company also has an Employee Voice program to ensure that insight and opinion are heard from all parts of the Company

Health and Safety

The Company remains committed to the effective management and monitoring of health and safety, as well as providing a safe working environment for all employees and partners and ensuring the safety of members of the public with whom the Company comes into contact. Health and Safety remains a key strategic priority to further enhance the Company's performance and to develop the leadership skills and behaviours required to achieve a positive and high-performing culture.

During 2025, there was one accident resulting in an absence of over seven days that was reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). Our RIDDOR rate, measured as incidents per 100,000 employees, was 69 (2024:0).

In 2025, the Company continued with ISO45001 accreditation for Health & Safety, with annual independent auditing of our Safety Management System taking place, providing evidence of our compliance in this area. For the second year running we have achieved accreditation with no non-conformances recorded. We are also Safecontractor accredited. The Company's in-house reporting system continues to provide all employees with the ability to report any accident or incident, as well as Good Spots and injuries, anonymously if needed, and is now being used extensively across the business. The system is available to all staff through the Company intranet and via a smartphone app, providing up-to-date advice and guidance on all Health and Safety matters. These developments will help maintain the highest standards of health and safety within the company.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Stakeholder and social responsibilities (*continued*)

Joining Hyperoptic

Hyperoptic continues to review its recruitment policies and processes to address any under-representation in particular areas within the business.

The Company use the SHL psychometric tool, which is industry best-practice for measuring suitability against job profiles and rolled out unconscious bias training for recruiting managers combined with additional decision-making training via Skills Booster sessions.

The Company runs an apprenticeship scheme across the business with a focus on attracting diverse talent in those roles where they are under-represented.

The Company continues to actively manage career pathways, which promote internal movement and development.

Training

The Company is committed to developing the skills of employees through onboarding, training and supporting leaders to coach and develop their teams to support the high-performance culture at Hyperoptic.

During the year, 1,051 employees (2024: 3,529) were booked onto multiple internal instructor-led training days across the business. The technical training team continued to provide new courses to support the changes in working practices and equipment used in the field, while Customer Service and Telesales teams ensured a great onboarding experience for new starters across the year. Online learning completions grew to 41,118 (2024: 40,000) completions across nearly 1,190 different learning items.

The Company delivered a monthly programme of one hour Skills Booster sessions across the year both in the UK and Serbia, aimed at improving manager and employee effectiveness, with an average attendance of above 130 each session, with AI and Storytelling Through Data proving most popular.

Further, the Company introduced a new manager development programme called Elevate, aimed at helping managers lead high-performing teams, the Hyperoptic way. 134 managers (65%) attended face to face sessions and online training sessions with over 90% satisfaction rate.

Mandatory courses such as GDPR Compliance, Competition Law and Cyber Security accounted for most of the total training days throughout the year. All courses proved successful throughout the year, having driven high levels of engagement and interaction that will continue through 2026.

Equal Opportunities, Diversity and Inclusion

The Company is an active equal opportunities employer. We foster an environment free from discrimination, harassment, and victimisation, ensuring that all individuals receive equal treatment and career development opportunities regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation, or disability. All employment-related decisions are guided by our EDI policy, ensuring they are objective, free from bias, and based solely on work criteria and individual merit.

The Company has established an EDI (Equity, Diversity and Inclusion) working group to identify specific areas of focus that will support colleagues in realising their full potential while enhancing our talent acquisition strategy to attract a more diverse pool of candidates.

The Company gives full and fair consideration to applications for employment made by disabled people and encourages and assists the recruitment, training, career development and promotion of disabled people. The Company endeavours to retain and adjust the environment of employees who become disabled during the course of their employment.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Stakeholder and social responsibilities (*continued*)

Employee Gender Diversity Information

	Number			Mix			
	Female	Male	Not Known	Total	Female %	Male %	Not Known
Directors	1	2		3	33.3%	66.7%	0.0%
Senior Managers	2	4		6	33.3%	66.7%	0.0%
All Other Employees	448	1034	1	1483	30.2%	69.7%	0.1%
TOTAL	451	1040	1	1492	30.2%	69.7%	0.1%

Gender information is presented for average monthly number of employees and is consistent with note 4.

Senior managers include all senior executives of the Company as identified as key management in note 5.

Customers, Community and Social Responsibility

The Company aims to treat its customers fairly and do business with them in a sustainable way. It constantly strives to exceed its customers' expectations and it monitors customer satisfaction and feedback using Trustpilot surveys. On occasions where the Company falls short it offers reasonable compensation (including automatic compensation in line with Ofcom guidance) and has a comprehensive complaints code published on its website.

Hyperoptic's Fair Fibre Plan,' the Company provides an affordable tariff, offering discounted rates on its 150Mb to 1Gb monthly rolling packages for individuals on specific means-tested benefits. Operating under the 'Fair Fibre Framework,' the Company supports customers with tailored and flexible options, such as payment plans and lower-priced packages, to assist those facing financial difficulties.

In addition to these measures, the Company offers market-leading social tariffs, invests in initiatives—such as supporting the DWP verification checker—to raise awareness of these tariffs, provides automatic compensation, offers free connections for social housing clients, and supplies free gigabit-enabled broadband for community hubs. Throughout, the Company ensures price transparency and commits to no mid-contract price rises.

The concept of customers also goes beyond that of just those with paying subscriptions and the Company takes responsibility to extend the positive impact of its services and scale to help benefit the wider community.

Hyperoptic also remains focused on scaling its network responsibly and working collaboratively with devolved governments to support country-specific investment plans. Hyperoptic is a signatory of Scotland's Full Fibre Charter, which includes support for its Fair Work Convention Framework. (The Fair Work Convention Framework outlines commitments to deliver effective voice; respect; fulfilment; opportunity and security for all workers). A case study on how Hyperoptic connected Glenavon was published on gov.scot website in July 2023.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Stakeholder and social responsibilities (*continued*)

In June 2023, Hyperoptic announced that it had entered into a partnership with SOS Children's Villages in Serbia as well as a four-year patronship with The King's Trust in the UK to further contribute to society and make a meaningful impact in the communities where Hyperoptic employees work. The relationships will be focused on volunteering, fundraising and mentoring. SOS Children's Villages has been working in Serbia since 2004. Founded in Austria, SOS is the world's largest organisation focused on ensuring that children and young people without parental care or who are at risk of losing it, grow up with the care, relationships and support they need to become their strongest selves. The King's Trust is dedicated to supporting disadvantaged young people by providing them with education, training, and opportunities for employment. Since its inception in 1976 by King Charles III during his time as Prince of Wales, the organisation has positively impacted over a million young individuals and helped create more than 125,000 entrepreneurs.

Suppliers

Hyperoptic's suppliers, including its outsourced construction partners, are critical to the growth and success of its business. As a result, the Company aims to treat its suppliers fairly and do business with them in a sustainable way. It also has a responsibility to make sure that its suppliers operate with high ethical standards and that health and safety standards are met.

The Company's procurement department works closely with its supply base to ensure it understands the way in which those businesses operate. Selection of all suppliers is managed through a comprehensive procurement process. The Company has conducted relevant business continuity planning in relation to significant risks to minimise business disruption from its supply base.

The Company is committed to doing all it can to assist in the eradication of slavery and human trafficking. It has a zero-tolerance approach to any slavery or human trafficking activity within its business or in its supply chain.

Regulators and industry forums

The Company operates under General Conditions of Entitlement (the "GCs") (established by Ofcom in accordance with the Communications Act 2003). There are three broad sections of the GCs: Network Functioning Conditions; Numbering and Technical Conditions; and Consumer Protection Conditions. The directors have established policies to ensure that the Company complies with these obligations as well as other requirements from voluntary codes. As requirements evolve or new ones are established, the Company reviews them and kicks off work streams to ensure that processes are amended accordingly.

The Company is engaged with policy and regulatory development at many levels. This ranges from the CEO having meetings with Ministers and the CEO of Ofcom, to the policy team interfacing at senior and working levels with Government Departments, Ofcom and the Office of the Telecoms Adjudicator ("OTA"). The OTA are independent of Ofcom and primarily deal with major or strategic issues affecting the rollout and performance of Openreach products and services.

Hyperoptic Limited

Strategic report (*continued*) for the year ended 31 December 2025

Risk management

The Board seeks to embed effective risk management, considering both opportunities and threats, throughout the organisation. The Board has established a risk committee to own the Company's risk management framework and ensure it identifies and addresses all relevant risks in order to execute and deliver the Company's agreed strategy. The principal risks and their mitigations are listed in the Strategic Report on pages 6-10.

The Board is mindful of all stakeholders' risk tolerance and risk appetite when setting strategy and carefully determine the extent of risk exposure, especially in the areas of the Company's supply chain, project delivery and liquidity, that the stakeholders will accept.

Corporate Governance

The Board of Hyperoptic Limited is governed by the Thunderbird Topco Limited shareholder agreement.

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

The Board is supported by committees drawn from the senior leadership that have the necessary skills and knowledge to help the Board discharge their duties and responsibilities effectively.

Good governance supports open and fair business, ensures that the Company has the right safeguards in place and makes certain that every decision it takes is underpinned by the right considerations. Whilst Board oversight is always maintained, key decisions are made by individuals and committees with the most appropriate knowledge and industry experience. Each Board member has a clear understanding of their accountability and responsibilities.

The Board receives regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs).

Key financial information is collated from the Company's various accounting systems. The Company's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is currently externally audited by BDO LLP on an annual basis.

This Strategic report was approved by order of the Board on 26 June 2026.

Signed by:

 Sam Horrocks (CFO)

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S Horrocks

Director

Hyperoptic Limited

Report of the directors for the year ended 31 December 2025

The Directors present their report together with the audited financial statements for the year ended 31 December 2025.

The Directors consider the financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Future developments

The future developments of the business are discussed in the Strategic report on page 5.

Results and dividends

The statement of comprehensive income is set out on page 27 and shows the loss for the year. The directors do not recommend payment of a dividend (2024: £Nil).

Directors

The directors of the Company during the period and subsequent to the reporting period were:

D Tobak	Co-founder of Hyperoptic
R Woodward	Resigned 23 April 2025
S Horrocks	Appointed 1 September 2025

Dana Tobak is the Chief Executive Officer and Co-founder of Hyperoptic Limited. Prior to founding Hyperoptic Ltd, Dana also successfully co-founded the award-winning broadband ISP “Be Unlimited” before selling it to O2 in 2007.

Sam Horrocks has served as Chief Financial Officer of Hyperoptic Limited since 28 July 2025. Prior to joining the Company, Sam was Deputy CFO at Travelport, a private equity-backed travel technology platform. He has held a range of finance, strategy and operational roles across the telecommunications sector and private equity-backed businesses. Notably, at Virgin Media, he was a key member of team that established the company’s network build programme following its acquisition by Liberty Global in 2013.

None of the above Directors are employees, officers, or directors of the private equity investors KKR & Co. Inc.

Directors’ indemnities and insurance

The Company’s Articles of Association provide for the indemnification of its directors to the extent permitted by the Companies Act 2006 and other applicable legislation, out of the assets of the Company, in the event that they incur certain expenses in connection with the execution of their duties. In addition, and in common with many other companies, the Company has directors’ and officers’ liability insurance, in respect of certain losses or liabilities to which officers of the Company may be exposed in the discharge of their duties.

Ownership

Hyperoptic is a private company limited by shares incorporated and domiciled in the United Kingdom. Hyperoptic was incorporated on 13 April 2010. The address of the company’s registered office is Kings House, 174 Hammersmith Road, London, England, W6 7JP.

On 1 November 2019, private equity investors KKR & Co. Inc. (KKR) indirectly acquired a majority stake in the Company’s parent undertaking. KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following

Hyperoptic Limited

Report of the directors (*continued*) for the year ended 31 December 2025

Ownership (*continued*)

a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on 'X' (formerly Twitter) @KKR_Co.

Information included in the strategic report

As permitted by s414C(11) of the Companies Act, certain director's report requirements of Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' relating to the Company's engagement with employees have been included in the Strategic Report on pages 11-14.

Financial instruments

The Company policy is to minimise the financial risks of interest rate volatility. The Company uses interest rate swaps and forward contracts to hedge at least 70% of its senior debt. As at 31 December 2025, 94% of the outstanding principal was hedged, with swap payments aligned to the loan's semi-annual interest dates.

Borrowings due to fellow group companies are at a fixed interest rate. The payment of interest is deferred and will continue to be deferred on an ongoing basis.

Research and development

The Company continues to invest in the development of both its website and its internal network management and customer relationship management software. Costs in respect of this development have been capitalised on the statement of financial position.

Streamlined Energy and Carbon Reporting ("SECR")

The Company is required to report on energy consumption and Greenhouse Gas (GHG) emissions under the Streamlined Energy and Carbon Reporting (SECR) regulations. The report covers Scope 1 and Scope 2 emissions, encompassing direct emissions from owned or controlled sources and indirect emissions from purchased electricity, respectively. Energy consumption data includes electricity usage in buildings connected to the network, as well as power consumption associated with equipment located at data centres and BT Openreach exchanges. The SECR framework aims to increase transparency, drive improvements in energy efficiency, and support the transition to a low-carbon economy.

UK kWh and CO₂e Scope 1 and Scope 2 emissions

The total energy consumption for the Company in the latest financial year for scope 1 and 2 emissions was 18,332,778 kWh (2024: 20,055,543 kWh). The activities that generated this energy consumption, their individual volumes and related emissions were as follows

Hyperoptic Limited

Report of the directors (*continued*) for the year ended 31 December 2025

Streamlined Energy and Carbon Reporting ("SECR") (continued)

Energy type	Definition	2025	2025	2024	2024
		Total energy use (kWh)	Calculated CO ₂ emissions (tonnes of CO ₂ e)	Total energy use (kWh)	Calculated CO ₂ emissions (tonnes of CO ₂ e)
Transport	Emissions from combustion of fuel for transport purposes	6,182,243	1,474.42	8,962,869	2,102.88
Electricity	Emissions from purchased electricity	12,150,535	2,150.64	11,092,674	2,297.01
Gas	Emissions from combustion of gas	-	-	-	-

Quantification and reporting methodology

Energy usage information for office sites has been obtained from energy suppliers. Electricity usage for telecom equipment is based on meter readings for new builds, but for retro sites, the usage is estimated. Energy usage for exchanges and data centres is obtained from suppliers. Emissions have been calculated using the UK Government GHG Conversion Factors for Company Reporting for the year 2025.

Energy efficiency actions

In 2025, the size of the vehicle fleet reduced from 451 vehicles in 2024 to 361 vehicles, representing a reduction of approximately 19.9%. Total diesel fuel consumption decreased from 8,277,211 kWh (773,636 litres) in 2024 to 5,536,243 kWh (517,406 litres) in 2025. As result, Scope 1 emissions from fleet operations reduced from 1,943.99 tonnes of CO₂e in 2024 to 1,330.16 tonnes of CO₂e in 2025. The reduction in emissions reflects the smaller fleet size and lower fuel consumption during the year, demonstrating improved control of fleet-related emissions at an operational level.

Intensity ratio

The majority of emissions created by the Company are from the fuel used in its vehicle fleet and the electricity use of its equipment. The emissions are driven by the need to install, maintain and run the network equipment so a primary metric for emissions intensity is emissions per £ million of capex spent. As the business is scaling and maturing, and the operation of the network becomes a larger proportion of emissions, the Company will put more emphasis on intensity metrics that track the intensity of ongoing operations so it can increase its assurance on energy efficiency initiatives, and is therefore also measuring intensity for emissions per 1,000 subscribers.

Capital expenditure for 2025 was £133.9 million (2024: £173.3 million). As a result, total CAPEX intensity for the period from 1 January 2025 to 31 December 2025 was 26.5 tonnes of CO₂e per £1 million of CAPEX (2024: 25.4 tonnes of CO₂e per £1 million), representing a year-on-year increase of approximately 3.9%. This marginal increase primarily reflects continued growth in the customer base and the associated rise in operational emissions, alongside a reduction in overall CAPEX investment during the year. In 2025 the intensity metric presented above includes only Scope 1 and Scope 2 emissions.

The total subscribers for 2025 were 440,270 (2024: 373,918) and the metric for the period from 1st January 2025 to 31st December 2025 was 8.5 tonnes of CO₂e per 1,000 average subscribers (2024: 11.8 tonnes of CO₂ emitted per 1,000 average subscribers). As the business continues to successfully penetrate the constructed network and drive revenue growth, the effective carbon intensity for delivered product continues to fall on a like for like basis as a result of improved operational efficiency and reduced Scope 1 and 2 emissions.

Hyperoptic Limited

Report of the directors (*continued*) for the year ended 31 December 2025

Branch office

The Company has a branch office in Belgrade that provides support services.

Equal opportunities

Equal opportunities are discussed in the “Our People” section of the Strategic report on pages 11 to 14.

Going concern

Under company law the Company’s Directors are required to consider whether it is appropriate to prepare financial statements on a going concern basis.

As part of its active operational and review procedures, the Company prepares a Board approved annual budget and long-term business plan, which reflects the aim of completing a fibre network passing over 2 million homes, followed by ongoing investment in connecting customers and continuing to expand its homes passed footprint as appropriate. As at 31 December 2025, the Company had passed 1,979,771 homes (2024: 1,876,152) and connected 440,270 customers (2024: 373,918). Since the end of 2019, the Company has accessed funding as required to meet its capital outlay, with funds drawn progressively rather than being fully committed and available upfront.

Throughout 2025, the Company successfully increased its facilities from existing and new lenders and as at 31 December 2025, had drawn down £1,086.3 million (2024: £966.4 million), against total committed funds available, including the revolving credit facility, of £1,268.9 million (2024: £1,190.9 million). The Company, in collaboration with its shareholders, is actively engaged in sourcing additional commitments in 2026 to secure the full available facility size, including the revolving credit facility, of £1,285 million.

The Directors have conducted a comprehensive assessment of the Company’s ability to continue as a going concern, including long-term cash flow forecasting, scenario modelling, covenant adherence evaluation, and funding considerations. No issues impeding access to current facilities or covenant compliance were identified, for planned performance. However, funding beyond current existing committed arrangements is required for the Company’s network and other investments within the next 12 months from the approval of the financial statements. It is Management’s expectation that sufficient committed funding will be secured to support the ongoing capital expenditure requirements.

In the event that this anticipated committed funding is not available, the Directors believe that by taking prompt action to reduce the level of capital investment and other actions, the business could continue to trade for a sufficient time to identify and secure alternative sources of funding. However, if for any reason such action could not be fully executed, the Company may see an impact on its working capital position or its ability to meet short term obligations as they arise. Therefore, given the Company’s reliance on completion of refinancing and further unsecured funding to continue its planned investment programme, these conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern, and therefore that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company’s performance to date accompanied by the long-range business plan demonstrates that, although the business in the short-term continues to be reliant both on external borrowing and on shareholder funding due to the continued incremental of network expansion and investment in digital transformation, new products and new retail off-net offering, strong returns are anticipated as penetration of the network continues to increase, at which point the Directors expect the Company to start generating positive cash flow. Such returns have been demonstrated by the Company’s ability to attract customers and generate revenue from the network it has already built since 2013. As such, the Directors believe the Company continues to represent an attractive investment opportunity as demonstrated by the loan facility upsizes through to 2025 and by its acquisition by KKR in 2019 as well as the continued financial support of its shareholders. This gives the Directors confidence in the ability to

Hyperoptic Limited

Report of the directors (*continued*) for the year ended 31 December 2025

Going concern (continued)

additional funding such that they have concluded it is appropriate to prepare the financial statement on a going concern basis, and not include the adjustments that would result if the Company were unable to continue as a going concern.

The Directors acknowledge that the Company has £98 million of debt due to mature on 30 November 2026. As at the date of approval of these financial statements, the Company is in advanced stages of a refinancing process to extend the maturity of this facility, which is expected to conclude shortly after the approval of these financial statements. While the refinancing has not yet been finalised, the Directors have a reasonable expectation, based on progress to date and discussions with lenders, that the refinancing will be completed successfully.

In forming their going concern assessment, the Directors have considered the status of the refinancing, the Company's forecast cash flows, and available liquidity. On this basis, the Directors are satisfied that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements, and therefore continue to adopt the going concern basis of accounting.

In addition, the Company has received a letter of support from its ultimate Parent Company, Thunderbird Topco Limited, and a commitment that amounts owing to group undertakings will not be recalled for a period of at least 12 months from the date of approval of these financial statements.

Post balance sheet events

Subsequent to the reporting period, the Company has made a total of £44 million of withdrawals under the debt facility; (£10 million in January 2026, £12 million in February 2026, £5 million in March 2026 £6 million in April 2026, £5 million in May 2026 and £6 million in June 2026). Furthermore, the Company has also increased the use of its revolving credit facility to £19 million, having drawn a further £12 million from 1 January 2026 to date.

Auditor

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at a future general meeting.

Guidelines for Disclosure and Transparency in Private Equity

The directors consider that the Annual Report and Financial Statements comply with the Guidelines for Disclosure and Transparency in Private Equity.

Approved by the Board of Directors on 26 June 2026 and signed on its behalf by:

Signed by:

 Sam Horrocks (CFO)

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S Horrocks
Director

Hyperoptic Limited

Statement of directors' responsibilities for the year ended 31 December 2025

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Hyperoptic Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYPEROPTIC LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hyperoptic Limited ("the Company") for the year ended 31 December 2025 which comprise of the following:

Statement of comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes 1 to 23 to the financial statements
Material accounting policy information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 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 Company is reliant on completion of refinancing and securing additional funding, which is not guaranteed. Failure to refinance or obtain funding or alternatively implementing successful mitigating actions could have adverse effects on the Company's working capital position and its ability to meet short-term obligations as they arise. 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 company's ability to continue as a going concern. The financial statements do not include any adjustments that would be necessary if the Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Hyperoptic Limited

Independent auditor's report

Material uncertainty related to going concern (continued)

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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Hyperoptic Limited

Independent auditor's report

Responsibilities of Directors (continued)

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

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. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

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 Company and the industry in which it operates;
- Discussion with management and those charged with governance and those responsible for legal, tax, accounting and compliance procedures; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be applicable accounting framework, UK tax legislation, Data Privacy, Companies Act 2006, Economic Crime and Transparency Act 2023, Health & Safety Legislation, Bribery Act 2010 and Ofcom regulations.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Companies Act 2006, UK tax legislation and Ofcom regulations.

Our procedures in respect of the above included:

- Enquires of management whether there were any litigations and claims;
- Enquires of the legal team of the Company;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondences with regulatory and 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 Company's policies and procedures relating to:

Hyperoptic Limited

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements (continued)

- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- 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; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

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

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Challenging management's assessments, assumptions and evaluating data used as the basis for making estimates to assess whether judgements made in making accounting estimates are indicative of potential bias by management; and
- With regards to the risk of fraud on inappropriate or incorrect revenue recognition in relation to new subscribers, our procedures included obtaining a list of the new subscribers added during the year and verifying the reconciliation of the movement of the subscribers during the year. We checked a sample of new subscribers to underlying documentation and the receipt of first payment on commencement of their services to ensure the new subscribers added during the year exist.

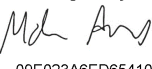
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Mark Ayres (Senior Statutory Auditor)
 For and on behalf of BDO LLP, Statutory Auditor
 London, UK
 26 June 2026

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

Hyperoptic Limited
Statement of comprehensive income
for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Turnover	3	138,811	113,643
Cost of sales		(6,557)	(26,197)
Gross profit		132,254	87,446
Distribution costs		(11,993)	(9,744)
Administrative expenses		(177,308)	(153,470)
Other operating income	6	1,216	1,526
Operating loss	6	(55,831)	(74,242)
Interest receivable and similar income		239	200
Interest payable and similar expenses	7	(98,661)	(84,996)
Fair value movement on interest rate swap	18	(17,817)	14,723
Loss before taxation		(172,070)	(144,315)
Taxation on loss	8	(170)	(188)
Loss for the year		(172,240)	(144,503)
Other comprehensive income/(expense)			
Currency Translation Difference		(96)	509
Loss and total other comprehensive loss for the year		(172,336)	(143,994)

All amounts recognised relate to continuing activities.

The notes on pages 31 to 51 form part of these financial statements.

Hyperoptic Limited

Statement of financial position at 31 December 2025

Company number 07222543	Note	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Fixed assets					
Tangible assets	9		689,787		647,939
Right-of-Use assets	10		234,841		-
Current assets					
Stock	11	11,909		16,119	
Debtors	12	58,777		51,338	
Cash at bank and in hand		2,941		11,675	
			73,627	79,132	
Creditors: amounts falling due within one year	13	(173,445)		(70,876)	
Net current liabilities		(99,818)		8,257	
Creditors: amounts falling due after more than one year	14	(1,233,359)		(966,789)	
Net liabilities			(408,549)		(310,593)
Capital and reserves					
Called up share capital	16		357,280		285,680
Share premium account	22		184		184
Profit and loss account	22		(766,336)		(596,877)
Other Reserves	22		323		419
Shareholders' deficit			(408,549)		(310,593)

The financial statements were approved by the Board of Directors and authorised for issue on 26 June 2026.

Signed by:

Sam Horrocks (CFO)

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S Horrocks
Director

The notes on pages 31 to 51 form part of these financial statements.

Hyperoptic Limited

Statement of changes in equity For the year ended 31 December 2025

	Share Capital £'000	Share Premium £'000	Accumulated losses £'000	Other Reserves £'000	Total £'000
Balance at 1 January 2024	60,965	184	(452,374)	(90)	(391,315)
Loss and total other comprehensive loss for the year	-	-	(144,503)	509	(143,994)
Total comprehensive loss	-	-	(144,503)	509	(143,994)
Shares issued during the year	224,715	-	-	-	224,715
Balance as at 31 December 2024	285,680	184	(596,877)	419	(310,593)

	Share Capital £'000	Share Premium £'000	Accumulated losses £'000	Other Reserves £'000	Total £'000
Balance at 1 January 2025	285,680	184	(596,877)	419	(310,594)
Effect of adoption of FRS 102 amendments (note 19)	-	-	2,781	-	2,781
Restated balance at 1 January 2025	285,680	184	(594,096)	419	(307,813)
Loss and total other comprehensive loss for the year	-	-	(172,240)	(96)	(172,336)
Total comprehensive loss	-	-	(172,240)	(96)	(172,336)
Shares issued during the year	71,600	-	-	-	71,600
Balance as at 31 December 2025	357,280	184	(766,336)	323	(408,549)

The notes on pages 31 to 51 form part of these financial statements.

Hyperoptic Limited

Statement of cash flows for the year ended 31 December 2025

	2025 £'000	2024 £'000
Cash flows from operating activities		
Loss for the financial period	(172,240)	(144,503)
Adjustments for:		
Depreciation	108,772	76,855
Interest income	(239)	(200)
Interest expense	83,159	84,996
Finance charges on leases	15,502	-
Fair value movement on swaps	17,817	(14,723)
Taxation expense	170	188
Decrease in inventory	4,210	8,670
Increase in receivables	(6,615)	(19,260)
(Decrease) /increase in payables	(7,687)	15,381
	42,849	7,404
Interest paid	(83,160)	(79,385)
Tax	(162)	(46)
Net cash utilised in operating activities	(40,473)	(72,027)
Cash flows from investing activities		
Acquisition of fixed assets	(91,745)	(124,596)
Capitalised staff costs	(42,205)	(48,743)
Interest received	239	200
Net cash utilised in investing activities	(133,711)	(173,139)
Cash flows from financing activities		
Issue of long-term loans	151,879	96,423
Repayment of short-term loans	(32,000)	-
Lease payments	(26,347)	-
Proceeds from issue of ordinary share capital	71,600	146,595
Net cash generated from financing activities	165,132	243,018
Net decrease in cash and cash equivalents	(9,052)	(2,148)
Cash and cash equivalents at the beginning of the period	11,675	13,313
Exchange gains/(losses) on cash & cash equivalents	318	510
Cash and cash equivalents at the end of the period	2,941	11,675

The notes on pages 31 to 51 form part of these financial statements.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025

1 Accounting policies

Hyperoptic Limited is a private company, limited by shares and domiciled in England and Wales. The registered office is set out on the contents page 1. The nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates (see note 2). It also requires management to exercise judgement in applying the Company's accounting policies.

The FRC issued an amended FRS 102 in September 2024. The principal effective date for these amendments is accounting periods beginning on or after 1 January 2026, with early application permitted provided all amendments are applied at the same time. Hyperoptic Limited has chosen to early adopt these amendments. The Company is applying a modified retrospective approach, recognising adjustments in opening balances as of 1 January 2025 without restating comparatives. Information on the effect of the adoption of these amendments is provided in note 19.

The following material accounting policies have been applied:

Going concern

The Directors have undertaken a comprehensive assessment of the Company's ability to continue as a going concern. This included:

- the preparation of a long-term cash flow forecast model, covering a period of 12 months from the date of the approval of the financial statements.
- scenario and stress test modelling to evaluate the potential impact of adverse performance in key risk areas, such as revenue generation, inflation, access to capital, interest rates, reduced activity levels and the costs associated with the continued incremental expansion of the network and other investments.
- an assessment of covenant adherence and availability of the existing committed facilities.
- an assessment of the Company's ability to secure additional committed debt funding under its existing facilities as well as accessing additional committed funding to support its network and other investments; and an evaluation of a reduced activity cash flow forecast in which the Company pauses its investments and reduces discretionary spend.

Based on this assessment, for planned performance, no issues have been identified that would impede access to the current facility arrangement and all covenants would continue to be met. Further, the company believes it is well placed to access capital to maximise market opportunities. However, it should be noted that the Company's network and other investments require funding beyond its current borrowing arrangements. As a result, additional sources of funding are required within the next 12 months from the date of approval of the financial statements.

As at the date of approval of the financial statements, the Company has secured commitments of £1,268.9 million out of its amended facility size of £1,285 million including the committed revolver facility (£35 million). As of the date of this report, the total amount drawn under the facilities was £1,086.3 million, including £7 million use of the Company's revolver facility.

The Company's shareholders have continued to demonstrate their commitment through additional funding being provided throughout 2025 with an additional equity investment of £71.6 million, net of fees, issued during July 2025 to the group undertaking as part of a £150 million commitment, which is now fully utilised.

Furthermore, the Company has made significant progress in expanding its network and subscriber base which totalled 440,270 subscribers at the end of 2025 (2024: 373,918, an increase of 17.7%). In light of these achievements, the Directors believe the Company represents an attractive investment opportunity for a variety

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (*continued*)

of finance providers, and it has confidence in its ability to secure the additional funding necessary to support its planned network and other investments.

Based on the base case cash flow forecast, the Company requires additional funding from equity or subordinated facilities in the next 12 months, in order to fully access the remaining senior debt financing commitments. Management has reasonable expectations that additional equity or subordinated funding will be available from existing shareholders or other third parties in order to meet the liquidity requirements of the Company in the short term.

Nevertheless, in the event that additional funding is not secured within the next 12 months, it is anticipated that planned investment would be paused and the Company would focus all its resources on customer acquisition and increasing the penetration on its existing network. In such a scenario, management is confident in its ability to limit discretionary spending (including cessation of additional network deployment investment) and execute operational cost-cutting measures, which would provide the necessary time to explore alternative sources of finance. However, the Company could see an impact on the realisation of assets and meeting the obligations as they arise.

The Directors acknowledge that the Company has £98 million of debt due to mature on 30 November 2026. As at the date of approval of these financial statements, the Company is in advanced stages of a refinancing process to extend the maturity of this facility, which is expected to conclude shortly after approval of these financial statements. While the refinancing has not yet been finalised, the Directors have a reasonable expectation, based on progress to date and discussions with lenders, that the refinancing will be completed successfully.

In forming their going concern assessment, the Directors have considered the status of the refinancing, the Company's forecast cash flows, available liquidity and ability to secure additional funding. On this basis, the Directors are satisfied that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements, and therefore continue to adopt the going concern basis of accounting.

Additionally, the Company has received a letter of support from its ultimate Parent Company, Thunderbird Topco Limited, providing an undertaking that amounts owing to group undertakings will not be recalled, and that it will continue to provide such financial support as required for the Company to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements.

The Directors acknowledge that the Company is reliant on completion of refinancing and securing additional funding, which is not guaranteed. Failure to refinance or obtain funding or alternatively implementing successful mitigating actions could have adverse effects on the Company's working capital position and its ability to meet short-term obligations as they arise. These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern, and therefore that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, given the Company's continued demonstration of strong growth, financial and operational performance, proven track record in successfully increasing its debt facilities, ability to take prompt action to implement cost reduction measures to minimise any potential funding gap, and the ongoing support of its shareholders, the Directors have concluded it is appropriate to use the going concern basis for the preparation of the accounts for the year ended 31 December 2025. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Costs capitalised include internal personnel costs incurred to bring the network asset up to working condition. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation rates applied

Leasehold improvements	- 20% straight line
Network asset	- 10% straight line
Physical infrastructure asset	- 5% straight line
Software	- 20-25% straight line
Motor vehicles	- 20% straight line
Office equipment	- 25% straight line

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss to recognise. If there is an indication of possible impairment this is recognised immediately in the income statement.

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.

Performance obligations and timing of revenue recognition

A significant portion of the Company's revenue is derived from sales of internet and broadband services and associated installation or termination charges. Internet and broadband services and installation or termination 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. Installation or termination services are recognised at a point in time as they are identified as a distinct performance obligation and is fully completed and transferred to the customer upfront. 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. Deferred revenue arises where services are billed at the beginning of the contract, however are recognised over the period during which the service is granted. Accrued income is recognised in relation to services recognised as revenue but yet to be invoiced. This typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied.

Determining the transaction price

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

Certain contracts for network services include variable consideration where discounts, rebates or incentives are payable to the customer. The estimation of the variable consideration amount is constrained to the extent

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (continued)

that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Allocating amounts to performance obligations

The Company 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 customer life. No judgement is needed to measure the amount of costs of obtaining contracts as it is the commission paid.

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 as if it is a contract separate from the existing contract. In all other cases, the effects of contract modification are accounted 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.

Derivative instruments

The Company uses interest rate swaps and floor contracts to adjust interest rate exposures. The fair value of interest rate swap and floor contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

Financial instruments

Financial assets, other than investments and derivatives are initially measured at transaction price and subsequently held at cost, less any impairment. Derivatives are initially recognised at fair value and are also recognised at fair value in subsequent periods. Movements in fair value are recognised in profit or loss in the Statement of Comprehensive Income. Financial liabilities are initially measured at transaction price and subsequently held at amortised cost.

Leases as a lessee

The Company leases various buildings, network assets, data centres and co-location facilities ('other facilities') and vehicles. The Company accounts for a contract, or a part of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease. Therefore, the Company does not allocate any amount of the contractual payments to services provided by the supplier as part of the contract.

Lease Measurement

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 (short-term leases)

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (continued)

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 implicit in the lease. Where that rate cannot be readily determined, which is typically the case, either the Company's incremental borrowing rate or the Company's obtainable borrowing rate on commencement of the lease is used. The choice of rate is applied on a lease-by-lease basis.

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.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option if the Company is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised.

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 or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

The Company remeasures the lease liability and makes an equivalent adjustment to the right-of-use asset in the following situations:

- When the Company revises its estimate of the term of any lease (because, for example, the Company re-assesses the probability of a lessee extension or termination option being exercised) the carrying amount of the lease liability is adjusted to reflect the payments over the revised term, which are discounted using a revised discount rate.
- Where there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments the carrying amount of the lease liability is adjusted to reflect the revised payments. The discount rate remains unchanged unless the change in lease payments is due to a change in floating interest rates. Where this is the case, the Company uses a revised discount rate that reflects the changes in the interest rate.
- Subject to the exceptions noted below, where a lease contract is modified such that it doesn't decrease the scope of the lease, and the modification is not accounted for as a separate lease, the lease liability is remeasured using the revised lease payments over the lease term of the modified lease discounted using a revised discount rate.

Where there has been a modification to a lease, the Company applies the policy above except:

- If the modification results in a decrease in the scope of the lease, an equivalent adjustment to the right-of-use asset is not made. Instead, the Company recognises a proportionate reduction in the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. The

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (continued)

difference between the remeasured lease liability and the right-of-use asset is recognised as a modification gain or loss in profit or loss.

- The Company uses an unchanged discount rate when either:
 - the additional consideration from the lease modification is insignificant to the total consideration of the original leases,
 - the consideration for the lease decreases by an amount commensurate with the stand-alone price for the decrease in scope; or
 - the lease modification decreases the consideration payable for the remaining term of the lease but does not decrease the scope of the lease by removing the right to use one or more underlying assets.

Depreciation of the right-of-use asset is recognised on a straight-line basis over the period for which the company expects to use the underlying asset and charged to the profit and loss account. Interest on the lease liability is recognised as a finance cost.

Cash payments for the principal element of lease liabilities are presented within financing activities in the statement of cash flows. Interest paid on lease liabilities is classified as financing activities.

The company applies the recognition exemptions permitted by FRS 102 for:

- short-term leases, being leases with a lease term of 12 months or less; and
- low-value leases.

Payments in respect of these leases continue to be recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

This accounting policy has been applied from 1 January 2025. Lease balances recognised at transition represent a change in accounting policy from the treatment applied in prior periods, when operating lease payments were recognised as an expense as incurred. Comparative information has not been restated.

Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Cost is based on the cost of purchase on a first in, first out basis.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Customer Acquisition Costs

The directly attributable costs of acquiring customers is capitalised and amortised on a straight-line basis over the expected life of the customer. These customer acquisition costs have been capitalised within prepayments.

Taxation

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

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

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

1 Accounting policies (continued)

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

2 Significant judgements and estimate

The preparation of financial statements under FRS 102 requires management to make judgements, estimates and assumptions which affect the application of certain accounting policies and reported amounts in the financial statements. The areas requiring a higher degree of complexity or judgement or where the effect of assumptions or estimates are significant to the financial statements are detailed below:

Useful economic life of tangible fixed assets and Right of Use assets

The Company depreciates tangible fixed assets over their useful economic lives, reflecting management's estimates of the period for deriving future economic benefits.

For right-of-use assets, following the early adoption of amended lease accounting requirements of FRS 102 from 1 January 2025, management exercises judgement in determining the depreciation period, considering expected benefits beyond the non-cancellable lease term and renewal options.

Changes in usage, technological developments, or lease renewal assumptions may impact the estimated useful lives and residual values, affecting future depreciation charges. The carrying amount of tangible fixed assets and Right of Use assets are disclosed in note 9 and 10 to the financial statements.

Carrying Value of tangible and Right of Use assets

As of 31 December 2025, the Company recognised £689.8 million in tangible fixed assets and £234.8 million in right-of-use assets, detailed in notes 9 and 10 of the financial statements.

The Company evaluates all non-financial assets, including these, for impairment indicators at each reporting date. During the financial period, impairment testing was conducted using value-in-use calculations based on a single-scenario discounted cash flow model. Management applied judgement in estimating future cash flows, considering factors such as network expansion costs, capital availability, and expected subscriber revenue.

Right-of-use assets are assessed alongside related tangible network assets within the same cash-generating units. Changes in assumptions or calculation methods could significantly affect asset recoverable amounts, potentially leading to impairment charges.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

3 Turnover

Disaggregation of revenue

The Company has disaggregated revenue recognised from contracts with customers into various categories below by class of business, geographical market and the timing of the transfer of goods and services to customers at a point in time or over time:

<i>Analysis by class</i>	2025	2024
	£'000	£'000
Internet and broadband services	132,996	109,497
Other	5,815	4,146
	138,811	113,643

<i>Analysis by geographical market</i>	2025	2024
	£'000	£'000
United Kingdom	138,811	113,643
	138,811	113,643

<i>Analysis by timing of transfer of goods and services</i>	2025	2024
	£'000	£'000
Over time	134,761	111,290
Point in time	4,050	2,353
	138,811	113,643

The Company has the following balances in relation to contracts with customers:

	31 December	31 December	1 January
	2025	2024	2024
	£'000	£'000	£'000
Trade debtors	9,479	7,502	7,745
Contract assets	3,786	-	-
Contract liabilities	(6,167)	(5,359)	(4,345)
	7,098	2,143	3,400

£5.4 million (2024: £4.4 million) of the revenue recognised in the reporting period was included in the contract liabilities balance at the beginning of the period. There was £3.8 million (2024: £nil) revenue recognised in the current period from performance obligations satisfied or partially satisfied in the previous periods.

Contract assets and contract liabilities are presented within notes 12 and 13 as “accrued income” and “deferred income” respectively. They arise because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

3 Turnover (continued)

The amount of incremental costs to obtain a contract which have been recognised as an asset as at 31 December 2025 is £9.9 million (2024 – £8.6 million) and the amortisation charge in the period is £3.7 million (2024 - £4.3 million). There was no impairment recognised in the current or prior year.

Unsatisfied performance obligations

The transaction price allocated to unsatisfied performance obligations at 31 December 2025 is £6.2 million. It is expected that revenue of £6 million will be recognised on these contracts during the year to 31 December 2026 with the remainder being recognised as revenue during the year to 31 December 2027.

4 Employees

	2025 £'000	2024 £'000
Staff costs including directors' remuneration, consist of:		
Wages and salaries	73,633	78,810
Social security costs	6,462	6,508
Pension costs	1,374	1,631
Less: costs capitalised	(42,205)	(48,743)
	39,264	38,206

The average monthly number of employees, including directors, during the year was 1,492 (2024: 1,724), split as follows:

	2025 Number	2024 Number
Directors	2	2
Head office	122	139
Customer services	202	267
IT and Systems	242	178
Marketing and Sales	107	80
Network and Field	817	1,058
	1,492	1,724

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (continued)

5 Key management and directors remuneration

Key management personnel include all directors and senior executives of the Company, who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the Company was £3,002,525 (2024: £2,816,489). The Company paid into the pension scheme for 5 (2024: 6) key management personnel.

The directors remuneration for the period was:

	2025 £'000	2024 £'000
Emoluments	1,245	1,101

Emoluments of the highest paid director was £548,686 (2024: £610,133). Company pension contributions of £13,890 (2024: £13,354) were made to a defined contribution scheme on their behalf.

6 Operating loss

	2025 £'000	2024 £'000
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets - owned by the Company	92,101	76,855
Depreciation of right-of-use assets	16,785	-
Auditor remuneration:		
- Audit services	306	252
- Tax services	60	61
Operating lease expense	-	696
Variable lease payments not included in lease liability	325	-
Difference on foreign exchange	216	457
Other income	1,216	1,526

Other income relates to the receipt of service level credits from a supplier of £1,216,000 (2024: £1,526,000).

7 Interest Payable

	2025 £'000	2024 £'000
Interest due on loans	83,159	84,996
Lease liabilities (Note 10)	15,502	-
	<u>98,661</u>	<u>84,996</u>

See note 14 for further details on loans and applicable interest.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

8 Taxation on loss on ordinary activities

	2025 £'000	2024 £'000
<i>Analysis of tax charge in the year</i>		
Current tax		
UK corporation tax	-	-
Foreign corporation tax – current period	170	188
Total current tax	170	188

Factors affecting tax charge for the year

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

	2025 £'000	2024 £'000
Loss on ordinary activities before tax	(172,070)	(144,315)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024: 25%)	(43,017)	(36,079)
Effects of:		
Fixed Asset Differences	4,251	4,630
Expenses not deductible for tax purposes	31,360	17,287
Adjustments to Brought forward values	-	-
Other permanent differences	(34)	(41)
Foreign tax suffered	170	188
Remeasurement of deferred tax for changes in tax rates	-	-
Foreign permanent establishment exemption	(243)	(211)
Deferred tax not recognised and other adjustments	7,683	14,414
Total tax charge for year	170	188

Factors that may affect future tax charges

The Company has an unrecognised deferred tax asset arising from its unrelieved trading losses and fixed asset timing differences, which has not been recognised due to the uncertainty over the level and timing of profits in the future. The unrecognised deferred tax asset is made up as follows:

	2025 £'000	2024 £'000
Unrecognised deferred tax asset	93,066	81,018

Hyperoptic Limited

Notes to the financial statements
for the year ended 31 December 2025 (continued)

8 Taxation on loss on ordinary activities (continued)

The unrecognised deferred tax asset relates to unrelieved trading losses available to carry forward £324,900,656 (2024: £466,196,352), less fixed asset timing differences £47,080,345 (2024: £142,473,619) plus other timing differences of £283,441 (2024: £350,377).

9 Tangible assets

	Leasehold Improvements £'000	Network Asset £'000	Physical Infrastructure Access £'000	Software £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
<i>Cost</i>							
At 1 January 2025	3,540	563,385	268,182	69,849	6	5,672	910,634
Additions	51	100,349	4,542	28,735	-	271	133,949
At 31 December 2025	3,591	663,734	272,724	98,584	6	5,943	1,044,583
<i>Depreciation</i>							
At 1 January 2025	3,103	178,331	33,904	42,175	6	5,175	262,694
Charge for the year	304	60,264	13,511	17,674	-	348	92,102
At 31 December 2025	3,407	238,595	47,415	59,849	6	5,523	354,796
<i>Net book value</i>							
At 31 December 2025	184	425,139	225,309	38,735	-	420	689,787
At 31 December 2024	437	385,054	234,278	27,674	-	497	647,939

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

10 Leases

The Company leases a number of buildings, data centres and co-location facilities ('Other facilities') and vehicles in the United Kingdom and Serbia, where it operates. In some lease contracts, payments increase each year by inflation or in others are reset periodically to market rental rates. In other leases, the periodic rent is fixed over the lease term. The Company also leases certain network assets which comprise of ducts and poles, Ethernet Access Direct and other related leased assets. Leases of network assets comprise only fixed payments over the lease terms.

Right-of-use assets were recognised on balance sheet for the first time in the current year following the Group's early adoption of the amended lease accounting requirements of FRS 102 with effect from 1 January 2025.

Total cash outflow for leases during the year was £26.3 million. See note 6 for variable lease payments not included in the measurement of lease liabilities. There are no short term or low value leases. See note 7 for the interest expense on lease liabilities.

Lease liabilities have been calculated using the Incremental borrowing rates.

Right of Use assets and lease liabilities are presented in the balance sheet as follows:

	Buildings	Network Asset	Motor Vehicles	Other Facilities	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2025	2,852	170,765	4,964	19,494	198,075
Additions	2,722	48,772	681	1,376	53,551
Disposals	-	-	-	-	-
	5,574	219,537	5,645	20,870	251,626
Accumulated depreciation					
At 1 January 2025	-	-	-	-	-
Depreciation charges	1,139	12,740	1,694	1,212	16,785
Depreciation on disposals	-	-	-	-	-
	1,139	12,740	1,694	1,212	16,785
Carrying Amount					
At 31 December 2025	4,435	206,797	3,951	19,658	234,841

Right-of-use assets were recognised on balance sheet for the first time in the current year following the company's early adoption of the amended lease accounting requirements of FRS 102 with effect from 1 January 2025.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (continued)

10 Leases (continued)

Total cash outflow for leases during the year was £26.3 million. See note 6 for variable lease payments not included in the measurement of lease liabilities. There are no short term or low value leases. See note 7 for the interest expense on lease liabilities.

Lease liabilities

	£'000
Balance at 1 January 2025	198,075
Additions	53,994
Interest expense	15,502
Lease Payments	(26,347)
At 31 December 2025	241,224
Lease liabilities short-term	12,139
Lease liabilities long-term	229,085

11 Stock

	2025 £'000	2024 £'000
CPE, switch and material stock	11,909	16,119

12 Debtors

	2025 £'000	2024 £'000
Trade debtors (net of provisions)	9,479	7,502
Other debtors	4,010	8,776
Amounts owed by group undertakings	27,316	20,306
Prepayments and accrued income	17,804	8,733
VAT recoverable	168	4,062
Derivative financial instruments (note 15)	-	1,959
	58,777	51,338

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. Other debtors include £492,167 (2024: £492,167) deposit for leases which is recoverable after more than one year.

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Notes to the financial statements for the year ended 31 December 2025 (*continued*)

13 Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Trade creditors	7,884	11,110
Amounts owed to group undertakings	1,749	1,530
Corporation tax	22	13
Other taxation and social security	1,386	1,621
VAT payable	757	-
Accruals and deferred income	50,817	55,911
Pension payable	283	340
Other creditors	277	351
Lease liabilities	12,139	-
Loan (refer note 14)	98,131	-
	173,445	70,876

As at the year end, the remaining amounts owed to group undertakings are unsecured and, interest free and payable on demand.

Amounts included within creditors represent the company's obligations in respect of lease liabilities recognised following the early adoption of the amended lease accounting requirements of FRS 102 with effect from 1 January 2025. The company has applied the modified retrospective approach to the recognition of leases and hence the comparatives for 2024 have not been stated.

Lease liabilities are split between amounts payable within one year and amounts payable after more than one year, reflecting the contractual maturity profile of the underlying leases.

14 Creditors: amounts falling due after more than one year

	2025 £'000	2024 £'000
Loan	988,171	966,423
Accruals and deferred income	193	169
Other creditors	197	197
Lease liabilities	229,085	-
Derivative financial instruments (note 15)	15,713	-
	1,233,359	966,789

In 2019, the Company entered into a loan facilities agreement of £500 million with an additional £35 million revolving credit facility. The loan arrangement includes covenants relating to the total net debt to homes passed (homes passed being a home which can readily be connected to Hyperoptic's fibre network) and total net debt to subscriber (subscriber being a residential or business customer with less than 3 months' charges outstanding).

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

14 Creditors: amounts falling due after more than one year (continued)

In 2021, the Company increased the size of its committed debt facility from £535 million to £659 million. In December 2022, the lenders in the existing syndicated debt facility approved a £301 million accordion basket, allowing for an increase in the lending facilities up to £925 million for the Company. In December 2023 a new additional accordion bucket was approved, taking lending facilities up to £1,250 million, excluding the revolving credit facility of £35 million.

During 2025, the Company drew down £115.9 million (2024: £113.4 million) from the existing syndicated debt facility, taking the closing facility borrowing to £1,079.3 million (2024: £963.4 million), excluding the revolving credit facility of £35 million, out of which, the Company has drawn down £4 million during the year. This leaves £155.0 million committed but undrawn, with the committed debt facility amounting to £1,233.9 million, excluding the revolving credit facility, which has £28 million remaining available to draw.

Facility B1, amounting to £98.1 million of the committed debt facility, bears interest at SONIA plus a 3.5% margin with repayment due on 30 November 2026. Facilities B9 to B27, amounting to £980.7 million of the committed debt facility, bear interest at SONIA plus a 4% margin with maturity on 31 December 2028, except for B18/19 and B26/17, amounting £59.4 million of the committed debt facility, which bears interest at EURIBOR plus 3.85%. The revolving credit facility of £35 million, bears interest at SONIA plus a 3.5% margin with repayment due on 31 December 2028 for Redesignated Revolver Facility and 30 November 2026 for Original Revolver Facility.

Loans from senior credit facility taken from December 2023 cannot exceed 70% of the total amount the company has spent on capex since that date.

Amounts included within creditors represent the company's obligations in respect of lease liabilities recognised following the early adoption of the amended lease accounting requirements of FRS 102 with effect from 1 January 2025. The company has applied the modified retrospective approach to the recognition of leases and hence the comparatives for 2024 have not been stated.

Lease liabilities are split between amounts payable within one year and amounts payable after more than one year, reflecting the contractual maturity profile of the underlying leases.

	Lease Liabilities 2025 £'000
In under one year	12,139
In more than one year but not more than two years	12,720
In more than two years but not more than five years	36,722
In more than five years	179,643
Total	241,224

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

15 Financial instruments

	2025 £'000	2024 £'000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	9,479	7,502
Other debtors	4,010	8,776
Amounts due from group undertakings	27,316	20,306
Financial Assets (liabilities) measured at fair value through the income statement		
Interest rate swaps	(15,713)	1,959
Financial liabilities measured at amortised cost		
Bank loan	(1,086,302)	(966,423)
Trade creditors	(7,884)	(11,110)
Accruals	(44,651)	(50,551)
Amounts owed to group undertakings	(1,749)	(1,530)
Other creditors & pension payable	(560)	(691)
Lease liabilities	(241,224)	-

During the year, the Company entered into new derivative contracts comprising forward foreign exchange contract and cross-currency interest rate swaps as part of its ongoing management of foreign currency and interest rate exposures arising on the Company's financing arrangements.

Derivative financial instruments are recognised at fair value at the date the contracts are entered into and subsequently remeasured to fair value at each reporting date, with all fair value movements recognised in the profit and loss account.

16 Share Capital

	2025 Number	2024 Number	2025 £'000	2024 £'000
Ordinary shares of £1 each	357,280,136	285,680,136	357,280	285,680

During the year the company allotted 71,600,000 ordinary shares with a nominal value of £1 for a total consideration of £71.6 million.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

17 Commitments under operating leases

As at 31 December 2025, the Company had no commitments under non-cancellable operating leases following early adoption of amendments under FRS102 from 1 January 2025. These leases are now included under Note 13 and 14:

	Land and buildings 2025 £'000	Land and buildings 2024 £'000	Other operating leases 2025 £'000	Other operating leases 2024 £'000
In under one year	-	1,640	-	1,882
In one to five years	-	6,084	-	3,716
Later than five years	-	57	-	-
Total	-	7,781	-	5,598

18 Net debt reconciliation

	1 January 2025 £'000	Cashflows £'000	Non-cash Movements £'000	31 December 2025 £'000
Cash and cash equivalents	11,675	(9,052)	318	2,941
Bank Loans	(966,423)	(119,879)	-	(1,086,302)
Interest accrued but not yet paid	(455)	-	1	(454)
Interest rate swaps	1,959	-	(17,672)	(15,713)
Leases	(198,075)	26,347	(69,496)	(241,224)

Non-cash movements relate to:

- Lease liabilities
 - The lease liability for the year mainly comprises of lease additions amounting to £53.5 million and interest charges amounting to £15.5 million.
- Interest rate swaps
 - Non-cash movement refers to changes in the fair value of the swap contract that affect financial statements without involving actual cash transactions.

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand, and bank overdrafts.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (continued)

19 Effect of changes in accounting policies

The Company has chosen to early adopt the FRS 102 Periodic Review 2024 amendments (“FRS 102 amendments”) during the year. The date of initial application is 1 January 2025. The application of the amendments has resulted in changes to accounting policies for leases and revenue:

- Leases – in accordance with the FRS 102 amendments, the Company must apply the modified retrospective approach to leases.
- Revenue - the Company has chosen to apply the modified retrospective approach to revenue.

Under the modified retrospective approach, the Company has not restated comparatives on adoption of the FRS 102 amendments for revenue and leases and therefore the revised requirements are not reflected in the prior year financial statements. Rather, the adjustments arising from the FRS 102 amendments are recognised in the opening balances as at 1 January 2025. The cumulative effect of the change in revenue recognition policy has been recognised as a £2.8 million increase to opening retained earnings as at 1 January 2025, with a corresponding adjustment to contract assets (disclosed within prepayments and accrued income under note 12). During the current year, £1.7 million of this balance has been recognised through revenue, resulting in a reduction in contract assets and revenue. There was no cumulative effect on retained earnings for the Company as at 1 January 2025 for the change in the leases policy.

Details of the impact of the FRS 102 amendments are given below. The new accounting policies are disclosed in note 1.

Section 20 - Leases

The revised Section 20 *leases* provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. The revised standard substantially carries forward the lessor

accounting in the old standard, with the distinction between operating leases and finance leases being retained for lessors only. The Company does not have significant leasing activities as a lessor.

On the date of initial application the Company recognised right-of-use assets and lease liabilities as follows:

Classification under the old Section 20	Classification under the revised Section 20
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	Right-of-use assets	Lease liabilities
Operating leases	Measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments which were recognised in the statement of financial position as at 31 December 2024.	Measured at the present value of the remaining lease payments, discounted using Company's incremental borrowing rate as at 1 January 2025. The Company's incremental borrowing rate is the rate of interest the company would have to pay to borrow from an independent creditor over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted). The company had no finance leases as on 31 December 2024.	

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

19 Effect of changes in accounting policies (continued)

Section 20 – Leases (continued)

Practical Expedients used

The Company elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under the old Section 20 were not reassessed. The definition of a lease under the revised Section 20 has been applied only to contracts entered into or changed on or after 1 January 2025.

The revised standard provides for certain optional practical expedients on lease-by-lease basis, including those related to the initial adoption of the FRS 102 amendments. The Company applied the following practical expedients when applying the FRS 102 amendments to leases previously classified as operating leases under the old Section 20:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases were onerous under Section 21 Provisions and Contingencies as opposed to preparing an impairment review under Section 27 Impairment of Assets as at the date of initial application;
- chose not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application; and
- used hindsight in assessing whether an extension or termination option is likely to be exercised when determining the lease term.

Impact on current year profit or loss

The impact in the current year for the effect of applying the revised Section 20 comprises of:

- an additional interest charge on leases liabilities of £15.5 million and an additional depreciation charge on the right-of-use asset of £16.8 million as a result of accounting for leases under the new model, versus
- an operating lease expense of £26.3 million if the leases were accounted for under the old model as operating leases, comprising £24.4 million of operating expenditure and £1.9 million of capital expenditure.

Section 23 – Revenue

The revised Section 23 has introduced a new five-step model for revenue recognition. The amount of the adjustment to revenue and to profit or loss in the year to 31 December 2025 for the effect of applying the revised Section 23 is as follows:

- Impact on revenue – decrease of £1.7 million
- Impact on profit or loss – decrease of £1.7 million

The Company provides introductory incentive periods (typically three months) in certain customer contracts during which services are provided free of charge. In applying the requirements of Section 23, these incentives are treated as part of the overall transaction price and revenue is recognised on a systematic basis over the contractual term of the arrangement. As a result, revenue that would previously have been recognised in later periods is brought forward and recognised over the full contract life.

On transition to this accounting treatment, the Company recognised an adjustment of £2.8 million as an increase to retained earnings at 1 January 2025. This reflects revenue that would have been recognised in prior periods had this accounting policy been applied historically. During the year ended 31 December 2025, £1.7 million of this opening balance unwound, resulting in a reduction in turnover for the year.

Accordingly, the effect of applying Section 23 for the year ended 31 December 2025 is a decrease in reported turnover of £1.7 million.

Hyperoptic Limited

Notes to the financial statements for the year ended 31 December 2025 (*continued*)

19 Effect of changes in accounting policies (continued)

Section 23 – Revenue (continued)

Practical Expedients used

The Company applied the following practical expedients when applying the FRS 102 amendments to revenue from contracts with customers:

- For completed contracts that have variable consideration, the transaction price at the date the contract was completed has been used rather than estimating variable consideration amounts in making the adjustment to the opening balance of retained earnings at the date of initial application.
- When identifying satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price to performance obligations, the Company has considered only the aggregate effect of all contract modifications made before 1 January 2025.

20 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 Section 33 “Related Party Disclosures” paragraph 33.1A not to disclose transactions with group companies on the grounds that 100% of the voting rights in the Company are controlled by the group.

21 Controlling party

100% of the share capital is held by the Company’s immediate parent company JHW Bidco Limited a company registered in England and Wales. The Company’s ultimate parent company is Thunderbird Topco Limited, a company registered in Jersey. Thunderbird Topco Limited is controlled by KKR.

22 Reserves

Share premium account

Share premium includes amount subscribed on issue of equity shares in excess of the nominal value, net of any issue costs.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Other Reserves

Other reserves represent foreign exchange translation differences arising from the translation of the results of the Serbian branch from the local currency to the company’s functional currency.

23 Post Balance Sheet Events

Subsequent to the reporting period, the Company has made a total of £44 million of withdrawals under the debt facility; (£10 million in January 2026, £12 million in February 2026, £5 million in March 2026 £6 million in April 2026, £5 million in May 2026 and £6 million in June 2026). Furthermore, the Company has also increased the use of its revolving credit facility to £19 million, having drawn a further £12 million from 1 January 2026 to date.