Condensed Consolidated Financial Statements
31 March 2025

VMED O2 UK HOLDINGS LIMITED
500 Brook Drive
Reading, RG2 6UU
United Kingdom

VMED O2 UK HOLDINGS LIMITED
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Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position (unaudited)

	Note References	31 March 2025	31 December 2024
		in millions	
ASSETS			
Non-current assets:			
Intangible assets	5	£ 15,863.1	£ 16,101.4
Property, plant and equipment	6 and 8	9,997.8	10,006.9
Investments		15.4	14.4
Deferred tax assets	14	411.9	371.2
Related-party notes receivable	15	14,815.7	15,072.7
Derivative instruments	9 and 10	626.6	808.2
Retirement benefit asset		93.8	90.5
Trade receivables and other non-current assets	12 and 15	310.0	325.2
Total non-current assets		**42,134.3**	**42,790.5**
Current assets:			
Trade receivables and other current assets	12 and 15	2,553.6	2,292.7
Derivative instruments	9 and 10	318.7	463.6
Inventory		196.5	203.5
Related-party receivables	15	254.5	229.3
Cash and cash equivalents		291.2	646.2
Total current assets		**3,614.5**	**3,835.3**
Total assets		**£ 45,748.8**	**£ 46,625.8**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Financial Position (unaudited) – continued

	Note References	31 March 2025	31 December 2024
		in millions	
LIABILITIES AND EQUITY			
Non-current liabilities:			
Non-current debt and lease obligations	7, 8, 10 and 15	£ 18,253.0	£ 18,569.1
Retirement benefit obligation		2.8	19.8
Non-current portion of provisions	11	135.9	134.9
Derivative instruments	9 and 10	358.9	268.7
Trade payables and other non-current liabilities	12 and 15	202.5	214.2
Total non-current liabilities		**18,953.1**	**19,206.7**
Current liabilities:			
Trade payables and other current liabilities	12 and 15	3,204.5	3,677.3
Current tax payable	14	10.0	12.0
Derivative instruments	9 and 10	236.3	491.6
Provisions	11	25.5	25.6
Current portion of debt and lease obligations	7, 8, 10 and 15	3,848.5	3,793.1
Total current liabilities		**7,324.8**	**7,999.6**
Total liabilities		**26,277.9**	**27,206.3**
Owner's equity:			
Share capital		—	—
Additional paid-in capital (**APIC**)		214.1	214.1
Other reserves		322.7	322.7
Accumulated profit		19,106.2	19,010.0
Accumulated other comprehensive loss		(345.3)	(336.5)
Total owner's equity		**19,297.7**	**19,210.3**
Non-controlling interest (**NCI**)	16	173.2	209.2
Total combined equity		**19,470.9**	**19,419.5**
Total equity and liabilities		**£ 45,748.8**	**£ 46,625.8**

The non-statutory accounts were signed on behalf of the board on 29 May 2025 by:

M Hardman
Director

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Profit or (Loss) (unaudited)

	Note References	Three months ended 31 March 2025	2024
		in millions	
Revenue	4 and 15	£ 2,480.1	£ 2,588.8
Cost of sales	15	(786.6)	(873.0)
Gross profit		**1,693.5**	**1,715.8**
Personnel expenses		(200.5)	(188.3)
Net impairment losses on financial and contract assets		(42.8)	(57.1)
Other expenses	8 and 15	(573.4)	(548.4)
Depreciation and amortisation	5 and 6	(768.8)	(729.5)
Operating profit		**108.0**	**192.5**
Finance costs	13	(563.4)	(404.9)
Finance income	13	498.9	448.6
Net finance (costs) income		**(64.5)**	**43.7**
Share of results of equity method investments		1.0	0.7
Other income, net		0.9	3.2
		(62.6)	**47.6**
Profit before income taxes		**45.4**	**240.1**
Income tax benefit (expense)	14	42.3	(16.7)
Net profit		**£ 87.7**	**£ 223.4**
Net profit attributable to:			
Owners		£ 96.2	£ 223.3
NCI	16	(8.5)	0.1
Net profit		**£ 87.7**	**£ 223.4**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Note References	Three months ended 31 March 2025	Three months ended 31 March 2024
		in millions	
Net profit		**£ 87.7**	**£ 223.4**
Other comprehensive (loss) income, net of taxes:			
Items that have been or may be reclassified to the statement of profit or (loss):			
Foreign currency translation adjustments		(8.8)	2.8
Other comprehensive (loss) income		**(8.8)**	**2.8**
Comprehensive income		**£ 78.9**	**£ 226.2**
Comprehensive income attributable to:			
Owners		£ 87.4	£ 226.1
NCI	16	(8.5)	0.1
Comprehensive income		**£ 78.9**	**£ 226.2**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity (unaudited)

	Share capital	APIC [a]	Other reserves	Accumulated profit	Accumulated other comprehensive loss	Total owner's equity	NCI	Total combined equity
				in millions				
Balance at 1 January 2025	**£ —**	**£ 214.1**	**£ 322.7**	**£ 19,010.0**	**£ (336.5)**	**£19,210.3**	**£ 209.2**	**£19,419.5**
Net profit	—	—	—	96.2	—	96.2	(8.5)	87.7
Other comprehensive loss	—	—	—	—	(8.8)	(8.8)	—	(8.8)
Dividend (note 16)	—	—	—	—	—	—	(27.5)	(27.5)
Balance at 31 March 2025	**£ —**	**£ 214.1**	**£ 322.7**	**£ 19,106.2**	**£ (345.3)**	**£19,297.7**	**£ 173.2**	**£19,470.9**

	Share capital	APIC [a]	Other reserves	Accumulated loss	Accumulated other comprehensive loss	Total owner's equity	NCI	Total combined equity
				in millions				
Balance at 1 January 2024	**£ —**	**£20,773.8**	**£ 212.5**	**£ (2,338.7)**	**£ (184.8)**	**£18,462.8**	**£ 146.6**	**£18,609.4**
Net profit	—	—	—	223.3	—	223.3	0.1	223.4
Other comprehensive income	—	—	—	—	2.8	2.8	—	2.8
Share-based compensation	—	—	—	1.5	—	1.5	—	1.5
Balance at 31 March 2024	**£ —**	**£20,773.8**	**£ 212.5**	**£ (2,113.9)**	**£ (182.0)**	**£18,690.4**	**£ 146.7**	**£18,837.1**

(a) APIC consists of the share premium and the merger reserve.

Condensed Consolidated Statements of Cash Flows (unaudited)

	Note References	Three months ended 31 March 2025	2024
		in millions	
Cash flows from operating activities:			
Net profit		£ 87.7	£ 223.4
Adjustments to reconcile net profit to net cash (used) provided by operating activities:			
Share-based compensation expense (credit)		13.7	(3.4)
Depreciation and amortisation	5 and 6	768.8	729.5
Impairment, restructuring and other operating items	5 and 11	23.6	7.1
Amortisation of debt premiums, deferred financing costs and non-cash interest	7	1.3	0.4
Share of results of equity method investments		(1.0)	(0.7)
Realised and unrealised losses (gains) on derivative instruments	9 and 10	237.2	(235.1)
Foreign currency transaction (gains) losses	13	(266.0)	62.4
Losses on debt extinguishment	7 and 13	0.7	0.4
Deferred income tax (benefit) expense	14	(40.9)	14.4
Interest paid		(318.0)	(372.1)
Income taxes paid		(0.5)	—
Derivative payments [a]	9	(94.3)	(191.5)
Increase in trade and other receivables [a]		(67.8)	(37.6)
Increase in contract assets [a]	12	(181.2)	(18.8)
Increase in other assets [a]		(295.8)	(289.5)
Decrease in trade payables and accruals [a]		(411.4)	(178.6)
Increase in contract liabilities [a]	12	5.0	13.1
Increase in interest accruals [a]	7	323.8	341.2
Decrease in other liabilities [a]		(20.0)	(19.5)
Net cash (used) provided by operating activities		**£ (235.1)**	**£ 45.1**
Cash flows from investing activities:			
Capital expenditures	5 and 6	£ (319.7)	(415.4)
Repayments of loans to affiliates (related-parties) [b]	15	648.1	1,522.4
Borrowings of loans from affiliates (related-parties) [b]	15	(165.9)	(1,074.7)
Other investing activities		30.5	(3.6)
Net cash provided by investing activities		**£ 193.0**	**£ 28.7**

(a) Certain prior year amounts within the details of changes in our operating assets and liabilities have been restated. Refer to note 3.
(b) Repayments and borrowings of loans with affiliates were presented net in the prior year. These have been restated to be presented gross. Refer to note 3.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows (unaudited) – continued

	Note References	Three months ended 31 March 2025	2024
		in millions	
Cash flows from financing activities:			
Repayments of third-party debt and lease obligations:			
Principal payments on operating-related vendor financing	7	£ (510.1)	£ (887.4)
Principal payments on capital-related vendor financing	7	(223.1)	(227.9)
Principal payments on debt (excluding vendor financing)	7	(173.7)	(670.4)
Principal payments on leases	8	(53.1)	(52.9)
Borrowings of third-party debt	7	178.1	750.2
Operating-related vendor financing additions	7	474.2	802.8
Payment of financing costs and debt premiums	7	(3.3)	(3.7)
Net cash received related to derivative instruments	9	18.6	—
Advances from related-party debt [c]	7 and 15	—	48.5
Repayments of related-party debt [c]	7 and 15	—	(9.8)
Dividend paid to non-controlling shareholders	16	(27.5)	—
Other financing activities		5.7	(0.4)
Net cash used by financing activities		**£ (314.2)**	**£ (251.0)**
Effect of exchange rate changes on cash and cash equivalents		1.3	(0.3)
Net decrease in cash and cash equivalents		**(355.0)**	**(177.5)**
Cash and cash equivalents:			
Beginning of period		646.2	243.1
End of period		**£ 291.2**	**£ 65.6**

(c) Advances from and repayments of related-party debt were presented net in the prior year. These have been restated to be presented gross. Refer to note 3.

Notes to the Condensed Consolidated Financial Statements 31 March 2025 (unaudited)

(1) Basis of Presentation

VMED O2 UK Holdings Limited (**VMED O2**) is domiciled in England and Wales (registered number 13047827). The registered address is 500 Brook Drive, Reading, RG2 6UU. VMED O2 is an integrated communications provider of mobile, broadband internet, video and fixed-line telephony services to residential customers and businesses in the United Kingdom (**UK**).

In these notes, the terms “we”, “our”, “our Company”, “our Group” and “us” may refer, as the context requires, to VMED O2 or collectively to VMED O2 and its subsidiaries. As of 31 March 2025, the primary subsidiaries of VMED O2 include (i) Virgin Media Inc. and its subsidiaries (collectively, Virgin Media) and (ii) O2 Holdings Limited and its subsidiaries (collectively, **O2**).

VMED O2 is a wholly-owned subsidiary of VMED O2 UK Limited, which is a 50:50 joint venture (the Joint Venture) that was formed on 1 June 2021 between Liberty Global Ltd. (**Liberty Global**) and Telefónica, SA (through Telefónica O2 Holdings Limited) (**Telefónica**) (the **JV Transaction**) (the **Shareholders**). In these condensed consolidated financial statements, Liberty Global and Telefónica are each referred to as a “Shareholder”. Prior to the completion of the JV Transaction, (i) Virgin Media Limited **(Virgin Media**) was a wholly-owned subsidiary of Liberty Global and (ii) Telefonica UK Limited (**O2**) was a wholly-owned subsidiary of Telefónica.

These unaudited, interim condensed consolidated financial statements for the period ended 31 March 2025 have been prepared in accordance with International Accounting Standard (**IAS**) 34 Interim Financial Reporting. The results of operations for any interim period are not necessarily indicative of results of the full year and do not include all the financial information and disclosures required in the annual financial statements, and therefore should be read in conjunction with our audited 2024 Annual Bond Report and Consolidated Financial Statements, which includes a description of the significant accounting policies followed in these interim financial statements. There has been no material diversion within our unaudited condensed consolidated financial statements at 31 March 2025 from the accounting policies adopted within the 2024 Annual Bond Report and consolidated financial statements.

The Company has prepared these unaudited condensed consolidated financial statements on the basis that it will continue to operate as a going concern. We consider that there are no material uncertainties that may cast significant doubt over this assumption. We have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These unaudited condensed consolidated financial statements have been prepared under the historical cost convention and are presented in pound sterling, which is our functional currency. Unless otherwise indicated, convenience translations into pound sterling are calculated as of 31 March 2025.

These unaudited condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through 29 May 2025.

This report which has been signed by Mark Hardman on behalf of the Board is not the statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts of VMED O2 UK Holdings Limited for the year ended 31 December 2024 contain an unmodified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006). The statutory accounts have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006. These consolidated non-statutory financial statements were prepared to meet contractual reporting obligations for the purposes of our debt holders.

Foreign Currency Translation and Transactions
Transactions denominated in currencies other than our or our subsidiaries’ functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these non-functional currency transactions result in transaction gains or losses that are reflected in our consolidated statements of profit or (loss) as unrealised (based on the applicable period end exchange rates) or realised upon settlement of the transactions.

(2) Recent Accounting Pronouncements

New Accounting Standards, Not Yet Effective
At the date of preparation of these condensed consolidated non-statutory financial statements, the following new IAS and International Financial Reporting Standards (**IFRS**) accounting standards and amendments to existing standards had been published, but their application is not currently mandatory and not yet adopted by VMED O2:

Standards and amendments	Title	Mandatory application: annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 [(a)]	Classification and Measurement of Financial Instruments.	1 January 2026
Amendments to IFRS 10 [(a)]	Determination of a ‘de facto agent’ within Consolidated Financial Statements	1 January 2026
IFRS 18 [(a)]	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 [(a)]	Subsidiaries without Public Accountability	1 January 2027
Amendments to IFRS 10 and IAS 28 [(a)]	Sale or Contribution of Asset between an Investor and its Associates or Joint Venture	Available for optional adoption / effective date deferred indefinitely

(a) These standards and amendments are yet to be endorsed by UK-adopted IFRS.

We have not yet completed the impact assessment on these new pronouncements.

Amendment to IAS 21: Lack of Exchangeability became effective on 1 January 2025 and has been adopted with no material impact on our condensed consolidated financial statements.

(3) Restatement of Cash Flow Disclosures

Certain prior year amounts within the details of changes in our operating assets and liabilities have been disaggregated to appropriately conform to the current year presentation which has been enhanced to provide more relevant and useful information around our changes in working capital.

Included as a comparator in the consolidated statement of cash flows for the three months ended 31 March 2024:

	Three months ended 31 March	
	2024 As previously reported	2024 Restated
	in millions	
Changes in operating assets and liabilities [(a)]	£ (381.2)	£ —
Derivative payments	—	(191.5)
Increase in trade and other receivables	—	(37.6)
Increase in contract assets	—	(18.8)
Increase in other assets	—	(289.5)
Decrease in trade payables and accruals	—	(178.6)
Increase in contract liabilities	—	13.1
Increase in interest accruals	—	341.2
Decrease in other liabilities	—	(19.5)

(a) Changes in working capital presentation in the prior year included changes in operating assets and changes in operating liabilities only.

We have restated our disclosure on loans to and from related-parties within the investing activities in the consolidated statement of cash flows. In the prior year, repayments and borrowings with related-parties were presented net and amounted to an inflow of £447.7 million. These should have been presented gross. Repayments of loans to affiliates is restated as an inflow of £1,522.4 million. Borrowings of loans from affiliates is restated as an outflow of (£1,074.7 million).

We have restated our disclosure on advances from and repayments of related-party debt within the financing activities in the consolidated statement of cash flows. In the prior year, advances from and repayments of related-party debt were presented net and amounted to an inflow of £38.7 million. These should have been presented gross. Advances from related-party debt is restated as an inflow of £48.5 million. Repayments of related-party debt is restated as an outflow of (£9.8 million).

(4) Segment Reporting

We have one reportable segment, consistent with the information reviewed by the chief operating decision maker, that provides mobile, broadband internet, video and fixed-line telephony services in the UK. Our revenue by major category is set forth below:

	Three months ended 31 March	
	2025	2024
	in millions	
Mobile [a]	**£ 1,347.8**	**£ 1,362.7**
Handset	272.7	291.9
Fixed	**938.5**	**931.6**
Consumer fixed [b]	838.4	822.9
Subscription [c]	819.8	807.7
Other [d]	18.6	15.2
Business-to-Business (**B2B**) fixed [e]	100.1	108.7
Other [f]	**193.8**	**294.5**
Total	**£ 2,480.1**	**£ 2,588.8**

(a) Mobile revenue includes amounts received from residential and B2B customers for ongoing services and, amongst other items, revenue from sales of mobile handsets and interconnect revenue.
(b) Consumer fixed revenue includes subscription and other revenue for ongoing services and the recognition of deferred installation revenue over the associated contract period.
(c) Consumer fixed subscription revenue includes revenue from subscribers who purchase bundled services at a discounted rate and is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our fixed-line and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period. Additionally, we include revenue from certain small or home office (**SoHo**) subscribers.
(d) Consumer fixed other revenue includes, amongst other items, channel carriage fees, late payment fees and revenue from the sale of equipment.
(e) B2B fixed revenue includes (i) revenue from business broadband internet, video and fixed-line telephony services offered to medium to large enterprises and, on a wholesale basis, to other operators and (ii) revenue from long-term leases of portions of our network.
(f) Other revenue primarily includes revenue from construction management activities provided to nexfibre, amongst other items, such as corporate activities provided to nexfibre, the sale of handset insurance policies, the Smart Metering Implementation Programme (**SMIP**), the provision of information and communication technology **(ICT)** services and associated connectivity to O2 business customers and other services.

(5) Intangible Assets

Intangible Assets

Changes in the carrying amounts of our goodwill and intangible assets subject to amortisation during the three months ended 31 March 2025 are as follows:

	Goodwill	Customer relationships	Mobile spectrum licences and other	Computer software	Intangible assets in progress	Total
			in millions			
Cost:						
1 January 2025	**£ 9,740.9**	**£ 7,713.0**	**£ 1,461.7**	**£ 1,154.5**	**£ 157.6**	**£ 20,227.7**
Additions	—	—	—	0.4	74.2	74.6
Assets transferred into service	—	—	—	91.0	(91.0)	—
Disposals	—	—	—	(0.4)	—	(0.4)
31 March 2025	**£ 9,740.9**	**£ 7,713.0**	**£ 1,461.7**	**£ 1,245.5**	**£ 140.8**	**£ 20,301.9**
Accumulated amortisation:						
1 January 2025	**£ —**	**£ (3,070.9)**	**£ (345.4)**	**£ (710.0)**	**£ —**	**£ (4,126.3)**
Amortisation	—	(214.3)	(23.1)	(75.1)	—	(312.5)
31 March 2025	**£ —**	**£ (3,285.2)**	**£ (368.5)**	**£ (785.1)**	**£ —**	**£ (4,438.8)**
Intangible assets:						
31 March 2025	**£ 9,740.9**	**£ 4,427.8**	**£ 1,093.2**	**£ 460.4**	**£ 140.8**	**£ 15,863.1**
1 January 2025	**£ 9,740.9**	**£ 4,642.1**	**£ 1,116.3**	**£ 444.5**	**£ 157.6**	**£ 16,101.4**

Goodwill is not amortised but instead tested for impairment at least annually for our sole cash generating unit (**CGU**). If, amongst other factors, the adverse impacts of economic, competitive or regulatory factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other non-current assets. On a quarterly basis, we perform qualitative review of impairment indicators. As a result, there were no impairment indicators identified at 31 March 2025. A quantitative annual assessment will be performed at year end.

(6) Property, Plant and Equipment

Property, Plant and Equipment
Changes in the carrying amounts of our property, plant and equipment, during the three months ended 31 March 2025 are as follows:

	Plant and machinery	Land and buildings	Computer equipment, tools and other items	Property, plant and equipment in progress	Total
			in millions		
Cost:					
1 January 2025	**£ 11,899.8**	**£ 1,392.5**	**£ 1,825.6**	**£ 978.8**	**£ 16,096.7**
Additions	11.8	18.7	—	423.7	454.2
Retirements, disposals and other	(8.5)	(8.3)	(5.7)	—	(22.5)
Assets transferred into service	358.8	9.9	71.5	(440.2)	—
31 March 2025	**£ 12,261.9**	**£ 1,412.8**	**£ 1,891.4**	**£ 962.3**	**£ 16,528.4**
Accumulated depreciation:					
1 January 2025	**£ (4,683.7)**	**£ (528.2)**	**£ (877.9)**	**£ —**	**£ (6,089.8)**
Depreciation	(327.3)	(36.7)	(92.3)	—	(456.3)
Retirements, disposals and other	5.3	4.6	5.6	—	15.5
31 March 2025	**£ (5,005.7)**	**£ (560.3)**	**£ (964.6)**	**£ —**	**£ (6,530.6)**
Property, plant and equipment:					
31 March 2025	**£ 7,256.2**	**£ 852.5**	**£ 926.8**	**£ 962.3**	**£ 9,997.8**
1 January 2025	**£ 7,216.1**	**£ 864.3**	**£ 947.7**	**£ 978.8**	**£ 10,006.9**

During the three months ended 31 March 2025 and 2024, we recorded non-cash increases to our property, plant and equipment related to vendor financing arrangements of £262.0 million and £190.3 million, respectively, which exclude related value-added taxes (**VAT**) of £46.0 million and £35.6 million, respectively, that were also financed under these arrangements.

(7) Debt

The pound sterling equivalents of the components of our third-party debt are as follows:

	31 March 2025		Principal amount	
	Weighted average interest rate [(a)]	Unused borrowing capacity [(b)] in millions	31 March 2025	31 December 2024
			in millions	
VMED O2 Credit Facilities [(c)]	6.80 %	£ 1,378.0	£ 7,565.7	£ 7,671.6
VMED O2 Senior Secured Notes	4.76 %	—	8,643.2	8,798.1
VMED O2 Senior Notes	4.54 %	—	1,135.4	1,152.2
Vendor financing [(d)]	6.49 %	—	2,999.8	2,984.2
Cornerstone Loan [(e)]	7.15 %	85.0	202.5	194.5
Other [(f)]	6.23 %	—	318.3	320.3
Total third-party debt before deferred financing costs, discounts, premiums and accrued interest [(g)]	**5.78 %**	**£ 1,463.0**	**£ 20,864.9**	**£ 21,120.9**

The following table provides a reconciliation of total third-party debt before deferred financing costs, discounts, premiums and accrued interest to total debt including interest and lease obligations:

	31 March 2025	31 December 2024
	in millions	
Total third-party debt before deferred financing costs, discounts, premiums and accrued interest	**£ 20,864.9**	**£ 21,120.9**
Deferred financing costs, discounts and premiums, net	(11.2)	(8.5)
Total carrying amount of third-party debt	**20,853.7**	**21,112.4**
Lease obligations (note 8)	920.6	950.8
Total third-party debt and lease obligations	**21,774.3**	**22,063.2**
Accrued interest	288.6	276.9
Related-party debt (note 15)	38.6	22.1
Total debt including interest and lease obligations	**£ 22,101.5**	**£ 22,362.2**
Non-current debt and lease obligations	**£ 18,253.0**	**£ 18,569.1**
Current portion of debt and lease obligations	**£ 3,848.5**	**£ 3,793.1**

(a) Represents the weighted average interest rate in effect at 31 March 2025 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of deferred financing costs, the weighted average interest rate on our aggregate third-party variable and fixed-rate indebtedness was 5.24% at 31 March 2025. For information regarding our derivative instruments, see note 9.

(b) Unused borrowing capacity under the VMED O2 Credit Facilities amounts to £1,378.0 million, comprising (i) £1,324 million under the Revolving Credit Facility maturing in September 2029 and (ii) £54.0 million under the Revolving Credit Facility maturing in September 2026. Unused borrowing capacity represents the maximum availability under the VMED O2 Credit Facilities at 31 March 2025 without regard to covenant compliance calculations or other conditions precedent to borrowing. At 31 March 2025, based on the most restrictive applicable leverage covenants and leverage-based restricted payment tests £1,378.0 million of unused borrowing capacity was available to be borrowed and there were no restrictions on our ability to make loans or distributions from this availability to other VMED O2 subsidiaries and ultimately to VMED O2 UK Limited. Upon completion of the relevant 31 March 2025 compliance reporting requirements, and in accordance with the terms of the VMED O2 Credit Facilities, we expect £1,378.0 million of unused borrowing capacity will continue to be available, with no restrictions to loan or distribute. Our above expectations do not consider any actual or potential changes to our borrowing levels or any amounts loaned or distributed subsequent to 31 March 2025, or the impact of additional amounts that may be available to borrow, loan or distribute under certain defined baskets within the VMED O2 Credit Facilities. The Cornerstone Loan (as defined and described below) is a revolving loan facility with maximum borrowing capacity of £575.0 million. At 31 March 2025, our proportional share of the unused borrowing capacity of the Cornerstone Loan was £85.0 million.

(c) As of 31 March 2025 and 31 December 2024, principal amounts include £420.3 million and £413.6 million, respectively, of borrowings pursuant to excess cash facilities under the VMED O2 Credit Facilities. These borrowings are owed to certain non-consolidated special purpose financing entities that have issued notes to finance the purchase of receivables due from certain of our subsidiaries to certain other third parties for amounts that we and our subsidiaries have vendor financed. For information regarding our vendor financing arrangements, see footnote (1) below.

(d) Represents amounts owed to various creditors pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property, plant and equipment additions and operating expenses. These arrangements extend our repayment terms beyond a vendor's ordinary due dates (e.g., extension beyond a vendor's customary payment terms) and as such are classified outside of accounts payable as debt in our condensed consolidated statements of financial position. These obligations are generally due within one year and include **VAT** that was also financed under these arrangements. For purposes of our condensed consolidated statements of cash flows, operating-related expenses financed by an intermediary are treated as constructive operating cash outflows and constructive financing cash inflows when the intermediary settles the liability with the vendor as there is no actual cash outflow until we pay the financing intermediary. During the three months ended 31 March 2025 and 2024, the constructive cash outflows included in cash flows from operating activities and the corresponding constructive cash inflows included in cash flows from financing activities related to these operating expenses were £474.2 million and £802.8 million, respectively. Repayments of vendor financing obligations at the time we pay the financial intermediary are included in repayments of third-party debt and lease obligations in our condensed consolidated statements of cash flows.

(e) Represents our proportional share of the third-party debt of Cornerstone Telecommunications Infrastructure Limited (**Cornerstone**), a £575.0 million revolving loan facility (the **Cornerstone Loan**). The Cornerstone Loan was issued at par, matures on 6 January 2027 and bears interest at a rate of Sterling Overnight Index Average (**SONIA**) + 2.0%, subject to a SONIA floor of 0.0%. We have determined our interest in Cornerstone, which is principally engaged in maintaining and managing the passive assets supporting the mobile wireless network of Vodafone Limited (**Vodafone**) and Telefonica UK Limited (a subsidiary of VMED O2), to be classified as a joint operation. Under the joint operations agreement, unanimous consent is required from all parties to the agreement for all significant activities. As such, the assets, liabilities (including the Cornerstone Loan), revenue, expenses and share of commitments have been recognised in proportion to VMED O2's contribution to the joint operation within our condensed consolidated financial statements (see note 16 for further details). There has been no change in the judgement applied since the 31 December 2024 Annual accounts.

(f) Represents amounts due to various financial institutions in relation to our securitisation arrangements.

(g) As of 31 March 2025 and 31 December 2024, our debt had an estimated fair value of £19.7 billion and £20.1 billion, respectively. The estimated fair values of our debt instruments are generally determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 10.

Financing Transactions

Below we provide summary descriptions of certain financing transactions completed during 2025. In general, a portion of our financing transactions may include non-cash borrowings and repayments. During the three months ended 31 March 2025 and 2024, we had no non-cash borrowings and repayments.

In January 2025, VMED O2 entered into a $500 million sustainability-linked term loan facility (**Term Loan Y1**). Term Loan Y1 matures on 31 March 2031 and bears interest at a rate of the Term SOFR plus a credit adjustment spread plus 3.25% per annum (subject to adjustment based on the achievement or otherwise of certain Environmental, Social and Governance (**ESG**) metrics). $495 million of Term Loan Y1 was utilised as an exchange of Term Loan N due 2028 into a new tranche of Term Loan Y due 2031. As per policy, the interest and foreign currency risk of such financing activity is mitigated through a derivative portfolio.

Maturities of Debt

Maturities of our debt as of 31 March 2025 are presented below:

	Third-party debt [(a)]	Related-party debt	Total
		in millions	
Year ending 31 December:			
2025 (remainder of the year) [(b)]	£ 3,033.3	£ 38.6	£ 3,071.9
2026	658.5	—	658.5
2027	327.2	—	327.2
2028	2,183.7	—	2,183.7
2029	5,057.8	—	5,057.8
2030	2,959.3	—	2,959.3
Thereafter	6,645.1	—	6,645.1
Total debt maturities [(c)]	**20,864.9**	**38.6**	**20,903.5**
Accrued interest	288.6	—	288.6
Deferred financing costs, discounts and premiums, net	(11.2)	—	(11.2)
Total debt	**£ 21,142.3**	**£ 38.6**	**£ 21,180.9**
Non-current portion	**£ 17,494.4**	**£ —**	**£ 17,494.4**
Current portion	**£ 3,647.9**	**£ 38.6**	**£ 3,686.5**

(a) Amounts include Special Purpose Entity (**SPE**) Notes issued by the SPEs which, as described above, are consolidated by VMED O2.

(b) Amounts include Financing Facility III, IV and V.

(c) Amounts include third-party and related-party vendor financing obligations of £3,038.4 million, as set forth below (in millions):

Year ending 31 December:		
2025 (remainder of the year)	£	2,659.1
2026		340.3
2027		34.3
2028		4.5
2029		0.2
Thereafter		—
Total vendor financing maturities (1)(2)(3)	**£**	**3,038.4**
Non-current portion	**£**	**54.4**
Current portion	**£**	**2,984.0**

(1) Virgin Media Vendor Financing Notes III Designated Activity Company and Virgin Media Vendor Financing Notes IV Designated Activity Company (together, the **2020 VM Financing Companies**) have issued an aggregate £1,287.4 million equivalent of notes maturing in July 2028. The net proceeds from these notes are used by the 2020 VM Financing Companies to purchase from various third-parties certain vendor financed receivables owed by certain of our subsidiaries. To the extent the proceeds from these notes exceed the amount of vendor financed receivables available to be purchased, the excess proceeds are used to fund excess cash facilities under our senior credit facilities. The 2020 VM Financing Companies can request the excess cash facilities be repaid by certain of our subsidiaries as additional vendor financed receivables become available for purchase.

(2) Virgin Media O2 Vendor Financing Notes V have issued £400.0 million equivalent of a note maturing in March 2032. The net proceeds from this note are used by the Virgin Media O2 Financing V Company to purchase from various third parties certain vendor financed receivables owed by certain of our subsidiaries. As at 31 March 2025, the total vendor financed receivables purchased from various third parties amounted to £61.0 million with the remaining balance used to fund excess cash facilities under our senior credit facilities. The Virgin Media O2 Financing V Company can request the excess cash facilities be repaid by certain of our subsidiaries as additional vendor financed receivables become available for purchase.

(3) Amount includes third-party debt of £2,999.8 million and related-party debt of £38.6 million.

Vendor Financing Obligations

A reconciliation of the beginning and ending balances of our vendor financing obligations for the indicated periods is set forth below:

		2025		2024
	in millions			
Balance at 1 January	**£**	**2,984.2**	**£**	**2,991.2**
Operating-related vendor financing additions		474.2		802.8
Capital-related vendor financing additions		308.0		190.3
Principal payments on operating-related vendor financing		(510.1)		(887.4)
Principal payments on capital-related vendor financing		(223.1)		(227.9)
Foreign currency and other		5.2		35.3
Balance at 31 March (a)	**£**	**3,038.4**	**£**	**2,904.3**

(a) The balance at 31 March 2025 includes third-party debt of £2,999.8 million and related-party debt of £38.6 million. The balance at 31 March 2024 includes third-party debt of £2,904.3 million.

(8) Leases

General
We enter into leases for network equipment and real estate.

Right-of-use (ROU) Assets
A summary of the changes in our ROU assets for the three months ended 31 March 2025 is set forth below:

	Plant and machinery	Land and buildings	Total
		in millions	
Cost:			
1 January 2025	**£ 341.0**	**£ 1,072.0**	**£ 1,413.0**
Additions	11.8	18.7	30.5
Retirements and disposals	(13.7)	(7.2)	(20.9)
31 March 2025	**£ 339.1**	**£ 1,083.5**	**£ 1,422.6**
Accumulated depreciation:			
1 January 2025	**£ (166.6)**	**£ (350.5)**	**£ (517.1)**
Depreciation	(17.2)	(28.1)	(45.3)
Retirements and disposals	9.7	4.0	13.7
31 March 2025	**£ (174.1)**	**£ (374.6)**	**£ (548.7)**
ROU Assets:			
31 March 2025	**£ 165.0**	**£ 708.9**	**£ 873.9**
1 January 2025	**£ 174.4**	**£ 721.5**	**£ 895.9**

Our ROU assets are included in property, plant and equipment, in our condensed consolidated statements of financial position. During the three months ended 31 March 2025 and 2024, we recorded non-cash additions to our ROU assets associated with leases of £30.5 million and £76.1 million, respectively. At 31 March 2025, the weighted average remaining lease term of our ROU assets was 9.0 years and the weighted average discount rate was 5.9%.

Lease Liabilities
Maturities of our lease liabilities as of 31 March 2025 are presented below (in millions):

Not later than one year	£ 209.7
Later than one year and not later than five years	573.1
Later than five years	453.4
Total payments	**£ 1,236.2**
Less: present value discount	(315.6)
Present value of lease payments	**£ 920.6**
Non-current portion [(a)]	**£ 758.6**
Current portion [(a)]	**£ 162.0**

(a) The non-current and current portions of our lease liabilities are included within non-current debt and lease obligations and current portion of debt and lease obligations, respectively, in our condensed consolidated statements of financial position.

Lease Expense
A summary of our aggregate lease expense is set forth below:

	Three months ended 31 March			
	2025		2024	
	in millions			
Depreciation:				
Land and buildings	£	28.1	£	33.2
Plant and machinery		17.2		13.7
Total depreciation	**£**	**45.3**	**£**	**46.9**
Interest expense		10.9		9.6
Total lease expense	**£**	**56.2**	**£**	**56.5**

Expenses relating to leases of low-value assets and short-term leases for which no ROU asset or lease liability has been recognised were not material.

Cash Flows from Leases
Our total cash outflows from leases recorded during the three months ended 31 March 2025 and 2024 were £65.2 million and £57.7 million, respectively.

(9) Derivative Instruments

In general, we enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (**US**) dollar (**$**) and the euro (**€**). We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of most of our derivative instruments are recorded in finance income or costs in our condensed consolidated statements of profit or (loss).

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	31 March 2025						31 December 2024					
	Non-current		Current		Total		Non-current		Current		Total	
	in millions											
Assets:												
Cross-currency derivative contracts [(a)]	£	238.2	£	60.0	£	298.2	£	361.3	£	188.2	£	549.5
Interest rate derivative contracts [(a)]		388.4		252.0		640.4		446.9		274.5		721.4
Foreign currency forward and option contracts		—		6.7		6.7		—		0.9		0.9
Total	**£**	**626.6**	**£**	**318.7**	**£**	**945.3**	**£**	**808.2**	**£**	**463.6**	**£**	**1,271.8**
Liabilities:												
Cross-currency derivative contracts [(a)]	£	335.6	£	109.4	£	445.0	£	216.8	£	152.7	£	369.5
Interest rate derivative contracts [(a)]		23.3		124.4		147.7		51.9		337.3		389.2
Foreign currency forward and option contracts		—		2.5		2.5		—		1.6		1.6
Total	**£**	**358.9**	**£**	**236.3**	**£**	**595.2**	**£**	**268.7**	**£**	**491.6**	**£**	**760.3**

(a) We consider credit risk relating to our and our counterparties' non-performance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of £15.5 million and (£3.0 million) during the three months ended 31 March 2025 and 2024, respectively. These amounts are included in finance costs and finance income in our condensed consolidated statements of profit or (loss). For additional information regarding our fair value measurements, see note 10.

The details of our realised and unrealised (losses) gains on derivative instruments, net, are set forth below:

	Three months ended 31 March	
	2025	2024
	in millions	
Cross-currency derivative contracts	£ (243.1)	£ 121.0
Interest rate derivative contracts	1.9	114.8
Foreign currency forward and option contracts	4.0	(0.7)
Total	**£ (237.2)**	**£ 235.1**

The cash received or paid related to our derivative instruments is classified as an operating or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. The following table sets forth the classification of the net cash outflows of our derivative instruments:

	Three months ended 31 March	
	2025	2024
	in millions	
Operating activities	£ (94.3)	£ (191.5)
Financing activities	18.6	—
Total	**£ (75.7)**	**£ (191.5)**

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions, however notwithstanding, given the size of our derivative portfolio, the default of certain counterparties could have a significant impact on our condensed consolidated statements of profit or (loss). Collateral is generally not posted by either party under the terms of our derivative instruments. At 31 March 2025 and 31 December 2024, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £416.3 million and £529.9 million, respectively.

We have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements are limited to the derivative instruments governed by the relevant master agreement and are independent of similar arrangements.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in the event of an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

Details of our Derivative Instruments

Cross-currency Swap Contracts

We generally match the denomination of our borrowings with the functional currency of the supporting operations or, when it is more cost effective, we provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At 31 March 2025, substantially all of our debt was either directly or synthetically matched to the functional currency of the borrowing entity. The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts:

31 March 2025			31 December 2024		
Notional amount due from counterparty	Notional amount due to counterparty	Weighted average remaining life	Notional amount due from counterparty	Notional amount due to counterparty	Weighted average remaining life
in millions	in millions	in years	in millions	in millions	in years
$ 13,953.0	£ 10,987.5 (a)	3.6	$ 16,502.9	£ 13,052.9 (a)	2.9
€ 4,420.0	£ 3,935.8	4.3	€ 4,420.0	£ 3,935.8	4.6
£ —	$ — (b)	0.0	£ 1,005.5	$ 1,445.0 (b)	0.1
$ 500.0	£ 394.2	0.3	$ 500.0	£ 394.2	0.5
$ 166.6	€ 150.0	3.3	$ 166.6	€ 150.0	3.5

(a) Includes certain derivative instruments that are “forward-starting”, such that the initial exchange occurs at a date subsequent to 31 March 2025. These instruments are typically entered into in order to extend existing hedges without the need to amend existing contracts.

(b) These derivative instruments do not involve the exchange of notional amounts at the inception and maturity of the instruments. Accordingly, the only cash flows associated with these derivative instruments are coupon-related payments and receipts.

Interest Rate Swap Contracts

The following table sets forth the total pound sterling equivalents of the notional amounts and the related weighted average remaining contractual lives of our interest rate swap contracts:

	Pay fixed rate (a)		Receive fixed rate	
	Notional amount	Weighted average remaining life	Notional amount	Weighted average remaining life
	in millions	in years	in millions	in years
31 March 2025	£ 10,398.3	3.2	£ 2,210.9	0.8
31 December 2024	£ 12,779.5	2.8	£ 4,609.2	0.6

(a) Includes forward-starting derivative instruments.

Interest Rate Swap Options

From time to time, we enter into interest rate swap options (**swaptions**), which give us the right, but not the obligation, to enter into certain interest rate swap contracts at set dates in the future. Such contracts typically have a life of no more than three years. At the transaction date, the strike rate of each of these contracts was above the corresponding market rate. As of 31 March 2025, the option expiration period on each of our swaptions had expired.

Basis Swaps

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and (iii) the borrowing period. We typically enter into these swaps to optimise our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At 31 March 2025 and 31 December 2024, the total pound sterling equivalent of the notional amounts due from the counterparty was £5.0 billion and £5.5 billion, respectively. The related weighted average remaining contractual life of our basis swap contracts at 31 March 2025 and 31 December 2024 was 0.4 years and 0.6 years, respectively.

Interest Rate Caps and Floors

From time to time, we enter into interest rate cap and floor agreements. Purchased interest rate caps lock in a maximum interest rate if variable rates rise, but also allow our Company to benefit from declines in market rates. Purchased interest rate floors protect us from interest rates falling below a certain level, generally to match a floating rate floor on a debt instrument. At 31 March 2025, the pound sterling equivalent of the notional amounts of our purchased interest rate caps and floors were £1.3 billion and £3.1 billion, respectively. At 31 December 2024, the pound sterling equivalents of the notional amounts of our purchased interest rate caps and floors were £1.3 billion and £3.1 billion, respectively.

Impact of Derivative Instruments on Borrowing Costs
Excluding forward-starting instruments and swaptions, the impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, was a decrease of 73 basis points and 93 basis points to our borrowing costs at 31 March 2025 and 31 December 2024, respectively.

Foreign Currency Forwards and Options
We enter into foreign currency forward and option contracts with respect to non-functional currency exposure. As of 31 March 2025 and 31 December 2024, the total of the notional amounts of our foreign currency forward and option contracts was £430.8 million and £271.7 million, respectively.

(10) Fair Value Measurements

We use the fair value method to account for our derivative instruments. The reported fair values of these instruments as of 31 March 2025 are unlikely to represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities.

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 9. The recurring fair value measurements of these instruments are determined using discounted cash flow models. With the exception of the inputs for certain swaptions, most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these instruments. This observable data mostly includes currency rates, interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We use a Monte Carlo based approach to incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own non-performance risk and the non-performance risk of our counterparties. The inputs used for our credit risk valuations, including our and our counterparties' credit spreads, represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect these parameters to have a significant impact on the valuations of these instruments, we have determined that these valuations (other than the valuations of the aforementioned swaptions) fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 9.

Fair value measurements are also used in connection with non-recurring valuations performed in connection with acquisition accounting and impairment assessments. These non-recurring valuations primarily include intangible assets subject to amortisation, including customer relationships and mobile spectrum licences, property, plant and equipment and the implied value of goodwill. The implied value of goodwill is determined by allocating the fair value of a CGU to all of the assets and liabilities of that unit as if the CGU had been acquired in a business combination, with the residual amount allocated to goodwill. All of our non-recurring valuations, except for third-party debt, as further described below, use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy.

All the fair values of our financial assets, financial liabilities and inventory equates to the carrying values, except for the debt obligations (see note 7).

(11) Provisions

A summary of the changes in our provisions during the three months ended 31 March 2025 is set forth below:

	Restructuring [(a)]	Asset retirement obligations [(b)]	Other	Total
		in millions		
Balance at 1 January 2025	**£ 16.0**	**£ 140.2**	**£ 4.3**	**£ 160.5**
Additions to property, plant and equipment	—	3.4	—	3.4
Disposals of property, plant and equipment	—	(0.1)	—	(0.1)
Net charges included in other expenses in the condensed consolidated statements of profit or (loss)	7.0	0.9	—	7.9
Cash payments	(8.9)	(1.4)	—	(10.3)
Balance at 31 March 2025	**£ 14.1**	**£ 143.0**	**£ 4.3**	**£ 161.4**
Non-current	**£ —**	**£ 135.4**	**£ 0.5**	**£ 135.9**
Current	**£ 14.1**	**£ 7.6**	**£ 3.8**	**£ 25.5**

(a) Restructuring provisions include the full cost of planned business restructuring programmes entered into during the year, most of which are expected to be completed within the next 12 months.

(b) VMED O2 has certain legal obligations, principally relating to the restoration of leased property to its original condition at the end of the lease term. The provision is based on assumptions covering the discount rate, expected lease renewals and the expected cost of restoring the sites. The payment dates of these asset retirement costs are uncertain, but as of 31 March 2025, are anticipated to be over the next 20 years. The provision recognised represents the best estimate of the expenditure required to settle the present obligation at 31 March 2025. Such cost estimations, expressed at current price levels at the date of the estimate are discounted at 31 March 2025 and 31 December 2024 using per annum rates in the range of 4.2% to 5.2% and 4.0% to 5.1%, respectively. The initial discounted cost amount has been capitalised as part of property, plant and equipment and depreciated over the life of the assets.

(12) Revenue Recognition and Related Costs

Contract Assets & Liabilities

Our contract assets were £945.4 million and £759.0 million as of 31 March 2025 and 31 December 2024, respectively. The non-current and current portions of our contract assets are included within trade receivables and other non-current assets and trade receivables and other current assets, respectively, in our condensed consolidated statements of financial position.

Our contract liabilities were £616.3 million and £610.6 million as of 31 March 2025 and 31 December 2024, respectively. The non-current and current portions of our contract liabilities are included within trade payables and other non-current liabilities and trade payables and other current liabilities, respectively, in our condensed consolidated statements of financial position.

Contract-related Costs

Contract-related costs refer to incremental costs incurred to obtain customer contracts, principally sales commissions. These are recognised as assets and amortised over the applicable period benefited, generally the contract life. If, however the amortisation period is less than one year, we expense such costs in the period incurred. Our contract-related costs were £136.1 million and £139.4 million as of 31 March 2025 and 31 December 2024, respectively. The non-current and current portions are included within trade receivables and other non-current assets and trade receivables and other current assets, respectively, in our condensed consolidated statements of financial position. We amortised £43.0 million and £45.5 million during the three months ended 31 March 2025 and 2024, respectively, to operating costs and expenses related to these assets.

(13) Finance Costs and Income

A summary of the finance costs and income that are included in our net finance (costs) income is set forth below:

	Three months ended 31 March			
	2025		2024	
	in millions			
Finance costs:				
Interest expense	£	(325.1)	£	(342.1)
Realised and unrealised losses on derivative instruments		(237.2)		—
Foreign currency transaction losses		—		(62.4)
Losses on debt extinguishment		(0.7)		(0.4)
Other financial expense		(0.4)		—
Total finance costs	**£**	**(563.4)**	**£**	**(404.9)**
Finance income:				
Interest income	£	232.9	£	213.5
Realised and unrealised gains on derivative instruments		—		235.1
Foreign currency transaction gains		266.0		—
Total finance income	**£**	**498.9**	**£**	**448.6**
Net finance (costs) income	**£**	**(64.5)**	**£**	**43.7**

(14) Income Taxes

Our interim tax benefit (expense) is calculated in accordance with IAS 34 — Interim Financial Reporting and is based on management's best estimate of the effective tax rate for the period applied to profit (loss) before income taxes and adjusted for tax on discrete items. The major components of income tax benefit (expense) included in our condensed consolidated statements of profit or (loss) are as follows:

	Three months ended 31 March			
	2025		2024	
	in millions			
Income taxes:				
Current income tax benefit (expense)	£	1.4	£	(2.3)
Deferred income tax benefit (expense) relating to origination and reversal of temporary differences		40.9		(14.4)
Total income tax benefit (expense)	**£**	**42.3**	**£**	**(16.7)**

The effective tax rate for the three months ended 31 March 2025 is (93.2%). This results in an income tax benefit rather than the expected tax expense of £11.4 million, based on the UK corporate income tax rate of 25.0%, primarily due to the positive impact of i) group relief claimed for nil consideration and ii) adjustments in respect of prior years, partially offset by the negative impact of a) expenses not deductible for tax purposes and b) certain income subject to US federal income tax.

The effective tax rate for the three months ended 31 March 2024 was 7.0%. This resulted in an income tax expense lower than the expected income tax expense of £60.0 million, based on the UK corporate income tax rate of 25.0%, primarily due to the positive impact of group relief claimed, for nil consideration, partially offset by the negative impact of certain income subject to US federal income tax.

A 15.0% corporate alternative minimum tax (**CAMT**) applies in the US on "adjusted financial statement income" for tax years beginning after 31 December 2022. CAMT did not have an impact on our condensed consolidated financial statements as at 31 March 2025. We will continue to monitor additional guidance as it is issued to assess the impact on our tax position.

A global minimum effective tax rate of 15.0% applies in the UK for accounting periods starting on or after 31 December 2023. The legislation implements a domestic top-up tax and a multinational top-up tax. This legislation did not have a material impact on our financial statements as at 31 March 2025. We will continue to monitor future legislation and any additional guidance that is issued.

(15) Related-party Transactions

Our significant related-party agreements are set forth below.

Shareholders Agreement
We are a wholly-owned subsidiary of VMED O2 UK Limited. In connection with the JV Transaction, on 1 June 2021, Liberty Global and Telefónica entered into a shareholders agreement (the **Shareholders Agreement**). Each Shareholder holds 50% of the issued share capital of VMED O2 UK Limited. The Shareholders Agreement contains customary provisions for the governance of a 50:50 joint venture that result in Liberty Global and Telefónica having joint control over decision making with respect to the Joint Venture.

The Shareholders Agreement also provides (i) for a dividend policy that requires VMED O2 UK Limited, subject to certain exceptions, to distribute all unrestricted cash to the Shareholders as soon as reasonably practicable following each quarterly period (subject to our Company maintaining a minimum amount of cash and complying with the terms of our financing arrangements) and (ii) that VMED O2 UK Limited will be managed with a leverage ratio between 4.0 and 5.0 times Adjusted EBITDA (as defined in the Shareholders Agreement), including the completion of periodic recapitalisations and/or refinancings.

Charges for JV Services - Framework Services Agreements
Pursuant to the framework services agreements (collectively, the **JV Service Agreements**) entered into in connection with the closing of the JV Transaction, Liberty Global and Telefónica charge VMED O2 UK Limited fees, which our parent passes through, for certain services provided to us by the Shareholders and their respective subsidiaries (collectively, the **JV Services**). The JV Services are provided to us on a transitional or ongoing basis. Pursuant to the terms of the JV Service Agreements, both the ongoing services and transitional services are provided for specified terms from the 1 June 2021 formation of the Joint Venture. The JV Services provided by the Shareholders and their respective subsidiaries consist primarily of (i) technology and other services, (ii) capital-related expenditures for assets that we use or otherwise benefit us, (iii) brand name and procurement fees and (iv) certain corporate services. The fees that Liberty Global and Telefónica charge us for the JV Services, as set forth in the table below, include both fixed and usage-based fees.

Fibre Joint Venture Agreements
In December 2022, Liberty Global and Telefónica, along with investment firm InfraVia Capital Partners, formed a new fibre joint venture to build a wholesale fibre-to-the-home (**FTTH**) network in the UK under the brand name “nexfibre”. As at 31 March 2025, the nexfibre network reaches approximately 2.2 million premises, all of which are greenfield to VMO2’s network. VMED O2 is an anchor tenant of the new network, extending its serviceable footprint, as well as providing its well-established network expansion expertise, systems and relationships to nexfibre, including construction, IT, technology and corporate services.

All related-party transactions relate to regular trading activities of our Company and are on an arm’s length basis, except share based compensation expense. Our related-party transactions consist of the following:

	Three months ended 31 March	
	2025	**2024**
	in millions	
Credits (charges) included in:		
Revenue	£ 164.5	£ 276.0
Cost of sales	(0.3)	(0.4)
Other expenses	(45.0)	(45.0)
Share-based compensation expense	—	(1.5)
Included in operating profit	**£ 119.2**	**£ 229.1**
Interest income	225.3	207.2
Interest expense	(2.2)	(2.3)
Included in net profit	**£ 342.3**	**£ 434.0**
Property, plant and equipment transfers	**£ 12.6**	**£ 11.6**

*Revenue***.** Amounts primarily consist of our charges to nexfibre, charges to the Tesco Mobile Limited joint venture (the **Tesco Mobile JV**), commissions from Telefónica for handset insurance policy sales and, to a lesser extent, roaming charges to Telefónica.

*Cost of sales***.** Amounts primarily consist of interconnect, roaming, lease and access fees and other services provided to us by certain subsidiaries of Liberty Global and Telefónica under the JV Service Agreement.

Other expenses. Amounts primarily consist of support function staffing, network and technology services provided to us by certain subsidiaries of Liberty Global and Telefónica, under the JV Service Agreement, as well as brand and licensing fees payable to Telefónica for use of the “O2”, “O2 Refresh” and “Priority” brands.

Share-based compensation expense. Amounts relate to charges for share-based incentive awards held by certain employees of our subsidiaries associated with ordinary shares of Liberty Global and Telefónica. Such awards were granted to employees prior to the closing of the JV Transaction. Share-based compensation expense is included in other expenses in our condensed consolidated statements of profit or (loss).

*Interest income***.** Amounts primarily represent interest accrued on the VMED O2 UK Limited Receivable, as further described below.

Interest expense. Amounts represent interest expense on non-current related-party debt, as further described below.

Property, plant and equipment transfers. Amounts primarily relate to the purchase of customer premises equipment (CPE) and embedded essential software with certain Liberty Global subsidiaries and associates.

The following table provides details of our related-party balances:

	31 March 2025	31 December 2024
	in millions	
Assets:		
Non-current receivables [a]	£ 14,815.7	£ 15,072.7
Trade receivables [b]	59.4	46.2
Contract assets	113.3	114.0
Other current assets [c]	142.2	115.3
Total	**£ 15,130.6**	**£ 15,348.2**
Liabilities:		
Lease obligations [d]	£ 107.5	£ 108.1
Other non-current liabilities [e]	111.9	117.8
Current related-party debt [f]	38.6	22.1
Trade payables [e]	157.7	199.7
Other current liabilities [e]	39.0	29.9
Total	**£ 454.7**	**£ 477.6**

(a) Amounts represent interest-bearing loan receivables due from VMED O2 UK Limited which, as of 31 March 2025 and 31 December 2024, accrues interest at a weighted average rate of 6.3% and 6.2%, respectively. These loans have a maturity that ranges from 16 July 2025 to 20 May 2030 with managements intention to refinance as they become due. The purpose of these loans are to support overall VMED O2 group financing activities.

(b) Amounts primarily relate to trade receivables arising from our charges to the Tesco Mobile JV. Expected credit losses in relation to trade receivable balances with related-parties is considered to be immaterial.

(c) Amounts primarily relate to non-interest bearing receivables due from VMED O2 UK Limited and from certain Liberty Global and Telefónica subsidiaries, and accrued income from nexfibre.

(d) Amounts represent lease obligations with certain Liberty Global subsidiaries and associates.

(e) Amounts represent both non-interest and interest-bearing payables, accrued capital expenditures and other accrued liabilities related to transactions with VMED O2 UK Limited and certain Liberty Global and Telefónica subsidiaries and associates, which are periodically cash settled.

(f) Amounts relate to the value associated with Telefónica Factoring España, S.A., which bear interest at a rate of 6.5%.

(16) NCI

As at 31 December 2024, VMED O2 is the majority shareholder (50.01%) of the Granstone group (consisting of Granstone Holdco Limited (**Granstone**), its direct subsidiary O2 Networks Limited (**O2 Networks**), and O2 Networks' 50% shareholding in the joint operation Cornerstone). We therefore recognise a NCI for the proportion of the Granstone group's consolidated results attributable to the non-controlling shareholders (GLIL Infrastructure LLP (**GLIL**) and Equitix Investment Management Limited (**Equitix**)).

As at 31 March 2025, the beneficial ownership of Cornerstone is; VMED O2 (25.01%); GLIL (16.66%); and Equitix (8.33%).

The NCI arose in 2023 when VMED O2 sold a 33.33% stake in Granstone (representing 16.66% of Cornerstone) to GLIL. In 2024, VMED O2 sold an additional 16.66% in Granstone (representing 8.33% of Cornerstone). This gave rise to £110.2m and £212.5m excess consideration over net book value for the years ended 31 December 2024 and 2023, respectively, which is included within Other Reserves. There was no change to the 50% shareholding that O2 Networks holds in Cornerstone and VMED O2 retained joint control over Cornerstone.

In March 2025, Cornerstone declared and paid a dividend of £110.0 million, of which O2 Networks received £55.0 million. Subsequently, O2 Networks declared and paid a £55.0 million dividend to Granstone and then Granstone declared and paid a £55.0 million dividend to its shareholders in the proportion of their shareholdings, with VMED O2's retained portion being £27.5 million.

Cornerstone remains a critical supplier to VMED O2 and these transactions have not impacted the existing commercial network sharing agreement between Vodafone and VMED O2, which sees the two companies share radio equipment across certain areas of the country.

The following table summarises VMED O2's interest in Granstone and the related NCI:

	31 March 2025	31 December 2024
	In millions	
Non-current assets	£ 1,045.4	£ 1,051.7
Current assets	41.5	199.0
Non-current liabilities	(523.9)	(534.0)
Current liabilities	(216.6)	(298.3)
Net assets	**£ 346.4**	**£ 418.4**
Net assets attributable to NCI	£ 173.2	£ 209.2

	Three months ended 31 March 2025	2024
	In millions	
Revenue	£ 41.9	£ 23.4
Net (loss) profit	**£ (17.0)**	**£ 0.3**
Net (loss) profit attributable to NCI	£ (8.5)	£ 0.1

(17) Commitments and Contingencies

Commitments

In the normal course of business, we enter into agreements that commit our Company to make cash payments in future periods with respect to programming contracts, network and connectivity commitments, purchases of CPE and other equipment and services, other items, and the JV Service Agreements. The following table sets forth the pound sterling equivalents of such commitments as of 31 March 2025. The commitments included in this table do not reflect any liabilities that are included in our 31 March 2025 condensed consolidated statement of financial position.

	Payments due during:							
	Remainder of 2025	2026	2027	2028	2029	2030	Thereafter	Total
				in millions				
Programming commitments [a]	£ 466.4	£ 619.3	£ 524.7	£ 214.4	£ 1.1	£ —	£ —	£ 1,825.9
Network and connectivity commitments [b]	643.8	129.6	26.5	24.1	19.7	17.5	151.7	1,012.9
Purchase and other commitments [c]	561.1	215.9	114.9	52.1	3.8	—	—	947.8
JV Service Agreements [d]	152.2	199.1	166.6	146.6	150.4	64.3	—	879.2
Total	**£ 1,823.5**	**£ 1,163.9**	**£ 832.7**	**£ 437.2**	**£ 175.0**	**£ 81.8**	**£ 151.7**	**£4,665.8**

(a) Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us, as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. Programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect this will continue to be the case in future periods.

(b) Network and connectivity commitments include (i) service commitments associated with the nexfibre construction programme and (ii) commitments associated with VMED O2's full fibre upgrade.

(c) Purchase and other commitments include unconditional and legally binding obligations related to (i) the purchase of CPE and other equipment and (ii) certain service-related commitments, including call centre, information technology (**IT**) and maintenance services.

(d) Pursuant to the JV Service Agreements, Liberty Global and Telefónica charge VMED O2 UK Limited fees, which our parent passes through, for the JV Services. The JV Services are provided to us on a transitional or ongoing basis. The JV Services provided by the Shareholders and their respective subsidiaries consist primarily of (i) technology and other services, (ii) capital-related expenditures for assets that we use or otherwise benefit us, (iii) brand name and procurement fees and (iv) certain corporate services. The amounts set forth in the table above represent fixed minimum charges from Liberty Global and Telefónica pursuant to the JV Service Agreements. In addition to the fixed minimum charges, the JV Service Agreements provide for certain JV Services to be charged to us based upon usage of the services received. The fixed minimum charges set forth in the table above exclude fees for the usage-based services as these fees will vary from period to period. Accordingly, we expect to incur charges in addition to those set forth in the table above for usage-based services.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments, see note 9.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our Company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

Phones 4u. Legal proceedings were issued in the High Court against O2 by the Administrators of Phones 4u. The trial of this case in the High Court took place in 2022 and judgment was handed down in November 2023. The Court rejected all of Phones 4u's claims. After applying for, and being denied permission to, appeal at first instance, the Court of Appeals granted Phones 4u's application. The appeal will be heard in May 2025.

Class action regarding alleged combined handset and airtime charges overpayment. In December 2023, we received a claim brought against Telefonica UK and the other mobile network operators by an individual acting as a proposed class representative. These claims are brought in the Competition Appeal Tribunal using a specific regime for competition law class actions. It is alleged that the mobile operators are either individually or collectively dominant and that their customers with combined handset and airtime contracts have been overcharged when their handset minimum term contract expired.

The claimant assesses the value of the claim against Telefonica UK at £256.0 million and as against the four mobile network operators at £3.3 billion. The litigation is at an early stage and before it can progress the claim needs to be certified at a Tribunal hearing (i.e. approved by the Tribunal to proceed as a collective action). The certification hearing took place between 31 March and 2 April 2025. Judgment on the issue of certification is expected in 2025. Any final determination of the claim is unlikely for several years. We intend to vigorously defend this matter.

Other Regulatory Matters. Mobile, broadband internet, video and fixed-line telephony businesses are subject to significant regulation and supervision by various regulatory bodies in the UK. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property, plant and equipment additions. In addition, regulation may also restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

In addition to the foregoing items, we may have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) regulatory compliance matters and investigations, (iii) issues involving VAT and employment, property, withholding and other tax issues and (iv) disputes over interconnection, programming, copyright and channel carriage fees. Ofcom currently has two open investigations over VMED O2 subsidiaries and we are cooperating with Ofcom on these matters. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavourable outcomes.

(18) Subsequent Events

In April 2025, VMED O2 redeemed all of its outstanding 2027 Sterling Senior Secured Notes in the total amount of £90.4 million.

In April 2025, Term Loan Y1 became fungible with Term Loan Y.

In May 2025, VMED O2 and Daisy Group announced the creation of a new B2B company, combining their complementary direct B2B operations to create a major new force in the UK business communications and IT sector, with an ownership split of 70% VMED O2 and 30% Daisy Group. The transaction is expected to close early in the second half of 2025, subject to customary regulatory approvals. Under the new ownership structure, the combined entity will be consolidated by VMED O2 with an NCI recognised for the proportion of the combined entity's consolidated results attributable to the Daisy Group.

Group Strategic Report

Forward-looking Statements

Certain statements in this Quarterly Bond Report constitute forward-looking statements. These forward-looking statements include, but are not limited to, statements other than statements of historical facts, including, but without limitation, those regarding VMED O2 UK Holdings Limited's (**VMED O2** or **Virgin Media O2**) business, product, foreign currency and finance strategies, future periods, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of VMED O2's markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in VMED O2's revenue, costs or growth rates, liquidity, credit risks, foreign currency and hedging risks, interest rate risks, target leverage levels, debt covenants, VMED O2's future projected contractual commitments and cash flows, any non-GAAP or non-IFRS metrics we discuss and other information and statements that are not historical fact. In some cases, you can identify these statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "should", and "will" and similar words used in this report.

Where, in any forward-looking statement, VMED O2 expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements include those described under "Risk Factors" in our Annual Bond Report at 31 December 2024.

The following include some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- Economic and business conditions and industry trends in the UK;
- The competitive environment in the mobile, broadband internet, video and telecommunications industries in the UK, including competitor responses to our products and services;
- Fluctuations in currency exchange rates and interest rates;
- Instability in global financial markets, including sovereign debt issues, currency instability and related fiscal reforms;
- Consumer disposable income and spending levels, including the availability and amount of individual consumer debt, as a result of, among other things, inflationary pressures;
- Changes in consumer television viewing, mobile and broadband internet usage preferences and habits;
- Consumer acceptance of our existing service offerings, including our mobile, broadband internet, video, fixed-line telephony and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- Our ability to manage rapid technological changes, including our ability to adequately manage our legacy technologies and transformation, and the rate at which our current technology becomes obsolete;
- Our ability to maintain or increase the number of subscriptions to our mobile, broadband internet, video and fixed telephony service offerings and our average revenue per unit;
- Our ability to provide satisfactory customer service, including support for new and evolving products and services;
- Our ability to maintain or increase prices to our subscribers, or to pass through increased costs to our subscribers, including with respect to our significant property, plant and equipment additions, as a result of, among other things, inflationary pressures;
- The impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital and on customer spending;
- Our ability to comply with, government regulations and legislation in the UK and adverse outcomes from regulatory proceedings;
- The impact of government intervention which impairs our competitive position, including any intervention that would open our broadband or mobile distribution networks to competitors as well as any changes in our accreditations or licences;
- Our ability to maintain and further develop our direct and indirect distribution channels;
- The effect of perceived health risks associated with electromagnetic radiation from base stations and associated equipment;
- Changes in UK laws, monetary policies, and government regulations or other risks relating to our ability to set prices, enter new markets or control our costs;
- Any failure to comply with anti-corruption laws and regulations and economic sanctions programmes;
- The effect on our business of strikes or collective action by certain of our employees that are represented by trade unions;
- Any conflict of interests between our direct or indirect parent companies and our debt holders' interests;
- Our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- Our ability to successfully acquire, form or dispose of businesses and, if acquired, to integrate, realise anticipated efficiencies from, and implement our business plan with respect to, the businesses we have acquired or that we expect to acquire;
- Changes in laws or treaties relating to taxation, or the interpretation thereof, in the UK and US;
- Our exposure to additional tax liabilities and negative or unexpected tax consequences as a result of adverse changes in our financial outlook and entity structure;
- Changes in laws, monetary policies and government regulations that may impact the availability or cost of capital and the derivative instruments that hedge certain of our financial risks;

- The ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access;
- The activities of device manufacturers and our ability to secure adequate and timely supply of handsets that experience high demand;
- The availability of, and our ability to acquire on acceptable terms, attractive programming for our video services and the costs associated with such programming;
- Uncertainties inherent in the development and integration of new business lines and business strategies;
- Our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with the network, the deployment of our 5G network and the planned programme to upgrade our existing fixed network to full fibre-to-the-premises (**FTTP)** or alternatively, FTTH or fibre-to-the cabinet/-building/-node (**FTTx**), and through nexfibre, a related-party, to build a wholesale FTTH network in the UK;
- The availability and cost of capital for the acquisition, maintenance and/or development of telecommunications networks, products and services;
- The availability, cost and regulation of spectrum;
- Problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire or merge with, including the failure to realise our financial and strategic goals with respect to strategic transactions;
- Successfully integrating businesses or operations that we acquire or partner with on timelines or within the budgets estimated for such integrations;
- Operating costs, customer loss and business disruption, including maintaining relationships with employees, customers, suppliers or vendors, may be greater than expected in connection with our acquisitions, dispositions and joint ventures;
- Our ability to realise the expected synergies from our acquisitions and joint ventures in the amounts anticipated or on the anticipated timelines;
- Our ability to profit from investments, such as our joint ventures, that we do not solely control;
- Our ability to anticipate, protect against, mitigate and contain loss of our and our customers' data as a result of cyber attacks on us;
- The leakage of sensitive customer or company data or any failure to comply with applicable data protection laws, regulations and rules;
- A failure in our network and information systems, whether caused by a natural failure or a security breach, and unauthorised access to our networks;
- The outcome of any pending or possible litigation;
- The loss of key employees and the availability of qualified personnel;
- Adverse changes in public perception of the "Virgin" brand, which we and others license from Virgin Enterprises Limited, the "O2" brand, which we license from O2 Worldwide Limited, and the "giffgaff" brand and any resulting impacts on the goodwill of customers toward us;
- Events that are outside of our control, such as political unrest in international markets, trade wars or the threat of such trade wars, terrorist attacks, armed conflicts, malicious human acts, natural disasters, epidemics, pandemics and other similar events, including the ongoing invasion of Ukraine by Russia and the ongoing conflicts in the Middle East;
- The risk of default by counterparties to our cash investments, derivative and other financial instruments and undrawn debt facilities;
- Changes in laws and government regulations that may impact our ability to finance expenditures as "Eligible Green Projects" under the International Capital Markets Association's (**ICMA**) Green Bond Principles, satisfy "green" reporting requirements or undertakings and impact the suitability of certain senior secured notes issued under ICMA's Green Bond Principles as a 'green' asset to investors;
- Adverse impacts on our reputation from our sustainability programme by our customers, regulators or government authorities; and
- An increase in our operational costs due to the impact of our sustainability commitments, regulatory and government action on climate change.

The broadband distribution and mobile services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this report at 31 March 2025 are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of our report, and VMED O2 expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in VMED O2's expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

VMED O2 undertakes no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report.

VMED O2 discloses important factors that could cause VMED O2's actual results to differ materially from VMED O2's expectations in this report. These cautionary statements qualify all forward-looking statements attributable to VMED O2 or persons acting on VMED O2's behalf.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2024 Annual Bond Report, is intended to assist in providing an understanding of our results of operations and financial condition and is organised as follows:

- **Overview:** This section provides a general description of our business and recent events.
- **Discussion and Analysis of our Results of Operations:** This section provides an analysis of our results of operations, as applicable, for the three months ended 31 March 2025 and 2024.
- **Liquidity and Capital Resources:** This section provides an analysis of our corporate and subsidiary liquidity and our condensed consolidated statements of cash flows.
- **Quantitative and Qualitative Disclosures about Market Risk:** This section provides discussion and analysis of the foreign currency, interest rate and other market risks that our Company faces.

Certain capitalised terms used below have been defined in the Notes to the condensed consolidated financial statements included in this report. In the following text, the terms “we”, “our”, “our Company” and “us” refer to VMED O2 or, collectively, to VMED O2 and its subsidiaries.

Unless otherwise indicated, convenience translations into pound sterling are calculated as of 31 March 2025.

Overview

General

VMED O2 is an integrated communications provider of mobile, broadband internet, video and fixed-line telephony services to residential customers and businesses in the UK.

Operations

As of 31 March 2025, our fixed network is able to service 18.4 million homes and served 5.8 million fixed-line customers, with 5.7 million customers taking a broadband internet product. In addition, as of 31 March 2025, we served 35.6 million retail mobile connections and 10.1 million wholesale mobile connections.

Fixed

Our fixed network operated under the Virgin Media brand provides broadband internet, video and fixed-line telephony services in the UK. We are one of the UK’s largest providers of residential communications services in terms of the number of customers.

Mobile

Our mobile network is a leading UK mobile network operator whose primary business is providing mobile telecommunications and related services. We offer a comprehensive range of mobile services and products to customers, including mobile voice, messaging and data services, and sales of handsets, tablets, wearable devices and other hardware. In addition, we offer a range of value-add services and products, including digital payment services and insurance products. We operate through the O2 brand, but also seek to access additional customer groups through the giffgaff brand and Mobile Virtual Network Operator (**MVNO**) partnerships.

Business and Wholesale

We provide business services to large enterprise, public sector and small and medium business customers, as well as wholesale and MVNO partners. Through our converged offering we provide flexibility and choice with connectivity solutions across our award-winning fixed and mobile networks, as well as integrated voice, mobility, security and cloud solutions. We leverage our expertise and understanding of the customer through our data assets and technology solutions, such as 5G private networks and Internet of Things (**IoT**) connectivity, empowering customers to solve real-time business challenges and harness innovation. Additionally, we provide a range of construction and corporate services to nexfibre.

Strategy and Management Focus

Our sizeable fixed and mobile customer bases provide us with the scale to position ourselves as a convergence champion, while we evolve our networks to meet customers future demand and be the scale UK telecommunications challenger.

Our group strategy is underpinned by four key areas:

Consumer

The majority of our revenue is derived from the products and services we provide to consumers, and we believe the best way to grow these revenues is a relentless focus on meeting the needs of customers. To do this our consumer strategy focuses on four pillars we believe are key to customer satisfaction and loyalty:

a. **Connect Me**: providing high quality and reliable connectivity at home and on the move.
b. **Make My Life Easy**: ensuring that our interactions with customers are seamless.
c. **Build a Relationship with Me**: building a connection with customers and making them feel valued.

d. **Entertain and Inspire Me**: offering customers access to the best entertainment and experiences.

Business and Wholesale

Virgin Media O2 Business continues to put the customer at the heart of everything we do, understanding the importance of connectivity and technology from an Enterprise, Public Sector and Government standpoint. Our vision is to become a UK leader for fixed and mobile convergence, by digitally transforming UK businesses. This operates across five strategic pillars:

a. **Go To Market Right**: understanding the complex needs of our customers and wholesale partners, and providing them with the solutions they need.
b. **Sell It Right**: embedding our sales methodology and customer focus across all teams to optimise our engagement model, utilising data-led automation to drive efficiencies allowing us to better utilise existing resource across managed accounts.
c. **Deliver It Right:** focusing on driving customer satisfaction through delivering 'Right First Time' and keeping customers informed, and providing wholesale partners with new Application Programming Interfaces (APIs) for improved automated updates.
d. **Service It Right:** meeting our vision and brand promise to be a customer-first organisation.
e. **Fit For the Future**: internal review of customer processes to drive simplification, digitalisation and business efficiency to drive optimum customer experience.

Networks

Outstanding connectivity is a core part of our strategy, and we are investing in our networks to ensure we can meet customers growing demand for today and tomorrow. We have strong network ownership economics as one of four UK MNOs and of one of two fixed network owners covering over half of UK homes.

We are focused on upgrading our network capabilities to provide high-quality connectivity to current and potential customers. Through our fibre upgrade programme, we are upgrading our existing network to a full-fibre network in order to future-proof our long-term converged offering, and investing in expanding our 5G mobile network which increases coverage while improving reliability and speed.

We continue to provide construction and corporate services to, and wholesaling from the nexfibre FTTH network. As of 31 March 2025, nexfibre network reaches approximately 2.2 million premises, all of which are greenfield to VMED O2's network. nexfibre's network is also being constructed using XGS-PON technology, giving consistency with our fibre upgrade footprint.

People

Our vision is to build a Team Virgin Media O2 where every voice matters, contribution is celebrated, and growth is accelerated. Our People Plan is structured around creating a supportive, inclusive culture while driving clarity and focus through ongoing transformation through four key priorities: Belonging, Clarity, Development, and Recognition, each designed to meet our people's need to empower them to reach their potential.

Competition and Other External Factors

We are experiencing competition from incumbent telecommunications operators and direct-to-home satellite operators, in addition to other providers. This competition, together with macroeconomic and regulatory factors, impacts our ability to maintain and/or grow our revenue, the number of customers added or lost and average monthly subscription revenue per customer (**ARPU**).

Discussion and Analysis of our Results of Operations

The discussion presented in this section provides an analysis of our revenue and operating costs (excluding depreciation and amortisation and share-based compensation expense) for the three months ended 31 March 2025 and 2024. Our results are set forth below.

Revenue reconciliation

We derive our revenue from residential and B2B communications services, including mobile, broadband internet, video and fixed-line telephony services.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of customer relationships or mobile subscribers outstanding during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (a) changes in prices, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of fixed and mobile products during the period.

Our revenue by major category is set forth below:

	Three months ended 31 March		Increase (decrease)	
	2025	2024	£	%
	in millions, except percentages			
Mobile [(a)]	£ **1,347.8**	£ **1,362.7**	£ **(14.9)**	**(1.1)%**
Handset [(a)]	272.7	291.9	(19.2)	(6.6)%
Fixed	**938.5**	**931.6**	**6.9**	**0.7 %**
Consumer fixed [(b)]	838.4	822.9	15.5	1.9 %
Subscription [(c)]	819.8	807.7	12.1	1.5 %
Other [(d)]	18.6	15.2	3.4	22.4 %
B2B fixed [(e)]	100.1	108.7	(8.6)	(7.9)%
Other [(f)]	**193.8**	**294.5**	**(100.7)**	**(34.2)%**
Total	£ **2,480.1**	£ **2,588.8**	£ **(108.7)**	**(4.2)%**

For further explanation on the revenue streams, please see note 4 of the Notes to the condensed consolidated financial statements.

(a) Mobile revenue includes amounts received from residential and B2B customers for ongoing services and, amongst other items, revenue from sales of mobile handsets and interconnect revenue. Mobile revenue decreased £14.9 million or 1.1% during the three months ended 31 March 2025, as compared to the corresponding period in 2024, due to a decrease in lower margin handset revenue of £19.2 million or 6.6%, partially offset by service revenue growth including the benefit of price rise phasing.

(b) Consumer fixed revenue includes subscription and other revenue for ongoing services and the recognition of deferred installation revenue over the associated contract period. Consumer fixed revenue increased £15.5 million or 1.9% during the three months ended 31 March 2025, as compared to the corresponding period in 2024. This increase is due to the growth in monthly ARPU per fixed-line customer relationship; being £47.00 and £46.25 for the three months ended 31 March 2025 and 2024, respectively.

(c) Consumer fixed subscription revenue includes revenue from subscribers who purchase bundled services at a discounted rate and is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our fixed-line and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period. Additionally, we include revenue from certain SoHo subscribers who pay a premium price to receive expanded service levels that are the same or similar to the mass-marketed products offered to our residential subscribers.

(d) Consumer fixed other revenue includes, amongst other items, channel carriage fees, late fees and revenue from the sale of equipment.

(e) B2B fixed revenue includes (i) revenue from business broadband internet, video and fixed-line telephony services offered to medium to large enterprises and, on a wholesale basis, to other operators and (ii) revenue from long-term leases of portions of our network. B2B fixed revenue decreased £8.6 million or 7.9% during the three months ended 31 March 2025, as compared to the corresponding period in 2024. The decrease is primarily due to a reduced level of long-term leases being entered into and lower annuity revenue versus the comparative period.

(f) Other revenue primarily includes revenue from construction management activities provided to nexfibre, amongst other items, such as corporate activities provided to nexfibre, the sale of handset insurance policies, SMIP, the provision of ICT services, associated connectivity to O2 business customers and other services. Other revenue decreased £100.7 million or 34.2% during the three months ended 31 March 2025, as compared to the corresponding period in 2024. This decrease is primarily driven by lower nexfibre construction revenue of £97.4 million or 50.4%.

Profit reconciliation

Most of our revenue is subject to VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our Adjusted EBITDA and Adjusted EBITDA margin (Adjusted EBITDA divided by revenue) to the extent of any such tax increases. As we use the term, “Adjusted EBITDA” is defined as profit (loss) from continuing operations before net income tax benefit (expense), other non-operating income or expenses, share of results of investments accounted for by the equity method, net finance (costs) income, depreciation and amortisation, share-based compensation, impairment, restructuring, and other operating items. Other operating items include (a) gains and losses on the disposition of long-lived assets and (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees. Share-based compensation for the purposes of calculating Adjusted EBITDA also includes awards granted to Virgin Media O2 employees that are settled with Liberty Global or Telefónica shares.

We are subject to inflationary pressures with respect to certain costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

	Three months ended 31 March		Increase (decrease)	
	2025	2024	£	%
	in millions, except percentages			
Revenue	£ 2,480.1	£ 2,588.8	£ (108.7)	(4.2)%
Cost of sales	(786.6)	(873.0)	(86.4)	(9.9)%
Personnel expenses	(200.5)	(188.3)	12.2	6.5 %
Other expenses	(578.9)	(601.8)	(22.9)	(3.8)%
Adjusted EBITDA[(a)]	**£ 914.1**	**£ 925.7**	**£ (11.6)**	**(1.3)%**
Depreciation and amortisation	(768.8)	(729.5)	39.3	5.4 %
Share-based compensation (expense) credit	(13.7)	3.4	17.1	502.9 %
Restructuring and other operating expenses	(23.6)	(7.1)	16.5	232.4 %
Operating profit	**£ 108.0**	**£ 192.5**	**£ (84.5)**	**(43.9)%**
Finance costs	(563.4)	(404.9)	158.5	39.1 %
Finance income	498.9	448.6	50.3	11.2 %
Share of results of equity method investments	1.0	0.7	0.3	42.9 %
Other income, net	0.9	3.2	(2.3)	(71.9)%
Income tax benefit (expense)	42.3	(16.7)	59.0	353.3 %
Net profit	**£ 87.7**	**£ 223.4**	**£ (135.7)**	**(60.7)%**

(a) Effective from Q1 2025 reporting, the definition of Adjusted EBITDA will include Costs to Capture (**CTC**) Opex costs.

Cost of sales

Cost of sales includes costs of mobile handsets and other devices, programming and copyright costs, interconnect and access costs, and other cost of sales related to our operations. Programming and copyright costs represent a significant portion of our operating costs and are subject to rise in future periods due to various factors, including (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (ii) rate increases.

Our cost of sales decreased £86.4 million or 9.9% during the three months ended 31 March 2025, as compared to the corresponding period in 2024, primarily due to:

- A decrease in other direct costs of £67.2 million or 29.4%, primarily driven by a decrease in nexfibre construction volumes resulting in lower construction costs; and
- A decrease in programming costs of £15.7 million or 7.8% driven by lower volumes.

Personnel expenses

Personnel expenses include salary and payroll costs, commissions, incentive compensation costs, deferred labour and contingent labour.

Our personnel expenses increased £12.2 million or 6.5% during the three months ended 31 March 2025, as compared to the corresponding period in 2024. This increase is primarily due to an increase in headcount.

Other expenses

Other expenses include marketing and other sales costs, network operations, customer services costs, business service costs, impairment and restructuring, share-based compensation and other general expenses.

Our other expenses (exclusive of share-based compensation expense and depreciation and amortisation) decreased £22.9 million or 3.8% during the three months ended 31 March 2025, as compared to the corresponding period in 2024, primarily due to the net effect of:

- A decrease in other expenses of £31.7 million or 33.3%, primarily due to (i) a decrease in bad debt provision and (ii) a decrease in property taxes;
- A decrease in network costs of £26.2 million or 21.0%, due to a decrease in IT professional services;
- A decrease in sales costs of £16.1 million or 19.2%, primarily due to (i) franchise commissions reducing following

franchise store conversion to company-owned or closure and (ii) reductions in base;

- An increase in customer service costs of £13.1 million or 14.9%, due to an increase in the CPE test, repair and refurbishment expenses; and
- An increase in marketing expenses of £10.9 million or 18.1%, primarily due to a new marketing campaign for O2.

Adjusted EBITDA
Adjusted EBITDA decreased by £11.6 million or 1.3% to £914.1 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024, driven by the items discussed above.

Depreciation and amortisation
Depreciation and amortisation increased by £39.3 million or 5.4% to £768.8 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024. This increase is primarily due to acquisitions within the quarter.

Share-based compensation expense
Share-based compensation expense increased by £17.1 million or 502.9% to £13.7 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024. This increase is to align the position with the latest performance expectations, in conjunction with the open plans in the given periods.

Restructuring and other operating items
Restructuring and other operating items increased by £16.5 million or 232.4% to £23.6 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024. This increase is primarily due to an increase in planned restructuring programmes as compared to the corresponding period in 2024.

Operating profit
Operating profit decreased £84.5 million or 43.9% to £108.0 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024, driven by the items discussed above.

Finance costs and income
Finance costs increased by £158.5 million or 39.1% to £563.4 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024, primarily due to an increase in losses on derivative instruments as result of strengthening of the pound against the dollar, partially offset by weakening of the pound against the euro in the current period.

Finance income increased by £50.3 million or 11.2% to £498.9 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024, primarily due to foreign currency gains in the current period not seen in the comparative period.

Share of results of equity method investments
Share of results of equity method investments increased by £0.3 million or 42.9% to £1.0 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024.

Other income, net
Other income decreased by £2.3 million or 71.9% to £0.9 million during the three months ended 31 March 2025, as compared to the corresponding period in 2024.

Income tax benefit (expense)
Income tax benefit of £42.3 million during the three months ended 31 March 2025, compared to an expense of £16.7 million in the corresponding period in 2024. This change is primarily driven by the reduction in profit before tax in the current period.

Net profit
Net profit decreased by £135.7 million or 60.7% to £87.7 million during the three months ended 31 March 2025. The decrease in the current period was primarily due to the net effect of an increase in finance costs partially offset by increases in (i) finance income and (ii) income tax benefit, as compared to the corresponding period in 2024.

Liquidity and Capital Resources

a) Sources and Uses of Cash

i) Cash and cash equivalents
At 31 March 2025, we had cash and cash equivalents of £291.2 million, all of which was held by our subsidiaries. The terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the liquidity of these subsidiaries. In addition, our ability to access the liquidity of our subsidiaries may be limited by tax, legal considerations and other factors.

ii) Liquidity of VMED O2
Our sources of liquidity at the parent level include, subject to the restrictions noted above, proceeds in the form of (i) distributions or loans from our subsidiaries and (ii) contributions or loans from VMED O2 UK Limited. It is the intention of the Shareholders that the Joint Venture, and by extension VMED O2, remains a self-funding company capable of financing its activities on a stand-alone basis without recourse to either Shareholder.

The ongoing cash needs of VMED O2 include corporate general and administrative expenses and fees associated with the JV Service Agreements. From time to time, VMED O2 may also require cash in connection with (i) the repayment of outstanding debt and related-party obligations (including the repurchase or exchange of outstanding debt securities in the open market, privately-negotiated transactions, tender offers, exchange offers, redemptions or prepayments), (ii) the funding of dividends or distributions to our immediate parent, VMED O2 UK Limited, to in turn fund dividends or distributions by VMED O2 UK Limited pursuant to the Joint Venture Shareholders Agreement, (iii) the satisfaction of contingent liabilities or (iv) acquisitions and other investment opportunities.

iii) Liquidity of our subsidiaries
In addition to cash and cash equivalents, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and any borrowing availability under the VMED O2 Credit Facilities. For details of the borrowing availability of the VMED O2 Credit Facilities, see note 7 of the Notes to the condensed consolidated financial statements.

The liquidity of our operating subsidiaries generally is used to fund (i) property, plant and equipment additions, (ii) debt service requirements and (iii) other liquidity requirements that may arise from time to time, as well as to settle certain obligations that are not included in our 31 March 2025 condensed consolidated statement of financial position. In this regard, we have significant commitments related to (a) programming contract and other items, (b) network and connectivity commitments and (c) purchases of CPE and other equipment and services. These obligations are expected to represent a significant liquidity requirement of our Company, the majority of which is due over the next 12 to 24 months. For additional information regarding our commitments, see note 17 of the Notes to the condensed consolidated financial statements.

For additional information regarding our consolidated cash flows, see the discussion under “Condensed Consolidated Statements of Cash Flows” below.

Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to VMED O2 UK Limited. No assurance can be given that any external funding would be available to our subsidiaries on favourable terms, or at all.

b) Capitalisation

At 31 March 2025, the outstanding principal amount of our consolidated debt, together with of our lease obligations, aggregated £22.1 billion, including £3.8 billion that is classified as current in our condensed consolidated statement of financial position, £11.4 billion due before 2030 and £6.9 billion that is not due until 2031 or thereafter. For additional information regarding our debt and lease maturities, see notes 7 and 8, respectively, of the Notes to the condensed consolidated financial statements.
As further discussed under “Quantitative and Qualitative Disclosures about Market Risk” below and in notes 7 and 8 of the Notes to the condensed consolidated financial statements, we use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Adjusted EBITDA and to achieve adequate returns on our property, plant and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by incurrence-based leverage covenants contained in our various debt instruments. In this regard, if our Adjusted EBITDA were to decline, our ability to obtain additional debt could be limited. We do not anticipate any non-compliance with respect to any of our debt covenants that would have a material adverse impact on our liquidity for at least 12 months. For further details regarding our covenants, see note 16 of the Notes to the consolidated financial statements for the year ended 31 December 2024.

Notwithstanding our negative working capital position at 31 March 2025, we believe that we have sufficient resources to repay or refinance the current portion of our debt and lease obligations and to fund our foreseeable liquidity requirements for at least 12 months. However, as our maturing debt grows in later years, we anticipate we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities.

All of our consolidated debt and lease obligations at 31 March 2025 have been borrowed or incurred by our subsidiaries or our joint operation, Cornerstone.

Condensed Consolidated Statements of Cash Flows

Summary

Our summarised condensed consolidated statements of cash flows for the three months ended 31 March 2025 and 2024 are set forth below:

	Three months ended 31 March	
	2025	2024
	in millions	
Net cash (used) provided by operating activities	£ (235.1)	£ 45.1
Net cash provided by investing activities	193.0	28.7
Net cash used by financing activities	(314.2)	(251.0)
Effect of exchange rate changes on cash and cash equivalents	1.3	(0.3)
Net decrease in cash and cash equivalents	**£ (355.0)**	**£ (177.5)**

Operating Activities

The net cash used by our operating activities for the three months ended 31 March 2025 is primarily attributable to our Adjusted EBITDA and related working capital items. See the "Condensed Consolidated Statements of Cash Flows" on page 9 for further information.

Investing Activities

The net cash provided by our investing activities for the three months ended 31 March 2025 is primarily attributable to the net effect of (i) capital expenditures and (ii) net repayments from related-parties. See the "Condensed Consolidated Statements of Cash Flows" on page 9 for further information.

Financing Activities

The net cash used by our financing activities for the three months ended 31 March 2025 is primarily attributable to (i) cash paid of £259.0 million related to net repayments of vendor financing and (ii) cash paid of £48.7 million related to net repayments of third-party debt and lease obligations. See the "Condensed Consolidated Statements of Cash Flows" on page 9 for further information.

The capital expenditures we report in our condensed consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing or lease arrangements. Instead, these amounts are reflected as non-cash additions to our property, plant and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or lease arrangements, and (ii) our total property, plant and equipment and intangible asset additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or lease arrangements. For further details regarding our property, plant and equipment and intangible asset additions, see note 5 of the Notes to the condensed consolidated financial statements. A reconciliation of our consolidated property, plant and equipment and intangible asset additions to our consolidated capital expenditures, as reported in our condensed consolidated statements of cash flows, is set forth below:

	Three months ended 31 March	
	2025	2024
	in millions	
Property, plant and equipment and intangible asset additions	£ 528.8	£ 647.5
Assets acquired under capital-related vendor financing arrangements	(262.0)	(190.3)
Assets acquired under leases	(30.5)	(76.1)
Changes in current liabilities related to capital expenditures, net	83.4	34.3
Capital expenditures	**£ 319.7**	**£ 415.4**

Our property, plant and equipment and intangible asset additions during the three months ended 31 March 2025 include, amongst other items, (i) investments in network capacity, technology facilities and IT-related projects, (ii) expenditures for new build and upgrade projects and (iii) baseline expenditures, including network improvements and expenditures for property and facilities and IT.

Condensed Consolidated Financial Information — Senior Secured Notes

We present the following condensed consolidated financial information as of and for the three months ended 31 March 2025 as required by the applicable underlying indentures. For consolidated financial information as of 31 December 2024, see our 2024 Annual Bond Report for VMED O2.

As of 31 March 2025, Virgin Media Secured Finance is the issuer of the following senior secured notes:

- £90.4 million principal amount of 2027 VMED O2 Sterling Senior Secured Notes;
- $1,425.0 million (£1,104.0 million) principal amount of 2029 VMED O2 Dollar Senior Secured Notes;
- £340.0 million principal amount of 2029 VMED O2 Sterling Senior Secured Notes;
- $915.0 million (£708.9 million) principal amount of 2030 VMED O2 Dollar Senior Secured Notes;
- £480.0 million principal amount of 2030 VMED O2 4.125% Sterling Senior Secured Notes; and
- £635.0 million principal amount of 2030 VMED O2 4.25% Sterling Senior Secured Notes.

Our senior secured notes issued by Virgin Media Secured Finance outstanding as of 31 March 2025, rank pari passu with and, subject to certain exceptions, share in the same guarantees and security which have been granted in favour of our VMED O2 Credit Facilities. Our senior secured notes are guaranteed on a senior basis by:

- Virgin Media Investment Holdings Limited;
- Virgin Media Bristol LLC;
- Virgin Media Finance plc;
- Virgin Media Inc;
- Virgin Media Limited;
- Virgin Media Secured Finance plc;
- Virgin Media Senior Investments Limited;
- Virgin Media SFA Finance Limited;
- Virgin Media Wholesale Limited;
- Virgin Mobile Telecoms Limited;
- VMED O2 UK Holdco 4 Limited;
- VMED O2 UK Holdco 5 Limited; and
- Telefonica UK Limited.

Statement of Financial Position	31 March 2025 in millions											
	VMED O2 UK Holdings Limited		Virgin Media Secured Finance plc		Guarantors		Non-Guarantors		Eliminations [a]		Total	
Non-current assets	£	18.5	£	3,370.1	£	35,632.2	£	3,366.0	£	(252.5)	£	42,134.3
Current assets		—		138.9		3,913.9		188.7		(627.0)		3,614.5
Total assets	**£**	**18.5**	**£**	**3,509.0**	**£**	**39,546.1**	**£**	**3,554.7**	**£**	**(879.5)**	**£**	**45,748.8**
Total combined equity	**£**	**9.4**	**£**	**17.6**	**£**	**22,582.3**	**£**	**(3,138.4)**	**£**	**—**	**£**	**19,470.9**
Total owner's equity		9.4		17.6		22,582.3		(3,311.6)		—		19,297.7
NCI		—		—		—		173.2		—		173.2
Liabilities:												
Non-current liabilities		—		3,432.0		9,657.6		6,116.0		(252.5)		18,953.1
Current liabilities		9.1		59.4		7,306.2		577.1		(627.0)		7,324.8
Total liabilities		**9.1**		**3,491.4**		**16,963.8**		**6,693.1**		**(879.5)**		**26,277.9**
Total equity and liabilities	**£**	**18.5**	**£**	**3,509.0**	**£**	**39,546.1**	**£**	**3,554.7**	**£**	**(879.5)**	**£**	**45,748.8**

(a) The major contributors to the eliminations presented are between guarantors and Virgin Media Secured Finance plc balances, and presented as unaudited standalone accounts.

Statement of Profit or (Loss)	Three months ended 31 March 2025 in millions									
	VMED O2 UK Holdings Limited		Virgin Media Secured Finance plc		Guarantors		Non-Guarantors		Total	
Revenue	£	—	£	—	£	2,208.7	£	271.4	£	2,480.1
Net profit attributable to:										
Owners		0.1		11.6		14.4		70.1		96.2
NCI		—		—		—		(8.5)		(8.5)
Net profit	**£**	**0.1**	**£**	**11.6**	**£**	**14.4**	**£**	**61.6**	**£**	**87.7**
Comprehensive income attributable to:										
Owners	£	0.1	£	11.6	£	5.6	£	70.1	£	87.4
NCI		—		—		—		(8.5)		(8.5)
Comprehensive income	**£**	**0.1**	**£**	**11.6**	**£**	**5.6**	**£**	**61.6**	**£**	**78.9**

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the normal course of our business operations due to our ongoing investing and financing activities. Market risk refers to the risk of loss arising from adverse changes in foreign currency exchange rates and interest rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future profits. As further described below, we have established policies, procedures and processes governing our management of market risks and the use of derivative instruments to manage our exposure to such risks.

Cash

We invest our cash in highly liquid instruments that meet high credit quality standards. At 31 March 2025, £288.1 million or 99.0%, £6.5 million or 2.2% and (£3.4 million) or (1.2%) of our consolidated cash balance was denominated in pounds sterling, US dollars and euros, respectively.

Foreign Currency Risk

We are exposed to foreign currency exchange rate risk with respect to our consolidated debt in situations where our debt is denominated in US dollars and euros. Although we generally match the denomination of our and our subsidiaries' borrowings with our functional currency, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in our functional currency (unmatched debt). In these cases, our policy is to provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At 31 March 2025, substantially all of our debt was either directly or synthetically matched to our functional currency. For additional information concerning the terms of our derivative instruments, see note 9 of the Notes to the condensed consolidated financial statements.

Currently, the UK is facing various macro-economic pressures, including financial and political challenges, that have impacted the broader UK economy, valuation of the local currency, interest rates and inflationary pressures. In addition to the exposure that results from the mismatch of our borrowings and our functional currency, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our functional currency (non-functional currency risk), such as equipment purchases, programming contracts, notes payable and notes receivable (including intercompany amounts) and certain services provided by our Shareholders. Changes in exchange rates with respect to amounts recorded in our condensed consolidated statements of financial position related to these items will result in unrealised (based upon period-end exchange rates) or realised foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our functional currency, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have entered into foreign currency forward and option contracts to hedge certain of these risks. For additional information concerning our foreign currency forward and option contracts, see note 9 of the Notes to the condensed consolidated financial statements.

The relationships between (i) the euro and (ii) the US dollar and the pound sterling, which is our reporting currency, are shown below, per one pound sterling:

	31 March 2025	31 December 2024
Spot rates:		
Euro	1.1939	1.2097
US dollar	1.2908	1.2519

	Three months ended 31 March	
	2025	2024
Average rates:		
Euro	1.1972	1.1680
US dollar	1.2606	1.2681

Inflation Risk

We are subject to inflationary pressures with respect to energy, labour, programming and other costs. While we attempt to increase our revenue through price increases to customers to offset increases in costs, there is no assurance that we will be able to do so. Therefore, costs could rise faster than associated revenue, thereby resulting in a negative impact on our operating results, cash flows and liquidity. The economic environment in the UK is a function of government, economic, fiscal and monetary policies, international trade policies and various other factors beyond our control that could lead to inflation. We are unable to predict the extent that price levels might be impacted in future periods by the current state of the economy in the UK.

Interest Rate Risk

We are exposed to changes in interest rates primarily as a result of our borrowing activities, which include fixed-rate and variable-rate borrowings by our subsidiaries. Our primary exposure to variable-rate debt is through our SONIA-indexed, Term Secured Overnight Financing Rate -indexed and Euro Interbank Offered Rate (**EURIBOR**)-indexed VMED O2 Credit Facilities.

In general, we enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt. Accordingly, we have entered into various derivative transactions to manage exposure to increases in interest rates. We use interest rate derivative contracts to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount. We also use interest rate cap agreements and swaptions to lock in a maximum interest rate if variable rates rise, but also allow our Company to benefit from declines in market rates. Under our current guidelines, we use various interest rate derivative instruments to mitigate interest rate risk, generally for the full term of the underlying variable-rate debt. In this regard, we use judgement to determine the appropriate composition and maturity dates of our portfolios of interest rate derivative instruments, taking into account the relative costs and benefits of different maturity profiles in light of current and expected future market conditions, liquidity issues and other factors. For additional information concerning the impacts of these interest rate derivative instruments, see note 9 of the Notes to the condensed consolidated financial statements.

There have been significant changes in the benchmark interest rates used to set floating rates on our debt and derivative instruments. ICE Benchmark Administration (the entity that administers LIBOR) ceased to publish the pound LIBOR rates after 31 December 2021, and it ceased to publish the dollar LIBOR after 30 June 2023. The methodology for EURIBOR has been reformed and has been granted regulatory approval to continue to be used.

Since May 2024, European Money Markets Institute (**EMMI**) has been working with Panel Banks on the gradual transition to the enhanced Euribor hybrid methodology. On 9 October 2024, EMMI announced the successful completion of the phase-in for the enhanced Euribor methodology. The transition to the new methodology for calculating Euribor eliminates the reliance on panel banks' expert judgement and bases the benchmark on transaction-driven data. While this change improves transparency and reliability, was aimed at reducing operational risks and could enhance the benchmark's robustness and liquidity, the removal of discretionary adjustments might affect volatility in some tenor fixings and potentially affect money market spreads. Furthermore, changes in the calculation methodology (including adjustments based on the Overnight Index Swap market) might also widen money market spreads.

Weighted Average Variable Interest Rate. At 31 March 2025, the outstanding principal amount of our variable-rate indebtedness aggregated £6.4 billion and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 6.7%, excluding the effects of interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual consolidated interest expense and cash outflows by £32.0 million. As discussed above and in note 9 of the Notes to the condensed consolidated financial statements, we use interest rate derivative contracts to manage our exposure to increases in variable interest rates. In this regard, increases in the fair value of these contracts generally would be expected to offset most of the economic impact of increases in the variable interest rates applicable to our indebtedness to the extent and during the period that principal amounts are matched with interest rate derivative contracts.

In addition to the above, we are also exposed to modest, predetermined interest rate adjustments as a result of the achievement or non-achievement of certain ESG-linked metrics contained within certain sustainability-linked VMED O2 Credit Facilities. These ESG metrics are primarily related to the reduction of Scope 1 and Scope 2 emissions in line with our pathway to net zero across our operations, products and supply chain by 2040. The carrying value of the sustainability-linked VMED O2 Credit Facilities at 31 March 2025 amounted to £2.7 billion.

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments, cash holdings and undrawn debt facilities will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments and undrawn debt facilities is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under the derivative instruments. Most of our cash currently is invested in either (i) AAA credit rated money market funds, including funds that invest in government obligations, or (ii) overnight deposits with banks having a minimum credit rating of A by Standard & Poor's or an equivalent rating by Moody's Investor Service. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions.

At 31 March 2025, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £416.3 million, (ii) aggregate undrawn debt facilities of £1,463.0 million and (iii) cash and cash equivalents of £291.2 million. We have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements are limited to the derivative instruments governed by the relevant master agreement and are independent of similar arrangements.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in the event of an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and or liquidity.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

Sensitivity Information

Information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions is set forth below. The potential changes in fair value set forth below do not include any amounts associated with the remeasurement of the derivative asset or liability into the applicable functional currency. For additional information, see notes 9 and 10 of the Notes to the condensed consolidated financial statements.

Cross-currency and Interest Rate Derivative Contracts
Holding all other factors constant at 31 March 2025:

(a) an instantaneous increase / (decrease) of 10% in the value of the pound sterling relative to the US dollar would have decreased / (increased) the aggregate fair value of our cross-currency and interest rate derivative contracts by approximately £1,479.5 million;

(b) an instantaneous increase / (decrease) of 10% in the value of the pound sterling relative to the euro would have decreased / (increased) the aggregate fair value of our cross-currency and interest rate derivative contracts by approximately £401.0 million; and

(c) an instantaneous increase / (decrease) in the relevant base rate of 50 basis points (0.50%) would have (decreased) / increased the aggregate fair value of our cross-currency and interest rate derivative contracts by approximately £125.5 million.

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