

## Virgin Media O2<sup>1</sup> publishes Q2 results to 30 June 2025

### Virgin Media O2 makes strides in network evolution, executes further refinancing, and reaffirms 2025 guidance

London, UK - 30 July 2025

- **Progress against strategy:**

- Largest fibre challenger in the UK - combined full fibre footprint surpasses 7 million premises, executing fixed network upgrade and rollout on behalf of nexfibre.
- Virgin Media O2 to acquire 78.8 MHz of spectrum for an investment of £343 million, significantly boosting the mobile network and bringing total mobile spectrum share to approximately 30%. Spectrum transfer is expected to begin in H2 2025, with 2025 investment funded by the minority stake sale of Cornerstone in 2024.
- Regulatory approval received for creation of new B2B company, combining Virgin Media O2 Business and Daisy Group.

- **Commercial momentum:**

- ARPU per fixed-line customer increased £1.51 sequentially, stable year-over-year. Fixed-line customer net reduction of 51,300 in the quarter of annual price rise implementation.
- Mobile contract base reduced by 73,600 in Q2, primarily driven by B2B, with O2 monthly contract churn improving year-over-year to 1.1% in the quarter.
- Advancing commercial initiatives to support customer retention in a highly competitive market. Customer service transformation has more than halved Virgin Media complaints year-over-year; proposition enhancements added including data rollover on O2 premium plans and multi-SIM capability for the converged Volt proposition.

- **Financial performance:**

- Guided revenue reduced 0.4% in Q2 (H1 flat), with lower B2B fixed revenue the most significant driver.
- Guided Adjusted EBITDA increased 1.1% in Q2 (H1 +1.0%), supported by cost efficiencies.
- All guidance metrics reaffirmed, as the company continues to target growth in core revenues and Adjusted EBITDA.

#### Continued growth in guided Adjusted EBITDA

**Revenue:** Q2 guided revenue, which excludes handset and the impact of nexfibre construction, was £2,175.0 million, a decrease of 0.4% compared to £2,183.6 million in Q2 2024, as year-to-date growth was stable. Total revenue decreased 5.5% year-over-year to £2,526.8 million. Total mobile revenue decreased 0.9% to £1,385.0 million, driven by a 5.2% reduction in low margin handset revenue. Consumer fixed revenue decreased 0.9% to £857.1 million, due to a reduction in the customer base. B2B fixed revenue decreased 8.2% to £99.2 million primarily driven by lower rental revenues. Other revenue decreased 38.7% to £185.5 million with a continued lower level of nexfibre construction revenue compared to the prior year.

**Adjusted EBITDA:** Q2 guided Adjusted EBITDA, which excludes the impact of nexfibre construction, was £985.9 million, an increase of 1.1% compared to £974.8 million in Q2 2024, with year-to-date growth of 1.0%. Total Adjusted EBITDA decreased 0.4% year-over-year to £984.2 million. The decrease in Adjusted EBITDA was attributable to negative nexfibre construction profitability, where construction revenues have significantly reduced, excluding this impact growth was supported by cost efficiencies including a reduced level of Opex CTC. Q2 2025 Adjusted EBITDA margin was 39.0% compared to 36.9% in Q2 2024, primarily reflecting an improved revenue mix.

**Adjusted EBITDA less Capex:** Q2 Adjusted EBITDA less Capex decreased 2.8% year-over-year to £413.1 million, driven by an increase in P&E additions with greater investment in the fixed and mobile networks.

**Adjusted Free Cash Flow:** Adjusted FCF was £158.3 million for the quarter ended 30 June 2025.

**2025 Guidance:** All 2025 guidance metrics reaffirmed, as the company expects:

- Growth in revenue excluding handset and the impact of nexfibre construction
- Growth in Adjusted EBITDA excluding the impact of nexfibre construction
- P&E additions of £2.0 to £2.2 billion
- Adjusted Free Cash Flow and cash distributions to shareholders both in the range of £350 to £400 million
- Targeting being in line with the 4x to 5x leverage range in the medium term

### ***Continuing to optimise capital structure***

**Debt borrowing cost and tenor:** At 30 June 2025, the fully-swapped third-party debt borrowing cost was 5.3% and the average tenor of third-party debt (excluding vendor financing) was 4.8 years.

### **Key financing activity:**

- In June 2025, £746.3 million of the £750.0 million Term Loan X1 facility due 2029 was refinanced into a new facility, Term Loan AC2 due 2030. In July 2025, the remaining £3.7 million of Term Loan X1 was refinanced into Term Loan AC2.
- In July 2025, Virgin Media O2 completed a EUR 500 million private tap of the green EUR 5.625% 2032 Senior Secured Notes. The instrument matures in April 2032 and bears a 5.625% annual coupon, with proceeds used to refinance existing debt.
- In July 2025, the company completed a tender and exchange offer relating to Term Loan N due 2028, with USD 173.5 million of Term Loan N purchased for cash at par and cancelled, and USD 330.2 million of Term Loan N exchanged into Term Loan Y due 2031.
- In July 2025, the company also prepaid USD 347.5 million of Term Loan N, using the excess proceeds from the above mentioned transactions.

### **Leverage ratios:**

- The following ratios are calculated in accordance with the most restrictive covenants, and reflecting the Credit Facility Excluded Amounts as defined in the respective credit agreements as at 30 June 2025, subject to the completion of the corresponding compliance reporting requirements:
  - Net Senior Debt to Annualised Adjusted EBITDA (last two quarters annualised) of 3.84x
  - Net Total Debt to Annualised Adjusted EBITDA (last two quarters annualised) of 4.15x
- Vendor financing, lease and certain other obligations are not included in the calculation of leverage covenants, if these and the Credit Facility Excluded Amounts were included the associated leverage ratio would be:
  - Total Net Debt to Annualised Adjusted EBITDA of 5.53x

### **Undrawn commitments:**

- At 30 June 2025, the company had maximum undrawn commitments of £1,378.0 million equivalent.
- When compliance reporting requirements have been completed and assuming no change from 30 June 2025 borrowing levels, it is anticipated that the full borrowing capacity will continue to be available, based on the maximum the company can incur and upstream.

## Operating Statistics Summary

Three months ended 30 June			
	2025	2024	
<b>Footprint</b>			
<b>Homes Serviceable</b>	<b>18,535,800</b>	<b>17,489,000</b>	
<b>Fixed</b>			
<b>Fixed-Line Customer Relationships</b>	<b>5,738,800</b>	<b>5,811,200</b>	
O/w Broadband Connections	5,643,500	5,710,700	
<b>Fixed-Line Customer Relationship net losses</b>	<b>(51,300)</b>	<b>(13,600)</b>	
O/w Broadband net losses	(51,400)	(12,200)	
Q2 Monthly ARPU per Fixed-Line Customer Relationship	£ 48.51	£ 48.49	
<b>Mobile</b>			
<b>Retail Connections</b>	<b>36,013,300</b>	<b>35,632,200</b>	
Mobile	22,809,800	23,404,500	
Contract <sup>(i)</sup>	15,639,600	15,845,900	
Prepaid	7,170,200	7,558,600	
IoT	13,203,500	12,227,700	
<b>Wholesale Connections</b>	<b>10,151,900</b>	<b>9,829,900</b>	
<b>Total Mobile Connections</b>	<b>46,165,200</b>	<b>45,462,100</b>	
<b>Retail net additions</b>	<b>394,900</b>	<b>272,800</b>	
Mobile net losses	(63,700)	(65,600)	
Contract net losses <sup>(i)</sup>	(73,600)	(128,600)	
Prepaid net additions	9,900	63,000	
IoT net additions	458,600	338,400	
<b>Wholesale net additions</b>	<b>85,300</b>	<b>120,100</b>	
<b>Total Mobile net additions</b>	<b>480,200</b>	<b>392,900</b>	

<sup>(i)</sup> Movements for the quarter ended 30 June 2024 include the impact of a change in contract net losses (see item 6 within the footnote section for further detail).

## Financial Results, Adjusted EBITDA Reconciliation, Property and Equipment Additions and Adjusted Free Cash Flow

The preliminary unaudited selected financial results are set forth below:

	Three months ended 30 June			Six months ended 30 June		
	2025	2024	Increase (decrease)	2025	2024	Increase (decrease)
	in millions, except percentages					
Revenue						
Mobile	£ 1,385.0	£ 1,398.1	(0.9%)	£ 2,732.8	£ 2,760.8	(1.0%)
Handset	273.0	288.0	(5.2%)	545.7	579.9	(5.9%)
Fixed	956.3	972.9	(1.7%)	1,894.8	1,904.5	(0.5%)
Consumer Fixed	857.1	864.8	(0.9%)	1,695.5	1,687.7	0.5%
Subscription	838.8	846.6	(0.9%)	1,658.6	1,654.3	0.3%
Other	18.3	18.2	0.5%	36.9	33.4	10.5%
B2B Fixed	99.2	108.1	(8.2%)	199.3	216.8	(8.1%)
Other	185.5	302.7	(38.7%)	379.3	597.2	(36.5%)
Total Revenue	£ 2,526.8	£ 2,673.7	(5.5%)	£ 5,006.9	£ 5,262.5	(4.9%)
Adjusted EBITDA	£ 984.2	£ 987.8	(0.4%)	£ 1,898.3	£ 1,913.5	(0.8%)
Adjusted EBITDA as a % of Revenue	39.0%	36.9%		37.9%	36.4%	
Adjusted EBITDA less Capex						
Adjusted EBITDA	£ 984.2	£ 987.8	(0.4%)	£ 1,898.3	£ 1,913.5	(0.8%)
Property & equipment additions	532.7	500.5	6.4%	1,031.0	1,071.9	(3.8%)
ROU asset additions	38.4	62.5	(38.6%)	68.9	138.6	(50.3%)
Adjusted EBITDA less Capex	£ 413.1	£ 424.8	(2.8%)	£ 798.4	£ 703.0	13.6%
Adjusted EBITDA less Capex as a % of Revenue	16.3%	15.9%		15.9%	13.4%	
Adjusted Free Cash Flow (FCF)						
Adjusted FCF	£ 158.3	£ 435.9		£ (727.1)	£ (302.8)	

A reconciliation of net (loss) profit to Adjusted EBITDA is set forth below:

	Three months ended 30 June			Increase (decrease)	Six months ended 30 June		Increase (decrease)
	2025	2024			2025	2024	
	in millions, except percentages						
Net (loss) profit	£ (221.9)	£ 11.5		£ (357.4)	£ 30.8		
Income tax (benefit) expense	(65.5)	12.8		(107.8)	29.5		
Other income, net	(15.8)	(3.3)		(16.7)	(6.5)		
Share of results of investments accounted for by the equity method	0.1	0.3		(0.9)	(0.4)		
Finance income	(518.9)	(108.6)		(794.6)	(353.2)		
Finance costs	994.9	340.0		1,558.3	745.0		
Operating income	172.9	252.7		280.9	445.2		
Depreciation and amortisation	780.4	695.6		1,549.2	1,425.1		
Share-based compensation expense	18.9	16.1		32.6	12.7		
Restructuring and other operating	12.0	23.4		35.6	30.5		
Adjusted EBITDA	£ 984.2	£ 987.8	(0.4%)	£ 1,898.3	£ 1,913.5	(0.8%)	

A reconciliation of our net cash provided by operating activities to Adjusted Free Cash Flow is set forth below:

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
	in millions			
Net cash provided by operating activities	£ 846.7	£ 931.4	£ 593.1	£ 973.5
Operating-related vendor financing additions	611.0	723.8	1,085.2	1,526.6
Capital expenditures, net	(359.9)	(339.3)	(679.6)	(754.7)
Principal payments on vendor financing	(906.5)	(843.1)	(1,639.7)	(1,958.4)
Principal payments on leases	(33.0)	(36.9)	(86.1)	(89.8)
<b>Adjusted FCF</b>	<b>£ 158.3</b>	<b>£ 435.9</b>	<b>£ (727.1)</b>	<b>£ (302.8)</b>

## Third-Party Debt, Lease Obligations and Cash and Cash Equivalents

The borrowing currency and pound sterling equivalent of the nominal amounts of VMED O2's consolidated third-party debt, lease obligations and cash and cash equivalents is set forth below:

	30 June 2025		31 March 2025	
	Borrowing currency	£ equivalent		
		in millions		
Senior and Senior Secured Credit Facilities:				
Term Loan N (Term SOFR + 2.50%) due 2028	\$	2,804.5	£ 2,044.8	£ 2,172.9
Term Loan O (EURIBOR + 2.50%) due 2029	€	750.0	643.3	628.2
Term Loan Q (Term SOFR + 3.25%) due 2029	\$	1,300.0	947.9	1,007.2
Term Loan R (EURIBOR + 3.25%) due 2029	€	750.0	643.3	628.2
Term Loan X1 (SONIA + 3.25% <sup>(i)</sup> ) due 2029 <sup>(iii)</sup>	£	3.7	3.7	750.0
Term Loan Y (Term SOFR + 3.25% <sup>(i)</sup> ) due 2031 <sup>(iii)</sup>	\$	1,750.0	1,276.0	1,355.8
Term Loan Z (EURIBOR + 3.50% <sup>(i)</sup> ) due 2031	€	720.0	617.5	603.1
Term Loan AC2 (SONIA + 3.25% <sup>(i)</sup> ) due 2030 <sup>(ii)</sup>	£	746.3	746.3	—
£54 million (equivalent) RCF (SONIA + 2.75%) due 2026	£	—	—	—
£1,324 million (equivalent) RCF (SONIA + 2.75% <sup>(i)</sup> ) due 2029	£	—	—	—
VM Financing Facilities (GBP equivalent)	£	502.3	502.3	420.3
Total Senior and Senior Secured Credit Facilities			7,425.1	7,565.7
Senior Secured Notes:				
5.00% GBP Senior Secured Notes due 2027	£	—	—	90.4
5.50% USD Senior Secured Notes due 2029	\$	1,425.0	1,039.0	1,104.0
5.25% GBP Senior Secured Notes due 2029	£	340.0	340.0	340.0
4.00% GBP Senior Secured Notes due 2029	£	600.0	600.0	600.0
4.25% GBP Senior Secured Notes due 2030	£	635.0	635.0	635.0
4.50% USD Senior Secured Notes due 2030	\$	915.0	667.2	708.9
4.125% GBP Senior Secured Notes due 2030	£	480.0	480.0	480.0
3.25% EUR Senior Secured Notes due 2031	€	950.0	814.8	795.7
4.25% USD Senior Secured Notes due 2031	\$	1,350.0	984.4	1,045.9
4.75% USD Senior Secured Notes due 2031	\$	1,400.0	1,020.8	1,084.6
4.50% GBP Senior Secured Notes due 2031	£	675.0	675.0	675.0
7.75% USD Senior Secured Notes due 2032	\$	750.0	546.9	581.1
5.625% <sup>(i)</sup> EUR Senior Secured Notes due 2032	€	600.0	514.6	502.6
Total Senior Secured Notes			8,317.7	8,643.2
Senior Notes:				
5.00% USD Senior Notes due 2030	\$	925.0	674.5	716.6
3.75% EUR Senior Notes due 2030	€	500.0	428.8	418.8
Total Senior Notes			1,103.3	1,135.4
Vendor financing			2,927.2	2,999.8
Share of Cornerstone debt			262.5	202.5
Other debt			312.6	318.3
Lease obligations			917.7	920.6
Total third-party debt and lease obligations			21,266.1	21,785.5
Less: unamortised premiums, discounts, deferred financing costs and fair value adjustments, net			18.0	11.2
Total carrying amount of third-party debt and lease obligations			21,248.1	21,774.3
Less: cash and cash equivalents			506.2	294.3
Net carrying amount of third-party debt and lease obligations		£	20,741.9	£ 21,480.0
Exchange rate (€ to £)			1.1660	1.1939
Exchange rate (\$ to £)			1.3715	1.2908

<sup>(i)</sup> Rates are subject to adjustment based upon the achievement or otherwise of certain ESG metrics.

<sup>(ii)</sup> In June 2025, £746.3 million of the £750.0 million Term Loan X1 facility due 2029 was refinanced into a new facility, Term Loan AC2 due 2030.

<sup>(iii)</sup> In April 2025, Term Loan Y1 became fungible with Term Loan Y.

## Covenant Debt Information<sup>1</sup>

The pound sterling equivalent of the reconciliation from VMED O2's consolidated third-party debt and lease obligations to the total covenant amount of third-party gross and net debt and includes information regarding the projected principal-related cash flows of our cross-currency derivative instruments is set forth below. The pound sterling equivalents presented below are based on exchange rates that were in effect as of 30 June 2025 and 31 March 2025. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts in future periods.

	30 June 2025		31 March 2025	
	in millions			
<b>Total third-party debt and lease obligations (£ equivalent)</b>	<b>£</b>	<b>21,266.1</b>	<b>£</b>	<b>21,785.5</b>
Vendor financing		(2,847.2)		(2,917.5)
Other debt		(312.6)		(318.3)
Cornerstone debt		(262.5)		(202.5)
Credit Facility excluded amount		(987.4)		(997.6)
Lease obligations		(917.7)		(920.6)
Projected principal-related cash payments associated with our cross-currency derivative instruments		863.5		373.8
<b>Total covenant amount of third-party gross debt</b>		<b>16,802.2</b>		<b>16,802.8</b>
Cash and cash equivalents		(407.7)		(257.7)
<b>Total covenant amount of third-party net debt</b>	<b>£</b>	<b>16,394.5</b>	<b>£</b>	<b>16,545.1</b>



## Forward-Looking Statements

This press release contains forward-looking statements including statements regarding our strategies, future growth ambitions and opportunities, and other information and statements that are not historical fact. Accordingly, one should not place undue reliance on these statements.

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## About Virgin Media O2

VMED O2 UK Limited (Virgin Media O2) is an integrated communications provider of broadband internet, video, fixed-line telephony and mobile services to residential customers and businesses in the United Kingdom (U.K.). Virgin Media O2 is a 50:50 joint venture between Liberty Global Ltd. (Liberty Global) and Telefónica, SA (Telefónica).

Liberty Global is a dynamic team of operators and investors generating and delivering shareholder value through the strategic management of three platforms — Liberty Telecom, Liberty Growth and Liberty Services. Liberty Telecom is a world leader in converged broadband, video and mobile communications services, delivering next-generation products through advanced fiber and 5G networks. Liberty Telecom currently provides approximately 80 million<sup>(i)</sup> connections through some of Europe's best-known consumer brands, including Virgin Media O2 in the U.K., VodafoneZiggo in the Netherlands, Telenet in Belgium and Virgin Media in Ireland. Liberty Growth invests, grows and rotates capital into scalable businesses across the technology, media/content, sports and infrastructure industries with a portfolio of approximately 70 companies and various funds, including stakes in companies like ITV, Televisa Univision, Plume, EdgeConneX and AtlasEdge, as well as a controlling interest in the Formula E racing series. Liberty Services delivers innovative technology and finance services primarily to certain affiliates and related parties.

Telefónica is one of the largest telecommunications service providers in the world. The company offers fixed and mobile connectivity as well as a wide range of digital services for residential and business customers. With 354 million customers, Telefónica operates in Europe and Latin America. Telefónica is a 100% listed company and its shares are traded on the Spanish Stock Market and on those in New York and Lima.

<sup>(i)</sup> Represents aggregate consolidated and 50% owned non-consolidated fixed and mobile subscribers. Includes wholesale mobile connections of the Virgin Media O2 JV and B2B fixed subscribers of the VodafoneZiggo JV.



## Footnotes

1. The information provided in this release includes the financial information of VMED O2 UK Limited, a holding company that is not included as a restricted subsidiary for purposes of the facilities agreement and bond indentures governing Virgin Media O2. Disclosures may differ from reporting required under debt covenant arrangements. This release includes the actual IFRS results for Virgin Media O2 for the three and six months ended 30 June 2025 and 2024.
2. Net profit attributable to non-controlling interests of £10.2 million and £1.6 million during the three and six months ended 30 June 2025, respectively, and £1.7 million and £1.8 million during the three and six months ended 30 June 2024, respectively.
3. In addition to Adjusted EBITDA, the supplementary financial measure Adjusted EBITDAaL is set forth below:

	Three months ended 30 June				Six months ended 30 June		
	2025	2024		Increase (decrease)	2025	2024	Increase (decrease)
	in millions, except percentages						
Adjusted EBITDAaL							
Adjusted EBITDA	£ 984.2	£ 987.8		(0.4%)	£ 1,898.3	£ 1,913.5	(0.8%)
Lease depreciation and interest costs	(60.8)	(55.5)			(117.0)	(112.0)	
Adjusted EBITDAaL	£ 923.4	£ 932.3		(1.0%)	£ 1,781.3	£ 1,801.5	(1.1%)

4. In addition to Adjusted EBITDA, the supplementary financial measure Adjusted EBITDA excluding Opex CTC is set forth below:

	Three months ended 30 June				Six months ended 30 June		
	2025	2024		Increase (decrease)	2025	2024	Increase (decrease)
	in millions, except percentages						
Adjusted EBITDA excluding Opex CTC							
Adjusted EBITDA	£ 984.2	£ 987.8		(0.4%)	£ 1,898.3	£ 1,913.5	(0.8%)
Opex CTC	3.4	10.6			5.8	20.3	
Adjusted EBITDA excluding Opex CTC	£ 987.6	£ 998.4		(1.1%)	£ 1,904.1	£ 1,933.8	(1.5%)

5. In addition to Adjusted EBITDA less Capex, the supplementary financial measure Adjusted EBITDA less Capex excluding CTC is set forth below:

	Three months ended 30 June			Increase (decrease)	Six months ended 30 June		Increase (decrease)
	2025	2024	2025		2024		
	in millions, except percentages						
Adjusted EBITDA less Capex excluding CTC							
Adjusted EBITDA less Capex	£ 413.1	£ 424.8	(2.8%)	£ 798.4	£ 703.0	13.6%	
Opex and Capex CTC	17.1	31.2		37.5	60.3		
Adjusted EBITDA less Capex excluding CTC	£ 430.2	£ 456.0	(5.7%)	£ 835.9	£ 763.3	9.5%	

6. Previously reported 2024 mobile contract net losses and closing base values have been restated, and are set forth below:

	Three months ended 31 March		Three months ended 30 June		Three months ended 30 September	
			2024			
			Mobile Contract			
	Net Losses <sup>(i)</sup>	Closing Base	Net Losses <sup>(i)</sup>	Closing Base	Net Losses <sup>(i)</sup>	Closing Base
As previously reported	(74,500)	15,988,600	(118,400)	15,870,200	(15,300)	15,854,900
Adjustments	(3,300)	(14,100)	(10,200)	(24,300)	(10,200)	(34,500)
Restated	(77,800)	15,974,500	(128,600)	15,845,900	(25,500)	15,820,400

<sup>(i)</sup> Excludes the impact of a (10,800) adjustment made to the 2024 opening base.

7. 2025 guidance includes the metrics 'revenue excluding handset and the impact of nexfibre construction' and 'Adjusted EBITDA excluding the impact of nexfibre construction', the associated 2024 comparators are set forth below:

	Three months ended 31 March		Three months ended 30 June		Three months ended 30 September		Three months ended 31 December		Year ended 31 December	
					2024					
					in millions					
Revenue excluding handset and the impact of nexfibre construction	£	2,103.6	£	2,183.6	£	2,179.1	£	2,177.5	£	8,643.8
Adjusted EBITDA excluding the impact of nexfibre construction	£	914.1	£	974.8	£	989.1	£	981.1	£	3,859.1

## Glossary

**5G Population Coverage:** The percentage of the UK outdoor population with access to 5G mobile services through a 5G Standalone (SA) enabled device.

**Adjusted EBITDA:** Adjusted EBITDA is the primary measure used by our CEO, determined to be our chief operating decision maker, to evaluate operating performance and is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. 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 and Telefónica shares. Our internal decision makers believe Adjusted EBITDA is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking and (3) identify strategies to improve operating performance. We believe our consolidated Adjusted EBITDA measure, which is a non-GAAP measure, is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies.

**Adjusted EBITDA margin:** Adjusted EBITDA margin is a non-GAAP metric calculated by dividing Adjusted EBITDA by total revenue for the applicable period.

**Adjusted EBITDA after Leases (Adjusted EBITDAaL):** We define Adjusted EBITDAaL as Adjusted EBITDA as further adjusted to include lease related depreciation and interest expense. Our internal decision makers believe Adjusted EBITDAaL is a meaningful measure because it represents a transparent view of our recurring operating performance that includes recurring lease expenses necessary to operate our business. We believe Adjusted EBITDAaL, which is a non-GAAP measure, is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other public companies. Adjusted EBITDAaL should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, IFRS measures of income included in our consolidated statements of profit or loss.

**Adjusted EBITDA less Capex:** Adjusted EBITDA less P&E and ROU asset additions. Adjusted EBITDA less Capex is a meaningful measure because it provides (i) a transparent view of Adjusted EBITDA that remains after our capital spend, which we believe is important to take into account when evaluating our overall performance and (ii) a comparable view of our performance relative to other telecommunications companies. Our Adjusted EBITDA less Capex measure may differ from how other companies define and apply their definition of similar measures. Adjusted EBITDA less Capex should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net profit or loss or other IFRS measures of income.

**Adjusted Free Cash Flow:** Net cash provided by our operating activities, plus expenses financed by an intermediary, less (i) capital expenditures, as reported in our consolidated statements of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries and (iii) principal payments on certain finance leases. We believe that our presentation of Adjusted Free Cash Flow, which is a non-GAAP measure, provides useful information to our investors because this measure can be used to gauge our ability to service debt and fund new investment opportunities. Adjusted Free Cash Flow should not be understood to represent our ability to fund discretionary amounts, as we have various mandatory and contractual obligations, including debt repayments, which are not deducted to arrive at this amount. Investors should view Adjusted Free Cash Flow as a supplement to, and not a substitute for, IFRS measures of liquidity included in our consolidated statements of cash flows.

**ARPU per Fixed-Line Customer:** Average Revenue Per Unit is the average monthly subscription revenue per average fixed-line customer calculated by dividing the average monthly subscription revenue from residential cable and SOHO services by the average number of fixed-line customer relationships for the period. Fixed-line customer relationships of entities acquired during the period are normalised. In addition, for purposes of calculating the percentage change in ARPU on a rebased basis, which is a non-GAAP measure, we adjust the prior-year subscription revenue and fixed-line customer relationships to reflect acquisitions and dispositions on a comparable basis with the current year, consistent with how we calculate our growth for Revenue and Adjusted EBITDA.

**B2B:** Business-to-Business.

**Blended fully-swapped debt borrowing cost:** The weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding lease obligations and including vendor financing), including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of deferred financing costs.

**Broadband Connection:** A home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network.

**Contract Churn:** The rate at which contract subscribers relinquish their subscriptions. This is calculated by dividing the proportion of postpaid contract mobile connections who have terminated their contract (Consumer, SMB, Enterprise and Mobile Broadband) for the period by the average base.

**Cornerstone:** Cornerstone Telecommunications Infrastructure Limited.

**Costs to Capture (CTC):** Costs to capture generally include incremental, third-party operating and capital-related costs that are directly associated with integration activities, restructuring activities and certain other costs associated with aligning our business processes to derive synergies. These costs are necessary to the joint venture being formed or are incidental to the joint venture formation. As a result, costs to

capture may include certain (i) operating costs that are included in Adjusted EBITDA, (ii) capital-related costs that are included in property and equipment additions and in Adjusted EBITDA less Capex and (iii) certain integration related restructuring expenses that are not included within Adjusted EBITDA or Adjusted EBITDA less Capex. Given the achievement of synergies occurs over time, certain of our costs to capture are recurring by nature, and generally incurred within a few years of completing the transaction.

Customer Premises Equipment (CPE): CPE includes set-top boxes, modems, WiFi routers and boosters, digital video recorders (DVRs), tuners and similar devices.

EURIBOR: Term Secured Overnight Financing Rate-indexed and Euro Interbank Offered Rate plus a credit adjustment spread.

Fibre Footprint: Homes, residential multiple dwelling units or commercial units to which we, or partner networks which we have a service agreement with, have deployed fibre primarily through either 10 Gigabit symmetrical passive optical network (XGS-PON) or Radio Frequency over Glass (RfOg) technology. Fibre footprint premises may not necessarily meet the definition of Homes Serviceable with fibre.

Fixed-Line Customer Relationships: The number of customers who receive at least one of our broadband, video or telephony services, without regard to which or to how many services they subscribe. Fixed-Line Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Fixed-Line Customer Relationships. We exclude mobile-only customers from Fixed-Line Customer Relationships.

Fixed-Mobile Convergence (FMC) penetration: Fixed-mobile convergence penetration represents the number of customers who subscribe to both a fixed broadband internet service and postpaid mobile telephony service, divided by the total number of customers who subscribe to our fixed broadband internet service.

FTTH: Fibre to the home.

Homes Serviceable: Homes, residential multiple dwelling units or commercial units that can be connected to our networks that are technologically capable of providing two-way services (including video, internet and telephony services) or partner networks with which we have a service agreement, where customers can request and receive our services, without materially extending the distribution plant. Certain of our Homes Serviceable counts are based on census data that can change based on either revisions to the data or from new census results.

Internet of Things (IoT) Connections: Total number of Machine-to-Machine (M2M) contract mobile connections including Smart Metering (SMIP) contract connections.

Mobile Retail Connections: The number of active SIM cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan that can be used for devices including a laptop would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity of 90 days. Total number of retail mobile connections includes Consumer, SMB, Enterprise, Mobile Broadband and IoT and excluding Mobile Wholesale Connections (as defined below).

Mobile Contract: Total number of postpaid contract retail mobile connections including Consumer, SMB, Enterprise and Mobile Broadband but excluding IoT and Mobile Wholesale Connections (as defined below).

Mobile Prepaid: Total number of Prepaid retail mobile connections for O2 and giffgaff brands measured on a conventional basis (activity within 3 calendar months).

Mobile Wholesale Connections: Total number of wholesale MVNO contract connections (Tesco Mobile, Sky Mobile, SMB Wholesale and other).

MVNO: Mobile Virtual Network Operator.

nexfibre: nexfibre is a joint venture between our shareholders, Liberty Global and Telefónica, and InfraVia Capital Partners, building a Fibre to the Home (FTTH) network in areas not covered by our existing network. We are the anchor wholesale client of nexfibre, in addition to providing a range of construction and other services to nexfibre.

Property & Equipment (P&E) additions: P&E additions are defined as tangible and intangible asset additions, excluding ROU asset additions. We believe this is a key metric to understand our total capital expenditure and allows for a more meaningful comparison of trends from period to period.

RCE: Revolving Credit Facility.

ROU asset: The right-of-use asset is the lessee's right to use an asset over the contracted term of a lease.

SIM: Subscriber Identification Module.

SOHO: Small Office or Home Office Subscribers.

SONIA: Sterling Overnight Index Average plus a credit adjustment spread.

Term SOFR: Term Secured Overnight Finance Rate plus a credit adjustment spread.

YoY: Year-over-year.