

# Annual Bond Report and Consolidated Financial Statements

VMED O2 UK HOLDINGS LIMITED  
31 December 2025



# VMED O2 UK HOLDINGS LIMITED

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## Forward-looking Statements

Certain statements in this Annual Bond Report constitute forward-looking statements. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Annual Bond Report, including, 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-Generally Accepted Accounting Principles or non-International Financial Reporting Standards 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 Annual Bond Report.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. We caution readers not to place undue reliance on these statements, which speak only as of the date of this report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking expectations contained herein, to reflect any change in VMED O2's expectation with regard thereto, or any other changes in events, conditions or circumstances on which any such statement is based.

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 based on information available to VMED O2 as of the date of this report, 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 this Annual Bond Report.

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 United Kingdom (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, including increased demand for high-speed data transmission services and artificial intelligence-enabled services;
- 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 and adapt to 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-line telephony service offerings and our average revenue per unit (ARPU);
- 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 or legal 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 Bermuda, Spain, the UK or the United States (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 or 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, fibre-to-the-home (FTTH) or fibre-to-the-cabinet/-building/-node (FTTx), and construct a FTTH network for nexfibre, a related-party;
  - 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 and our ability to deploy such spectrum in a timely and efficient manner;
  - 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 our anticipated timelines;
  - Our ability to profit from investments, such as our joint ventures, that we do not solely control;
  - Our ability and the ability of our third-party service providers to anticipate, protect against, mitigate and contain loss of our and our customers' data as a result of cyber attacks on us or security breaches involving us;
  - The leakage of sensitive customer or company data or any failure to comply with applicable data protection laws, regulations and rules, including any fines or penalties levied on us, or any liabilities we become responsible for, as a result of any failure to comply with such laws, regulations, or 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 our brands including the "Virgin" brand, which we and others licence from Virgin Enterprises Limited, the "O2" brand, which we licence from O2 Worldwide Limited, or any other of our customer-facing brands 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 effects of the ongoing invasion of Ukraine by Russia and the 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 among 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 intents in this Annual Bond Report 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.

# Strategic Report



## Business of the Group

In this Annual Bond Report, unless the context otherwise requires, 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. Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offerings, are as of 31 December 2025.

### Introduction

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

VMED O2 is a wholly-owned subsidiary of VMED O2 UK Limited, which is a 50:50 joint venture (the **Joint Venture or the JV**) that was formed on 1 June 2021 (the **JV Transaction**) between Liberty Global Holdings Limited now a wholly-owned subsidiary of Liberty Global Ltd. (**Liberty Global**), and Telefónica, SA (**Telefónica**) (the **Shareholders**). Prior to the completion of the JV Transaction, (i) Virgin Media Inc. (**Virgin Media**) was a wholly-owned subsidiary of Liberty Global that provided fixed and mobile communications services in the UK and (ii) O2 Holdings Limited (**O2 Holdings**) was a wholly-owned subsidiary of Telefónica that provided mobile communications services in the UK.

Virgin Media O2 combines the second largest fixed network and one of three Mobile Network Operators (**MNO**) in the UK. Our total gigabit footprint stands at 18.8 million homes serviceable and serves 5.8 million fixed-line customers, with 5.7 million customers taking a broadband internet product. Our mobile network serves 46.7 million connections, including 36.3 million retail mobile connections.

### Customers

We serve a large and diverse customer base across three primary segments: consumer, business, and wholesale.

Our consumer customers represent the majority of our revenue, primarily through mobile and fixed telecommunications services. We are one of the UK's largest providers of fixed residential communications services, operating under the Virgin Media and giffgaff brands. Mobile services are delivered through the O2 and giffgaff brands, offering a broad range of connectivity and associated devices. We also offer fixed-mobile convergence (**FMC**) offerings through the O2 and Virgin Media brands.

In business-to-business (**B2B**), we provide telecommunications and Information Technology (**IT**) solutions to Small or Home Office (**SoHo**), Small-Medium Business (**SMB**), and Large Enterprise, Public Sector (**LEPS**) customers. On 12 May 2025, Virgin Media O2 entered into a contribution agreement with Jet Holdco Limited (formerly Daisy Topco Limited) and Jet Comms Pikco Limited (formerly Daisy Pikco Limited) (**Daisy Pikco**) to contribute certain Daisy Group companies (**Daisy Group**) and certain VMED O2 companies including Virgin Media Business Limited (**VMBL**) to create a new B2B telecommunications business. On 1 August 2025, following the receipt of all required regulatory and competition clearances, O2 Daisy Limited and its subsidiaries (**O2 Daisy**) was formed (the **O2 Daisy Transaction**). Virgin Media O2 holds a 70% controlling interest in O2 Daisy, while Daisy Pikco retains the remaining 30% Non-Controlling Interest (**NCI**). O2 Daisy significantly increases our scale in the B2B market and leverages Virgin Media O2's fixed and mobile networks along with Daisy Group's digital-first operations and IT capabilities.

In the wholesale segment, we hold strategic partnerships to monetise our networks where we see value accretive opportunities. We maintain strategic Mobile Virtual Network Operator (**MVNO**) arrangements through our joint venture Tesco Mobile Limited (**Tesco Mobile**) (the **Tesco Mobile JV**), and with third-party partners such as Sky Mobile. We also provide fixed wholesale services, and retain the option to wholesale our fixed network to third-party Internet Service Providers (**ISPs**).

### Fixed Network

Our fixed network delivers high-speed broadband internet, video, and telephony services across a deep-fibre cable infrastructure, with gigabit speeds available across our entire footprint. While we believe that 1.1 Gigabit per second (**Gbps**) meets the needs of the vast majority of consumers today, we continue to further future-proof the network through our upgrade programme to full fibre technology.

As of 31 December 2025, our fixed network footprint reached 18.8 million premises, of which 16.2 million are homes passed by the Virgin Media O2 network. The remaining premises are accessed via partner networks under service agreements, primarily through the nexfibre joint venture. The nexfibre joint venture is a partnership between our shareholders, Liberty Global and Telefónica, together with InfraVia Capital Partners. Its network covers 2.6 million FTTH homes which do not overlap with the Virgin Media O2 footprint. We act as the anchor tenant on the nexfibre network and provide a range of services to nexfibre, leveraging our scale, network expertise and operational capabilities.

### Mobile Network

We are a scale MNO in the UK, with a strategy centred on delivering a high-quality and reliable mobile experience primarily through our 4G and 5G network technologies. Our mobile network reaches 99% of the UK outdoor population with 4G and 87% of the population with 5G, reflecting the breadth of our national footprint.

Continued investment in our mobile infrastructure has created a robust and asset-rich network platform that we believe is well positioned to compete effectively in the UK market. We hold substantial mobile spectrum resources and have access to more than 20,000 macro mobile sites, the majority of which are operated through our network-sharing joint operation, Cornerstone Telecommunications Infrastructure Limited (**Cornerstone**).

## Operating Statistics

The following table shows our operating statistics as of and for the corresponding periods ended 31 December 2025 and 2024:

	Year ended 31 December	
	2025	2024
<b>Footprint</b>		
<b>Homes Serviceable</b>	<b>18,790,200</b>	<b>18,255,600</b>
<b>Fixed</b>		
<b>Fixed-Line Customer Relationships</b>	<b>5,789,300</b>	<b>5,836,100</b>
Of which Broadband Connections	5,687,600	5,738,900
<b>Fixed-Line Customer Relationship net (losses) additions <sup>(a)</sup></b>	<b>(145,100)</b>	<b>9,300</b>
Of which Broadband net (losses) additions <sup>(b)</sup>	(138,400)	21,300
<b>Mobile</b>		
<b>Retail Connections</b>	<b>36,309,300</b>	<b>35,652,500</b>
Mobile	22,430,300	23,205,800
Contract	15,598,500	15,836,000
Prepaid	6,831,800	7,369,800
IoT	13,879,000	12,446,700
<b>Wholesale Connections</b>	<b>10,430,600</b>	<b>10,048,200</b>
<b>Total Mobile Connections</b>	<b>46,739,900</b>	<b>45,700,700</b>
<b>Retail net additions</b>	<b>496,800</b>	<b>447,000</b>
Mobile net losses	(935,500)	(464,400)
Contract net losses <sup>(c)</sup>	(397,500)	(216,300)
Prepaid net losses	(538,000)	(248,100)
IoT net additions	1,432,300	911,400
<b>Wholesale net additions</b>	<b>382,400</b>	<b>403,300</b>
<b>Total Mobile net additions</b>	<b>879,200</b>	<b>850,300</b>

(a) Movements for the year ended 31 December 2025 exclude the impact of 98,300 Daisy fixed-line customer relationships consolidated through the O2 Daisy Transaction.

(b) Movements for the year ended 31 December 2025 exclude the impact of 87,100 Daisy broadband connections consolidated through the O2 Daisy Transaction.

(c) Movements for the year ended 31 December 2025 exclude the impact of 160,000 Daisy mobile contract connections consolidated through the O2 Daisy Transaction.

### Glossary:

- **Homes Serviceable:** Homes, residential multiple dwelling units or commercial units that can be connected to our networks and are technologically capable of providing two-way services (including video, broadband 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.
- **Fixed-Line Customer Relationships:** The number of customers who receive at least one of our broadband internet, 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.

- **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.
- **Mobile Retail Connections:** The number of active Subscriber Identification Module (**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 (**MBB**) and Internet of Things (**IoT**), and excluding Mobile Wholesale Connections (as defined below).
- **Mobile Contract:** The total number of postpaid contract retail mobile connections, including Consumer, SMB, Enterprise and MBB, but excluding IoT and Mobile Wholesale Connections (each as defined below).
- **Mobile Prepaid:** The total number of prepaid retail mobile connections for O2 and giffgaff brands measured on a conventional basis (activity within 3 calendar months).
- **IoT Connections:** The total number of Machine-to-Machine (**M2M**) connections, including Smart Metering contract connections.
- **Mobile Wholesale Connections:** The total number of wholesale MVNO contract connections (Tesco Mobile, Sky Mobile, SMB Wholesale and other).

## Consumer

We provide mobile and fixed telecommunications services to millions of consumer customers across the UK. Our integrated networks enable us to deliver reliable connectivity and innovative bundles that combine multiple services into one seamless experience — strengthening customer loyalty to drive commercial performance.

### Consumer Mobile

As one of the MNOs in the UK we serve a significant proportion of UK consumers with our mobile telecommunications and related services.

We utilise a multi-brand approach to operate in different segments of the market. We provide services directly to consumers under the O2 and giffgaff brands, and also use strategic and targeted wholesale relationships through our MVNO partnerships (see “Wholesale” on page 15 for further information).

### Consumer Mobile Services and Products

We offer a wide range of mobile telecommunications and value-add services and products to our consumer customers. Our approach focuses on the needs of our customers with the aim of maintaining and increasing our large, loyal customer base to drive value.

#### a) Mobile Services

Consumer customers can access mobile voice, messaging and data services supplied through either a SIM card or an embedded SIM (eSIM). Customers can purchase a SIM card either on its own as a SIM only (SIMO) mobile service or together with a handset. Mobile services for both SIMO and handset options are offered under two payment models contract and prepaid. Contract customers have access to the “Custom Plan” proposition (as part of “O2 Refresh”), which allows customers to spread the cost of their phones over different terms, flex their data up and down, or upgrade. O2 prepaid customers can purchase a handset by paying in full upfront.

We also provide data-only MBB services over our mobile network. Customers can purchase data-only plans together with a tablet device, or as a SIMO service purchasing data access devices separately, for example a laptop dongle or a mobile WiFi device.

“O2 Family” is our multi-SIM proposition with the aim to simplify billing processes and provide discounts based upon the number of connections registered. For each family connection registered, the primary account holder receives one bill rather than multiple bills throughout the month.

“O2 Essential Plan” is a social tariff designed to provide low-cost mobile connectivity to those who need it. As of 31 December 2025, the proposition offered 10GB of mobile data, plus unlimited calls and texts for £10.00 per month for account holders who receive certain support payments – including Universal Credit, Pension Credit, Income Support, income-based Jobseeker’s Allowance and income-based Employment Support Allowance. Our O2 Essential Plan is currently exempt from our price rises.

“O2 Satellite” was announced in October 2025 and is a partnership with Starlink Direct to Cell to boost mobile coverage through Starlink’s satellite technology. The O2 Satellite service complements O2’s existing mobile network and works automatically in areas with no traditional mobile coverage, with the initial launch of the service taking place in February 2026.

#### b) Hardware Sales

In addition to handsets, tablets and data access devices offered to our mobile customers, we offer a range of stand-alone products, including smart-tech (such as smart watches and fitness devices) and accessories (such as handset cases, screen protectors, chargers, cables, portable batteries, headphones and speakers) as well as other technology products (such as games consoles and virtual reality headsets).

Our “Switch Up” proposition allows customers on certain tariffs to trade in their current phone for a new one every 11 months, regardless of the customers remaining contract length.

As part of our “Like New” online offers, customers can select from a choice of quality assured pre-owned handsets. Customers can purchase refurbished handsets as part of our contract and prepaid payment models.

Our “O2 Recycle” scheme allows consumers to exchange old phones and other devices utilising the value towards the cost of a new device or receive cash payment or bill credit.

#### c) giffgaff

We also utilise our digital-first brand, giffgaff. giffgaff is a 100% owned subsidiary of VMED O2 and is principally an online-only MVNO providing telecommunications services to the consumer mobile segment. It has no call centres or stores, resulting in a highly-efficient member service model with significantly reduced customer service costs. The majority of giffgaff’s customer base uses prepaid services, but a growing number opt for contract services following launch in 2023. giffgaff offers new and refurbished handsets in addition to SIMO mobile services.

#### d) Value-add Services

We offer a number of value-add services as part of our strategy to increase customer engagement and loyalty and reduce customer churn rates. The following value-add services are available to our customers:

##### i) Rewards and Offers

“Priority” offers customers a range of exclusive deals and offers through a mobile application (app), as well as up to 48 hours early access to pre-sales of tickets for music, comedy and sports events across the UK, including 20 O2 Academy venues, The O2 and England Rugby matches at Allianz Stadium Twickenham. Priority is one of the largest UK digital loyalty programmes. Priority is also available to Virgin Media customers and had 3.6 million active users (defined as users who have opened Priority in the prior 12-month period) as of 31 December 2025.

##### ii) WiFi

“O2 WiFi” provides access to WiFi connectivity free of charge to end users regardless of their network. O2 WiFi supports customers’ connectivity needs, as well as giving us access to a wider potential customer base, introducing them to the O2 brand experience.

##### iii) Communications

WiFi Calling (also called “Voice over WiFi” or “VoWiFi”), allows customers to make and receive calls even if they cannot connect to the mobile network. 4G Calling (also called “Voice over LTE” or “VoLTE”) allows customers to make calls using the 4G network, for a higher definition, clearer voice call. WiFi and 4G Calling are available

to O2 network customers and, in 4G Calling areas, the services work together to provide a seamless and uninterrupted experience as customers move from one to another, preventing calls from dropping.

#### iv) Payment Services

“Charge to Mobile” allows customers to buy digital content through their device, with the cost of the product added to their monthly mobile bill for contract customers or taken from their mobile credit for prepaid customers.

#### v) MyO2

“MyO2” enables consumer customers to digitally self-serve, providing account management features including billing, payments, bolt-ons and tariff changes.

#### vi) O2 Extras

“O2 Extras” gives customers access to services including Amazon Music Unlimited, Amazon Prime, McAfee, Disney+ and TNT Sports. When customers take out certain tariffs for an O2 Refresh phone, tablet or SIMO contract, they can choose one O2 Extra free for 6 months, and customers can also add chargeable O2 Extras to their monthly bill at any time.

We also offer paid services and products with the aim of leveraging our strong position in the UK mobile service market and monetising additional growth opportunities, including (i) mobile and tablet insurance, (ii) international calling bolt-ons and (iii) the “O2 Travel” bolt-on, which allows customers to call, text and use data at significantly reduced rates (compared with O2’s standard rates) while roaming abroad.

### Consumer Fixed

Our Virgin Media brand is one of the UK’s largest providers of residential communications services in terms of the number of customers, offering broadband internet, video and fixed-line telephony services.

In September 2025, giffgaff launched broadband internet services, initially available on the nexfibre network. The broadband only product features three simple monthly rolling plans providing customers with flexibility.

Our residential broadband internet subscribers access the internet at various download speeds. We offer up to gigabit download speeds across our entire footprint, with up to 2Gbps available on the nexfibre footprint. We determine pricing for each tier of broadband internet service through analysis of speed, market conditions and other factors, and as of 31 December 2025, 98% of our fixed-line customers were broadband internet customers.

Fixed-mobile convergence penetration represents the number of customers who subscribe to both a Virgin Media broadband internet service and an O2 contract mobile service, divided by the number of customers who subscribe to our broadband internet service. As of 31 December 2025, FMC penetration was 41%. We aim to increase penetration of FMC through acquisition of new customers, cross-sell of new products into respective fixed and mobile bases, and enrolment of existing customers.

Our digital cable service offerings include basic and premium programming and incremental product and service offerings such as

enhanced pay-per-view (PPV) programming (including digital cable-on-demand), digital cable recorders, ultra-high definition (UHD), high definition (HD) and access to over-the-top (OTT) content.

### Consumer Fixed Products and Services

We offer our customers a choice of packages and tariffs within each of our fixed-line and fixed-mobile converged product categories. This includes broadband internet, video and fixed-line telephony alongside converged packages with mobile contract services. Customers are charged a recurring rental fee for the package with additional out-of-bundle, transactional and one-off charges. Services are acquired by consumers through online, voice, retail and field sales channels.

Our converged offering enables customers to benefit from one supplier for all of their telecommunication and video entertainment needs. Fast and reliable broadband internet is of crucial importance to our customers, as they spend time streaming video and using other bandwidth-heavy services on multiple devices. Our entertainment propositions, accessed through a set-top-box, offer customers a seamless and personal entertainment experience by bringing together the top TV channels and streaming apps as well as the ability to watch content on the go with the “Virgin TV Go” app.

“Volt” is our lead fixed-mobile converged proposition with customers benefitting from the best of Virgin Media and O2 brands, with faster broadband speeds, double mobile data, “WiFi Guarantee” at no extra cost, WiFi pods to boost connectivity and roaming with O2 Travel. Volt is available to both new and existing customers when they combine a Virgin Media broadband package with an eligible mobile contract plan from O2. As of 31 December 2025, 1.8 million customers had a Volt bundle.

Our bundled packages are designed to encourage our customers to purchase multiple services across our product portfolio by offering incentives to customers who subscribe to two or more of our products. The types and number of services that each customer uses, and the prices we charge for these services, drive our revenue.

#### a) Broadband Internet

Internet speed and reliability are of key importance to our customers, as they spend more time streaming video and other bandwidth heavy services on multiple devices. Our extensive broadband network enables us to deliver ultra high-speed internet service across our markets in the UK and we are one of the leading providers of broadband internet access in the UK. Our residential subscribers access the internet via cable modems connected to their internet capable devices, or wirelessly via a WiFi gateway device.

Our broadband internet services utilise “Intelligent WiFi”, available with our “Hub 3”, “Hub 4” or “Hub 5” routers, which 99% of our broadband internet customers have. Intelligent WiFi provides optimisation functionality, including the ability to adapt to the number of people and devices online at any given time in order to improve and extend wireless connectivity reach and speeds. We also offer our “Virgin Media Connect” app that, amongst other things, allows our customers to optimise their WiFi access. In addition, we provide intelligent mesh WiFi boosters, which increase speed, reliability and coverage by adapting to the environment at home. Our latest broadband router, Hub 5, comes with WiFi 6 which improves speed

and reliability for our customers. The Hub 5 is also made with recycled plastic.

As of 31 December 2025, we offered seven tiers of cable broadband internet services to new subscribers with unlimited downloads at speeds of up to 132 Megabits per second (**Mbps**), 264Mbps, 362Mbps, 516Mbps, 1.1Gbps and 2.0Gbps (2.0Gbps speeds are only available in some areas) for a monthly fee. In addition to the monthly fee, customers pay an activation service fee upon subscribing to an internet service, although this one-time fee may be waived for promotional reasons.

Our "Essential Broadband" service provides low-cost connectivity to those receiving Universal Credit, Pension Credit, Income Support, income-based Jobseeker's Allowance or Income-based Employment Support Allowance, on a 30-day rolling contract. As of 31 December 2025, Essential Broadband of 15Mbps Fibre Broadband cost £12.50 per month, Essential Broadband Plus of 54Mbps Fibre Broadband cost £20.00 per month and Essential Broadband Plus with "Flex" of 54Mbps Fibre Broadband and Flex TV box cost £20.00 per month, with a one-off £10.00 Flex set-up fee.

Fast and reliable broadband internet is of critical importance to our customers, and therefore we offer our WiFi Guarantee with "WiFi Max". Customers are guaranteed download speeds of at least 30Mbps in every room or receive a £100 bill credit. This service is backed up by our signal-boosting mesh WiFi Pods (if required) and Intelligent WiFi service – at no extra cost with Gig1 and Gig2 Broadband, and our Volt packages.

## b) Video

Our digital cable platform includes access linear television channels, streaming content, advanced interactive features, and a range of premium subscription-based and PPV services. In addition to our linear television services, which allow our customers to view television programming at a scheduled time, our digital cable customers also have access to a broad range of digital interactive services, including "Virgin TV On Demand", and "Virgin TV Go".

### i) Digital Set-Top Boxes

We have a range of advanced digital set-top boxes used by our customers, which include multiple tuners enabling recording of multiple programmes at the same time. Set-top boxes equipped with digital video recorders digitally record television programming to a hard disk in real-time, enabling customers to play back, pause, fast forward or rewind programmes at any point during or for a period after the broadcast.

The Virgin Media V6 box combines support for UHD/4K video, together with improved streaming functionalities and more processing power. Under a strategic partnership agreement, we also distribute the TiVo user interface software for our legacy set-top boxes.

All of our boxes provide converged television and broadband internet capabilities across the UK. This enables us to support digital cable-on-demand delivery of television shows, movies and children's programmes in addition to supporting web video services such as Netflix, BBC iPlayer, Amazon Prime Video, Disney+, Apple TV+ and YouTube.

### ii) Virgin TV 360

"Virgin TV 360" offers customers a seamless and more personal connected entertainment experience. Virgin TV 360 boasts a range of the top TV channels and streaming apps, all with UHD/4K and high dynamic range viewing capabilities. The platform also offers a host of features including a voice-activated remote control, profiles, a new Mini box and Startover. Virgin TV 360 is powered by "Horizon", the next-generation entertainment platform developed by Liberty Global.

### iii) Virgin TV On Demand

Our digital cable-on-demand service provides our customers with instant access to a wide selection of premium movies, television programmes. Content is available in a variety of broadcast formats including standard definition (**SD**), HD and UHD/4K. Our HD content is available to all digital cable customers who have an HD box, at no additional charge, however, the exact channels available depend on the particular customer's package. Viewers can watch programmes instantly, without the need for buffering, and can freeze-frame, fast-forward and rewind the content at will. This gives our customers increased control over the content and timing of their television viewing.

The primary categories of content available within Virgin TV On Demand are "catch-up" television programming, box sets, children's programming and movies (on a PPV and premium subscription basis). A selection of content, including our catch-up television service, is available free of charge to all of our television customers.

### iv) Subscription Video On Demand

We offer our television customers basic subscription video on demand (**SVOD**) with a selection of content that increases in volume in line with the customer's digital cable subscription tier.

The offering includes Virgin TV Ultra HD which is a linear entertainment channel broadcasting a selection of high-quality TV series to eligible Virgin TV customers in UHD. The Sky On Demand service allows our customers to access a library of television content from across Sky's range of entertainment channels. Tailored advertising is also inserted across many providers within the basic television SVOD and free catch-up services.

### v) Virgin Media Store

The Virgin Media Store offers hundreds of titles from all the major studios and most independent distributors. Customers can buy or rent the latest movies on demand, straight from the cinema plus buy much loved TV Box Sets (including series from HBO and Showtime). They can also get early access to premium rentals available to watch at home, the same time as in cinemas. Both Virgin TV and Non-Virgin TV customers can register and use our Virgin Media Store app to buy and watch content. Virgin TV customers can also rent and buy movies to watch on their TV via a Virgin TV box. Rental is only available on Virgin TV and may be viewed multiple times within a 48-hour window.

### vi) Virgin TV Go & Virgin TV Control

Our Virgin TV Go app allows our television customers to stream live television channels at no extra cost through their web browser or via mobile apps for compatible Android, iOS and Windows devices. In addition, our Virgin TV 360 customers can use the Virgin TV Go app to control their set-top box and can also watch selected recordings from their Virgin TV 360 box.

Our Virgin TV Control app allows our TiVo or V6 box customers with iOS or Android mobile devices to manage their set-top box remotely. When at home, these mobile devices can act as a remote control for their set-top boxes. Customers with compatible iOS or Android devices and a V6 box can also watch selected recordings from their V6 box within the home or download them to their devices for offline viewing using the Virgin TV Control app.

Virgin TV Go and Virgin TV Control are available at no extra cost to our digital cable customers. Virgin Media subscribers of Sky Sports are able to stream these premium channels online or on iOS and Android mobile devices through Sky-provided services.

#### vii) Apps

As well as our Virgin TV Go, Virgin TV Control and Virgin Media Store apps, we provide our television customers with a large array of third-party apps offering a wide range of content. We provide all the public service broadcaster apps, with BBC iPlayer, ITVX, Channel 4, My5 and STV Player all available to use via the Virgin TV remote. We also feature Amazon Prime Video, Disney+, Apple TV+, Netflix, Paramount+, YouTube, YouTube Kids and Pluto TV. In addition, our TV platforms provide access to music apps including Vevo, BBC Sounds and Radioline, news apps from around the world, as well as games.

#### viii) Flex

Flex (formerly known as Stream) is an internet protocol (IP) only TV streaming service allowing customers to bring together their TV subscriptions in one place, utilising a Virgin Media broadband internet connection. A small Flex box can be plugged into a user's television providing customers with easy access to TV channels and apps. Customers can get at least 10% credit back on selected entertainment subscriptions if they pay through their Virgin Media bill, including subscriptions like Netflix and Disney+ Premium, as well as Sky Sports and Essential Entertainment. By bundling their OTT subscriptions together, customers also have an easy-to-see overview of what they are paying for and can manage them in a straightforward way, allowing for added flexibility as their viewing habits change.

#### c) Fixed-Line Telephony

We provide local, national and international telephony services to our residential customers over our twisted copper, Hybrid Fibre Coaxial (HFC) cable and FTTx networks. We also provide telephony services through voice over internet protocol (VoIP) technology, across our fibre network. We offer a basic line rental service to our cable customers for a fixed monthly fee. In addition, we also offer tiered bundles of call tariffs, features and services, including calling plans that enable customers to make unlimited national landline calls, we also offer additional services such as anonymous caller rejection.

#### Business

2025 has been a year of significant strategic progress for our B2B operations, but our vision remains unchanged, to provide the technology that makes every business better. We understand the importance of connectivity and technology across SoHo, SMB and LEPS, with a diverse and long-tenured customer base across all segments.

On 1 August 2025, O2 Daisy was formed, which we see as a significant opportunity in the B2B market, through greater scale, efficiencies and a combined set of products. The united company

brings together the large customer base and scaled fixed and mobile networks of Virgin Media O2 with the agile platforms, broad product sets and the deep B2B expertise of Daisy Group.

O2 Daisy is chaired by Daisy Group founder, Matthew Riley, with Jo Bertram, the previous Managing Director of Virgin Media O2 Business, as Chief Executive Officer (CEO). Combining the best talent from both organisations, a new leadership team has been put in place ensuring a deep understanding of the business and the market. O2 Daisy operates from locations across the UK – including hubs in Nelson, Sheffield, Manchester, London, Reading, Bournemouth and beyond – to serve customers wherever they may be.

Under the new corporate brand of “O2 Daisy”, both businesses will continue to operate under their existing go-to-market brands during this integration phase.

#### LEPS

We have a dedicated sales and customer success team focused exclusively on the LEPS market in the UK. We service a range of private sector organisations including retail, construction, professional services, hospitality, financial services and manufacturing. Notable customers include McDonald's, London Grid for Learning, NHS England and Network Rail. Our combined service management and sales teams enable a single customer facing organisation with dedicated Customer Success Managers focused on maximising customer satisfaction, delivering on our customers' business objectives and retention.

We offer a wide range of propositions to LEPS customers, reflecting the complex requirements they have to connect their people and data, operate in a secure and compliant way, and support the transformation of their businesses. Within the public sector, we have secured and retained places on all the relevant government-approved frameworks, so organisations can buy public sector Information and Communication Technology (ICT) services as flexibly and efficiently as possible.

#### SoHo and SMB

We operate in the SoHo and SMB segments, broadly defined as companies with up to 250 employees, via a direct team as well as a range of indirect partners.

#### a) Direct SoHo and SMB

O2 Daisy have dedicated sales, commercial and marketing teams, focused exclusively on the SoHo and SMB markets in the UK – split into specialised teams focused on Mobility, Fixed Connectivity & Security, Modern Workplace and Unified Communications. The teams are responsible for offering fixed and mobile connectivity propositions, along with mobile hardware, secure flexible working, and unified communication and collaboration tools. These include products such as Microsoft 365 along with security products such as MaaS360 and Sophos.

#### b) Partnerships

Our partnerships sales channel comprises a number of relationships with partners, who sell O2 branded mobile connectivity and hardware propositions to business customers either directly or through their network of resellers. These partners, many of whom have relationships with O2 spanning decades, represent an important part of our SMB activity and are a significant route to market. They offer us reach into different market segments, giving choice to business customers and often delivering a compelling service wrap and

product range. The partners complement our direct routes to market by giving SMB customers choice as to where they procure their telecommunications needs.

## Products and Propositions

### a) Mobile

Our mobile offering provides our customers with connectivity, devices, management and enterprise managed mobility tools to help mobilise and manage their workforce, tailored to their needs. Our flexible approach to tariffs gives the customer the best fit for their organisation, with voice, data, roaming and bolt-ons to ensure complete flexibility, control and peace of mind. We offer the latest smartphones, tablets and accessories to help our customers of all sizes work smarter, faster and more efficiently, with flexible financing and leasing options to spread the cost.

### b) Connectivity, Cloud and Security

We have a rich portfolio of connectivity solutions that range from high performance broadband and internet access to advanced managed Wide Area Networks (WAN) and Local Area Networks/WiFi solutions for enterprise and public sector customers. We bring together our fixed-line broadband internet and 5G services while expanding our network reach across the country. We offer a full range of access options, so our customers can access their services in the most cost-effective and secure way.

Our extensive broadband network enables us to deliver an ultra-high-speed always on internet service across all our markets in the UK. Our network has over 300 points of presence, delivering Ethernet based services and is capable of carrying a variety of services and high bandwidth applications simultaneously. Combined with O2 Daisy's strong relationship with alternative networks, we are able to provide a comprehensive national offering.

Our managed WAN solutions securely connect business users and devices to the data centres, cloud services and applications they need, and we increasingly aim to enable digital transformation with new generation services such as Software Defined Wide Area Networks (SD-WAN) built around the cloud and Software as a Service applications. We assist our customers on their cloud journey through our partnerships with Telefónica Tech and Bytes. Services we provide include consulting engagements to help customers define, develop and deploy their vision for cloud and offer enhanced support through in-life managed services.

We offer Secure Access Service Edge, delivering a security framework that converges SD-WAN and Zero Trust security solutions into a converged cloud-delivered platform that securely connects users, systems, endpoints, and remote networks to apps and resources.

We also offer a wide portfolio of integrated, fully managed security solutions and services through partnerships with leading software vendors such as Microsoft, Akamai, IBM and Sophos. To complement these, we provide security monitoring and response services across our customers' IT estate, leveraging the Managed Security Operations Centre capability of our partner Telefónica Tech.

### c) Workforce Productivity

We have a range of productivity solutions across all business segments that enable organisations to maximise the return from their investment in connectivity and digital tools. We provide end-to-end

services, helping customers simplify the configuration, provision, management and recycling of customer devices, including platforms such as Apple ADE, Samsung KME and Android ZTE which are provided free of charge to our business customers with the purchase of new devices.

For larger businesses we offer a managed logistics service, allowing our customers to speed up device onboarding by having kit and pre-configured devices tailored to their specific operational needs, along with optional lifecycle repairs, replacement and asset management.

We work closely with a number of strategic partners, including Cisco and Microsoft, to meet the needs of all customers and provide, configure, manage and support end-user productivity tools such as Microsoft 365 and VMware Workspace One. We have a range of voice solutions across all business segments that include IP based voice services, Microsoft Teams and Contact Centre as a Service.

We have a range of Unified Communications and Collaboration solutions including SIP Trunking, Microsoft Teams Voice, Cisco Webex, 8x8 and Unified Recording. We offer support to transition away from end-of-life legacy voice products and ensure a best fit to customers future communications needs.

We offer HiHi deskphones to business customers, as part of our relationship with HiHi. These are IP-based business communication devices that function as endpoints within hosted VoIP systems. They connect to cloud telephony platforms via an internet connection. Core functionality includes voice calling, video calling, contact directory access, conferencing, and integration with collaboration services.

### d) Data and AI

Our "O2 Motion" products provide customers with the UK General Data Protection Regulations (the UK GDPR)-compliant insights into the movement, demography, mobility patterns and behaviour of millions of people. This is a big data solution that provides insight for smart cities, transport, environment, economic, housing and planning projects at all scales from national down to street and building level, helping organisations make the right operational and investment decisions, as well as evaluating their impact over time. Our rigorous processes ensure customer privacy is maintained, and we are continually audited by regulators and external experts in data privacy and security to ensure compliance with all data protection and privacy laws.

### e) Private Networks

We have a 4G and 5G Private Networks offering which provides our customers with secure, reliable and low latency connectivity delivered on-site, and dedicated for the customer to manage business-critical processes and drive digital transformation.

We offer the ability for customers to rapidly deploy Private 5G networks with our plug-and-play suitcase-size offering which includes integrated edge computing and can be used to pilot and trial the technology in a customer environment.

## Business Customer Service

Our delivery and customer service teams provide high quality support across our customers, focusing on delivering outstanding experiences.

Customer service support for LEPS customers is based around a model focused on the authorised contacts within customers' organisations who are able to deal with account changes on behalf of the customers business. There are teams providing support through voice communications, and teams providing email and back-office support. For Enterprise customers, support is split between the UK, (voice, fixed data and complex email), and India, (standard email and back-office), whereas for public sector customers on Framework contracts, all support is provided within the UK due to Framework compliance requirements. There are separate teams responsible for the onboarding and set-up of new customers. Tasks completed here would include account creation, transfer of mobile numbers from existing providers, ordering of handsets and activation of tariffs and services. Employees of the customers organisation (referred to as End Users) have access to voice support through an End User team based in the UK.

Support is provided directly to SoHo and SMB customers, and indirectly where the customer has been acquired by an approved partner and the partner is the primary support channel. Customers are provided with multiple interactive service channels – voice, webchat, online help & support and My O2 Business which provides reporting and account changes. All customers also have email support.

## Wholesale

Our wholesale offering is a core pillar of our strategy, powered by the scale and strength of our networks. Our networks enable partners to grow and innovate, while we carefully consider how best to drive long-term value for our business. We provide organisations with wholesale access to both fixed and mobile services, offering a comprehensive portfolio that includes MVNO partnerships and Dark Fibre solutions.

### Mobile Wholesale

#### MVNO

We aim to be the partner of choice in the MVNO market, and serve more MVNO subscribers than any other operator. Our mobile network's coverage, capacity and speed, combined with our wholesale platforms, enable MVNOs to provide services to their customers with high-quality and reliable connectivity.

#### a) Tesco Mobile

Tesco Mobile, a 50:50 joint venture between Virgin Media O2 and Tesco subsidiaries, is the UK's largest MVNO by connections. Tesco Mobile was founded in 2003, and in 2024 we agreed a 10-year renewal of our partnership.

#### b) Sky Mobile

Sky entered into an exclusive, multi-year MVNO agreement with the O2 business in 2015, enabling Sky to complement its fixed-line and TV services with mobile connectivity. This relationship was extended on a long-term basis in 2021, forming part of a broader multi-faceted relationship with Sky.

We believe our proven track record of highly successful MVNO partnerships positions us to capture the next phase of wholesale growth, as new entrants look to enter the market. By combining our high-capacity mobile networks with partner-driven retail reach, we remain at the forefront of enabling choice, innovation, and competition in the UK connectivity market.

## Mobile Network-as-a-Service

Under the O2 brand, we power essential customer communications for businesses across the UK, delivering more than ten billion Short Message Service (SMS) messages annually. These messages enable everything from appointment reminders and delivery updates to secure authentication. Beyond messaging, we help businesses expand digital sales by offering carrier billing, allowing customers to pay directly through their mobile account.

## IoT

We offer IoT products and services, which include M2M activities. These provide automated data communications between devices (including vehicle fleets, payment terminals and traffic lights) via our mobile network, to help businesses reduce costs and grow revenue through greater convenience and improved customer experience.

In 2013, the UK government awarded O2 a 15-year contract to deliver communications services (including the supply of communication hubs) to homes in the central and southern regions of the UK. Since then, we have connected smart meters, both gas and electricity, in more than 11 million homes, enabling reduced energy usage and CO2 emissions by providing greater visibility of energy consumption.

## Fixed Wholesale

In fixed wholesale, we partner with connectivity resellers, managed service providers and system integrators that onward-sell our services to be deployed as part of corporate network solutions. It also consists of the sale and provision of connectivity services to telecommunications carriers, MNOs, fixed Alternative Networks (Altnets), data centre operators, hyperscalers and others for use within their own network infrastructure.

Our wholesale fixed portfolio consists of fibre-based connectivity products:

- Dark Fibre: Unlit fibre sold via operating lease, sales type lease or indefeasible rights of use;
- High-Capacity Optical Services: National or local optical services of 10Gbps or higher;
- Ethernet Services: National or local ethernet services from 10Mbps to 10Gbps; and
- Dedicated Internet Access: From 10Mbps to 10Gbps.

Beyond connectivity, we also utilise our well-established network construction and operation expertise to provide a range of network deployment services. This includes the fibre network construction, connection, technology and other corporate services that we provide to nexfibre.

Fixed Wholesale remains an important contributor to our connectivity strategy. We continue to explore options for providing third-party retail businesses with wholesale access to the combined Virgin Media O2 and nexfibre networks to serve residential end-users.

## Networks

Our network strategy is centred on delivering reliable, high-quality connectivity that underpins customer trust. We continue to invest in and evolve our fixed and mobile networks to ensure they are future-ready. As one of three UK MNOs and one of only two fixed network owners with national scale, we benefit from strong network ownership economics.

Our fixed network footprint reached 18.8 million serviceable homes as of 31 December 2025. Of these, over 16 million are directly passed by our infrastructure, with the remainder primarily served by nexfibre. We deliver gigabit broadband internet, video and fixed-line telephony services to an estimated 61% of UK homes.

Our mobile network boasts significant scale and coverage, reaching 99% of the UK outdoor population with 4G and 87% of the population with 5G.

### Fixed Network

Our fixed network is entirely gigabit-capable and we deliver broadband internet, video and fixed-line telephony services to the end customer over a mix of technologies, which continue to evolve over time. In areas where we utilise HFC, there is considerable spectrum and associated bandwidth capabilities using Data Over Cable Service Interface Specification (DOCSIS) 3.0 and DOCSIS 3.1.

### Fibre Upgrade

While our gigabit-capable HFC network continues to meet customers needs today, we are upgrading our network to 10-gigabit symmetrical passive optical network (XGS-PON) FTTH technology. XGS-PON enables symmetrical upload and download speeds of up to 10Gbps, while also offering improved energy efficiency.

Initial deployment has focused on highly efficient builds to street cabinets using our fully ducted network — the underground infrastructure that allows fibre to be laid quickly and cost-effectively.

### Network Footprint Expansion in Partnership with nexfibre

nexfibre is a joint venture between our shareholders, Liberty Global and Telefónica, with InfraVia Capital Partners. The nexfibre network covers 2.6 million FTTH homes which are not currently served by Virgin Media O2's network.

We are the anchor wholesale client of nexfibre in addition to providing a range of construction, technology and corporate services to them. nexfibre's network is also being constructed using XGS-PON, providing technological consistency with Virgin Media O2's fibre upgrade footprint.

In February 2026, an agreement was announced for nexfibre to acquire Substantial Group (the **Substantial Group Transaction**), who are expected to have more than 3.4 million fibre premises and over 500,000 customers by completion. The combination of nexfibre's deployed fibre, Substantial Group's fibre network, and 2.1 million Virgin Media O2 premises which will be upgraded to fibre by nexfibre, is expected to create a nexfibre full fibre footprint of estimated 8 million premises by the end of 2027.

### Mobile Network

We are one of three MNOs in the UK, and operate a mobile access network based on 2G, 3G, 4G and 5G standards.

### Mobile Network Deployment

Our current focus is evolving our network to 5G technology. As of 31 December 2025, we had 87% 5G outdoor UK population coverage, an increase of 12% compared to the end of 2024. Additionally, we continue to strengthen our 4G network, with over 99% outdoor population coverage on our 4G network, as well as over 89% 4G geographic (landmass) coverage.

As part of our network evolution, we also completed the withdrawal of 3G services across the majority of the UK in 2025, with final decommissioning continuing into early 2026. This has enabled us deliver enhanced speeds and reliability through 4G and 5G for customers. The move follows the joint statement in December 2021, with all UK MNOs committing to switch off 2G and 3G by 2033.

### Network Sharing Arrangement with Vodafone

Our long-standing mobile network sharing agreement with Vodafone enables us to deliver improved customer experience and operational efficiency across the UK. This arrangement combines our mobile sites into a single national grid and includes both active and passive infrastructure sharing.

Active Radio Access Network sharing includes 2G, 3G, 4G, and 5G infrastructure (excluding London and certain other major cities), with each operator managing different regions. Virgin Media O2 oversees the Eastern half of the UK, Northern Ireland, and most of Scotland, while Vodafone manages the Western half of the UK, including Wales.

Through our passive sharing agreement we benefit from extensive access to mobile network infrastructure, this includes:

- Base stations: Connecting handsets to the mobile network using available spectrum;
- Backhaul and core network: Comprising data centres and switching sites that route calls and data;
- Service layer: Supporting messaging, voicemail, and other customer-facing services.

Our infrastructure access is primarily achieved through our joint operation Cornerstone. As of 31 December 2025, we had access to over 20,000 macro mobile sites, the vast majority of which are operated through Cornerstone. The majority of these sites are part of our network sharing partnership with Vodafone.

### Licences and Frequencies

Although no licence or authorisation is required to operate a telecommunications network or provide a telecommunications service in the UK, operators must obtain a licence under the Wireless Telegraphy Act 2006 to use radio frequency spectrum. Spectrum licences are currently divided between the active MNOs in the UK mobile telecommunications service market. Our spectrum licences are effective until revoked by Ofcom or surrendered by us.

Summary of VMED O2's spectrum holding as of 31 December 2025:

Frequency Band Megahertz (MHz)	Spectrum Amount Held (MHz)
700 Frequency Division Duplex	20
800 Frequency Division Duplex	20
900 Frequency Division Duplex	34.8
1400 Supplementary Downlink	20
1800 Frequency Division Duplex	11.6
2100 Frequency Division Duplex <sup>(a)</sup>	20
2300 Time Division Duplex	40
2600 Time Division Duplex <sup>(b)</sup>	40
3400 Time Division Duplex <sup>(c)(d)</sup>	40
3600 Time Division Duplex <sup>(c)</sup>	40
26000 Time Division Duplex	800
40000 Time Division Duplex	1000

(a) Excludes 18.8MHz of 2100 Frequency Division Duplex acquired but not transferred from Vodafone as of 31 December 2025.

(b) Excludes 10MHz of spectrum not usable for macro purposes.

(c) On 1 January 2026, we defragmented 40MHz of 3400 Time Duplex Division to 3600 Time Duplex Division.

(d) On 1 January 2026, we purchased 20MHz of 3400 Time Duplex Division spectrum from Vodafone.

Following the completion of the merger between Vodafone UK and Three UK we announced the details of our spectrum transfer agreement with Vodafone UK. Virgin Media O2 will acquire 78.8MHz of spectrum for an investment of £343 million, materially enhancing our network position and helping to improve the connectivity experience of consumers and businesses across the country. At the end of 2025, £142.2 million of the £343 million total investment had been completed.

In October 2025, we invested £13 million to acquire 800MHz of 26GHz spectrum and 1000MHz of 40GHz spectrum at reserve price in Ofcom's millimetre mobile airwaves (mmWave) auction. When deployed, the new high-capacity mmWave spectrum will give our customers an enhanced experience in the future by further boosting mobile performance in busy towns and cities, in packed locations such as train stations, airports and stadiums, and for businesses using 5G private networks in the likes of factories or ports where reliability, speed and low latency are key.

### Sales and Distribution

As part of our offering of a comprehensive range of products and services, we utilise a diverse array of sales channels. These channels include inbound and outbound telesales, customer care centres, a nationwide field sales force, and digital platforms accessible through our online presence and dedicated mobile applications.

### Retail Stores

As of 31 December 2025, we had over 300 stores in the UK. These stores trade under the O2 brand but also sell Virgin Media branded fixed-line services, including our Volt bundles.

### Online and Digital Applications

Our online sales take place through our Virgin Media O2, Virgin Media and O2 websites, in addition to our My Virgin Media and My O2 customer apps. These digital platforms play a strategic and growing role in our distribution strategy.

### Telesales and Customer Care

We provide customer care and telesales through both our own and outsourced call centres in the UK, Philippines, India, South Africa and Mauritius. We are continuing convergence of activities across Virgin Media and O2 voice channels to reduce customer effort and drive value, enabling customers to access help quickly and easily across both mobile and fixed products in one place, with a 'right first time' model implemented with partners.

### Field Sales

We engage in direct face-to-face marketing initiatives through a dedicated national sales force for our fixed-line services.

### Indirect Sales Channels

Our consumer business utilises several indirect partners for sales and distribution, AO.com is our consumer mobile contract trading partner. Mobile prepaid trading occurs via several SIM distributors including Elite, Core Communications and GK Telecom, who ensure national coverage in a broad range of end distribution outlets, giving us presence in some of the largest retailers in the UK.

### Brands and Advertising

We operate a portfolio of brands including O2, Virgin Media and giffgaff. We have phased out the Virgin Mobile brand as a customer facing brand but retain the option to use this brand in the future should we choose to. We engage in marketing activity to promote our brands and products to new and existing customers across a wide range of media and owned channels including television, radio, print, outdoor, direct mail, digital, social, SMS, Multimedia Messaging Service (MMS) and email, as well as engaging customers through our websites and apps. Our strong brand portfolio supports our trading and business performance, helping to attract, grow and retain our different target customer groups. We also have an interest in the Tesco Mobile brand through the Tesco Mobile JV.

### Virgin Media O2 Brand

Virgin Media O2 is the brand for the Joint Venture. It is our corporate brand and also used when communicating joint consumer and business facing propositions or touchpoint experiences. Our converged Volt proposition provides exclusive benefits for being with both Virgin Media and O2.

### Virgin Media Brand

Virgin Media is a leading UK broadband internet and entertainment brand, recognised for delivering fast and reliable broadband internet connectivity in the UK, as well as providing video and fixed-line telephony services. We offer gigabit speeds across our footprint and are rolling out fibre at pace, with our 2Gbps broadband internet service available in some areas. Our WiFi Guarantee offers download speeds of at least 30Mbps in every room or money back, and we also offer an innovative internet protocol television (IPTV) solution, Flex.

### O2 Brand

O2 is a leading mobile brand in the UK, recognised for putting customers first and offering unique rewards and experiences,

underpinned by Priority Rewards and Priority Tickets. O2 has differentiated customer-centric propositions such as free European Union (EU) roaming, underpinned by our network recognised as the Best Network for Coverage by Uswitch.

### **giffgaff Brand**

giffgaff is a wholly owned MVNO and broadband ISP with a unique brand positioning as the mobile network that is 'up to good'. Its community of members play a central role in defining its propositions, promoting giffgaff to new members and supporting existing members. giffgaff has successfully broadened its proposition and appeal by extending into the mobile contract and broadband markets, and is B Corp certified.

### **O2 Daisy**

O2 Daisy is the brand created by the business combination of Virgin Media O2 Business and Daisy Group, providing communications and IT solutions for businesses of all sizes. It is underpinned by Virgin Media O2's leading connectivity and Daisy's award-winning service. O2 Daisy offers a set of best-in-class digital-first connectivity solutions and services managed under one roof.

### **Sponsorships**

We generate significant brand and customer benefits through our sponsorship portfolio. O2 has long-standing relationships with AEG (The O2, one of the leading entertainment venues in the world), Live Nation (Priority Tickets and our 20 iconic O2 Academy venues across the UK) and the Rugby Football Union (lead sponsor for the England Rugby Men's and Women's teams) which generate outstanding media value and underpin our customer loyalty platform, Priority. We extended our rights at The O2 to launch the Virgin Media Gamepad and plan to develop our activities in gaming further. We recently renewed our England Rugby partnership for another five years, through to 2031. Additionally, we have extended our partnerships so Virgin Media customers can also benefit from access to Priority from O2, providing exclusive, unique offers and experiences all year round.

### **Intellectual Property Rights**

The "O2", "O2 Refresh" and "Priority" brands and related rights are licensed by Telefónica through its subsidiary, O2 Worldwide Limited, to Telefonica UK Limited (**Telefonica UK**) and VMED O2 UK Limited for use in the UK under two indefinite trademark licences. These trademark licences may be terminated in certain circumstances.

The "giffgaff" brand and trademarks are owned by Telefonica UK. The "Tesco Mobile" brand is owned by Tesco Stores Limited and licensed to the Tesco Mobile JV.

Virgin Media owns or has the right to use patents, copyrights and registered trademarks, which in some cases are, and in other cases may be, of material importance to our business. This includes the exclusive right to use the "Virgin Media" name and logo under licences from Virgin Enterprises Limited in connection with our corporate activities and the activities of our consumer and business operations. These licences are exclusive to us within the UK, Northern Ireland, the Isle of Man and the Channel Islands.

### **Customer Service**

Customer satisfaction is central to our long-term success and remains a core strategic priority across the organisation. We commit to treating our customers fairly, providing clear and transparent information about the products and services we offer, including

associated fees and charges. Our large customer bases have broad sets of needs and expectations that we understand more than ever through research and data analytics. We remain absolutely focused on meeting and exceeding customers' expectations.

In order to effectively manage customer credit risks, we have a series of business acceptance procedures, including identity verification, credit and fraud checks, and affordability assessments. We also have collections policies in place to ensure that customers who are struggling to make payments are treated fairly. Our arrears management process follows the general principles of treating customers as individuals, ensuring compliance with Consumer Duty guidelines, contacting customers at the earliest opportunity, focusing on achieving the best outcome for the customer and being aware of customer vulnerabilities. We have embedded a culture of 'do the right thing' for the customer and have effective systems and controls in place to ensure the customer is being treated fairly whilst in financial difficulty and throughout the arrears management process. We also support the UK Government's Debt Respite scheme, otherwise known as "Breathing Space", across our operations.

### **IT Systems and Security**

We operate a large-scale IT estate and portfolio to support our customers, including cyber security measures to mitigate risks to our business from impacts on services, data loss, data integrity, data accessibility and fraud. We do this through proactive planning, preventative measures, and maintaining awareness of the threats we face as an organisation. We use a range of tools to identify vulnerabilities in our platforms and systems, and deploy systems, tools and analytics to promote the security of our network.

We continue to recognise cyber security as one of our greatest areas of risk. See "Risk Factors" on page 33 for further information.

### **Property and Leases**

We own or lease the fixed assets necessary for the operation of our businesses, including office space, retail stores, transponder space, head-end facilities, rights of way, cable television and telecommunications distribution equipment, telecommunications switches and customer premises equipment (**CPE**), technical sites, mobile sites and other property necessary for our operations. VMED O2 leases its registered office in Reading, UK.

As of 31 December 2025, our business operated through over 430 technical sites (some with ancillary office facilities), 9 major corporate office sites, and over 300 stores.

### **Insurance**

We maintain a comprehensive range of UK and internationally placed group insurance programmes that provide coverage for all our subsidiary companies, in line with industry best practice. Our policies are placed with insurers of strong financial standing and reputation, each typically rated A or higher, ensuring our ability to recover against major and/or material claims arising from legal liabilities across our operations.

Our insurance cover spans a broad range of risks, including but not limited to, directors' and officers' liability, cyber and crime risks, property damage and business interruption, environmental liability, technology and media risks, errors and omissions, terrorism, patent infringement, pensions trustees' liability, and marine, transit and

airside liability, employers liability, public and products liability, and motor/fleet insurance.

The programme also includes protection for material damage and claims relating to our underground infrastructure. Aerial external plant is excluded, except when individual elements are in storage or being transported domestically. Aerial plant infrastructure may include overhead cables and lines, supporting masts and associated fittings, as well as wires attached to buildings or other structures such as bridges, highways, roads and railways, and similar installations above ground level.

### Employees

As of 31 December 2025, we had 16,800 employees in the UK, some of whom are represented by two trade unions, The Communications Workers Union and Prospect, with whom we believe we have positive working relationships. The remaining employees are not covered by collective bargaining or recognition agreements. For employee consultation purposes, we work with and recognise an internal employee representative forum, Employee Voice, whose representatives are Virgin Media O2 employees elected to provide feedback and representation on behalf of colleagues across the rest of the organisation.

### Competition

We face intense competition from a variety of entertainment and communications service providers, which offer broadband internet, video, fixed-line telephony and mobile services. Technological advances and product innovations have increased and are likely to continue to increase, and the number of alternative providers available to our customers has grown, which has intensified the competitive environment.

We believe that Virgin Media O2 is a strong competitor with significant scale and financial strength to invest in UK digital infrastructure and to give millions of consumers, B2B and wholesale customers more choice while providing value for money.

We offer most of our products on a stand-alone basis or as part of bundled packages designed to encourage customers to subscribe to multiple services. We offer broadband internet, video and fixed-line telephony services to residential users exclusively in areas served by our fixed network or partner networks, primarily nexfibre's FTTH network. We also offer broadband internet, data services, fixed-line telephony and mobile telephony and data services to business users throughout the UK, using both our own network and wholesale inputs from other providers. Our primary competitors are BT (including its wholly-owned subsidiary, EE), VodafoneThree, and Sky.

We believe that our deep-fibre access provides us with several competitive advantages in the areas served by our network. For instance, our fixed network allows us to concurrently deliver internet access, together with real-time video and digital cable-on-demand content, at high speeds. Our fixed-line competitors are typically reliant on the access infrastructure of the UK's incumbent telecommunications provider, BT, which in the past typically relied on copper-pair technology from the local exchange to the customer's home. BT is now upgrading much of its infrastructure to provide data services capable of higher speeds, using FTTP technology, which delivers the highest available data speeds to customers' homes with high reliability. Although BT can now match the speeds delivered by our HFC network in many areas, we are in the process of upgrading

our own network to FTTP, and our serviceable footprint has expanded through access to the nexfibre network.

Recently, increased competition has also come from Altnets, such as CityFibre, offering retail and ISP customers high speeds at competitive prices. However, a key competitive advantage over these challengers is our ability to bundle broadband internet, video, mobile and fixed-line telephony services.

In serving B2B customers, many aspects of the network can be leveraged at very low incremental cost given that B2B demand peaks at a time when residential consumer demand is low and peaks at lower levels than residential consumer demand. As such, we believe we have an advantage over other providers who serve either residential or B2B customers, but not both.

In mobile, we face direct competition from the two other UK MNOs, EE and VodafoneThree, but also increasingly from MVNOs.

### Broadband Internet

We have a number of significant competitors in the market for broadband internet services, with BT being the largest retail provider.

BT provides broadband internet access services to both its own retail arm and third-party retail providers over its own Openreach network, using a mixture of DSL (copper network-based) technologies and FTTP. Recently, BT has focused its efforts on the roll out of an FTTP service, supporting 1+Gbps download speeds to homes and businesses, with a stated target of 25 million premises by the end of 2026. In pursuit of those objectives, BT offers "superfast" (30Mbps or faster) and "ultrafast" (300Mbps or faster) consumer packages with average download speeds ranging from 36Mbps to 1.6Gbps, primarily using FTTP technology available to 21.4 million UK homes as of 31 December 2025.

The majority of Altnets sell broadband internet services directly to retail customers, typically at lower price points than those offered by Virgin Media or ISPs operating on the Openreach network. CityFibre does not currently serve retail customers directly; instead, it wholesales network access to several of our competitors, including Sky, TalkTalk and Vodafone. This wholesale activity enhances ISPs ability to offer competitive fibre-based services in areas where Altnet infrastructure is available.

In addition to competition and pricing pressure in the broadband internet market, we may be subject to increased competition in the provision of broadband internet services from mobile internet and technological developments (such as long-term evolution (LTE) and 5G mobile technology) and other wireless technologies, such as WiFi and Worldwide Interoperability for Microwave Access. For example, each of the three UK MNOs has over 94% 4G UK indoor population coverage (Ofcom Connected Nations 2025).

Availability of satellite connectivity as an alternative to broadband internet has increased in the UK. This includes BT announcing a partnership with Starlink, which delivers broadband internet through a satellite constellation in low-Earth orbit. We believe our broadband technology with gigabit speeds offers significant technological and efficiency advantages over low-Earth orbit satellite technology.

## Video

We have a paid video offering, and while we are not a content producer, we aggregate a broad range of content over our integrated platforms. Our digital television services compete primarily with those of Sky and BT.

Sky is the primary pay satellite television platform in the UK. Sky owns the UK rights to SD, HD and UHD/4K versions, as the case may be, of various sports and movie programming content and is both our principal competitor in the pay-TV market and an important supplier of basic and premium television content to us. Sky will include HBO Max as part of its UK TV subscription offerings ahead of the service's UK launch in March 2026. Sky also holds rights to a significant range of sports content broadcast on Sky Sports, including the largest number of Premier League matches until 2029. Virgin Media customers also have access to Sky Sports for a monthly fee.

BT has a joint venture with Warner Bros. Discovery Sports Europe, which led to the launch of TNT Sports in July 2023, previously branded as BT Sport. TNT Sports holds the rights to certain Premier League matches until 2029 and additionally holds rights to the UEFA Champions League and the UEFA Europa League until 2027. TNT Sports is available via BT's IPTV platform, Sky's satellite system and IPTV systems and our network.

Content owners, online aggregators and television channel owners are increasingly using broadband internet as a new digital distribution channel direct to consumers.

Residential customers may also receive digital terrestrial television (DTT), which is delivered to homes through a conventional television aerial and a separately purchased set-top box or an integrated digital television set. The free-to-air DTT service in the UK is called "Freeview". This service is provided by a consortium of operators, including the BBC.

The BBC and ITV also offer a free-to-air digital satellite alternative to Freeview service, known as "Freesat". Freesat offers subscription-free television channels, including selected HD channels such as BBC1 HD, ITV1 HD and Channel 4 HD. Freesat also offers a range of satellite boxes offering access to catch-up television services under the brand Freetime and a range of digital video recorders under the brand Freesat+.

Freely is a British streaming service backed by BBC, ITV, Channel 4, and Channel 5. The service aims to streamline on-demand TV and live public service channels into one, easy-to-navigate service, without an aerial or satellite dish. Freely comes built into a number of new Smart TVs sold in the UK.

Residential customers may also access television content by means of IPTV. BT TV, a combined DTT and video on demand service offered by BT over a DSL broadband connection, is available throughout the UK. Sky also offers live streamed television and services over a broadband internet connection, through its Sky Glass product, as well as Sky On Demand, Sky Go and NowTV services. In addition, Netflix, Amazon, Google, Apple and others have launched IPTV products.

The communications industry is constantly evolving, and there are a number of new and emerging technologies which can be used to provide video services that are likely to compete with our digital cable and digital cable-on-demand services. These include the DSL

services mentioned above and next-generation LTE services. We expect continued advances in communications technology and in content, such as an increasing adoption of UHD.

## VoIP

We face competition from companies offering VoIP services using the customer's existing broadband internet, mobile data and WiFi connections. These services are offered by independent providers, such as WhatsApp and Skype, as well as those affiliated with established competitors, such as BT. These services generally offer free calls between users of the same service but charge for calls made to fixed-line or mobile numbers either on a flat monthly rate for unlimited calls (typically restricted to geographic areas) or based on usage.

## Mobile

Our primary competitors in the mobile market are the major MNOs, EE and VodafoneThree, the latter formed in 2025 through the combination of Vodafone UK and Three UK.

We operate in a highly competitive mobile retail environment characterised by sustained pricing pressure, evolving customer expectations, and rapid technological change. Competition is intensified by a wide range of MVNOs, including Tesco Mobile, Sky Mobile, Lebara and iD Mobile. Barriers to entry for MVNOs have continued to reduce, enabling new MVNOs enter the market, demonstrated by the UK launch of Revolut Mobile in December 2025.

We use our O2 brand to differentiate through a simple and personal customer experience, building trust with our customers and aim to deliver a low churn rate. Our partnerships allow us to give our customers access to unique experiences and rewards through Priority.

We maintain a reliable network and are one of the top networks of choice for the UK's largest MVNOs, including Sky Mobile and the Tesco Mobile JV. Our wholly owned sub-brand giffgaff gives us broader market reach by addressing a segment of more digitally-engaged customers. We are uniquely positioned to leverage our portfolio of brands to provide market coverage.

5G mobile coverage continues to grow in the UK. In Ofcom's "Connected Nations" report, published November 2025, our 5G Standalone outdoor coverage was 65% (to a high degree of confidence), compared to 47% for EE, 49% for Vodafone, and nil for Three.

## Business

The UK business telecommunications industry is characterised by strong competition and ongoing consolidation. Competition in the UK business telecommunications market continues to be value driven, with the key components being quality, reliability and price.

We compete primarily with traditional network operators such as Vodafone and BT. BT represents the main competition nationally due to its network reach and product portfolio. We also compete with communications providers such as Exponential-e and Gamma Communications, which offer ICT services. Recently, we have faced increasing competition from Altnets such as CityFibre and Neos Networks.

In 2025, we formed O2 Daisy, a new B2B telecoms operator created by the business combination of Virgin Media O2 Business and Daisy Group. We believe that this business combination will make Virgin Media O2 more competitive in the B2B segment, with the combination benefitting from significant scale.

### Wholesale

We operate in a highly competitive wholesale market across both fixed and mobile segments. In the fixed infrastructure market, competitors such as BT Openreach and CityFibre offer wholesale access to their networks, enabling third-party providers to challenge our offerings. In the mobile sector, BT and VodafoneThree provide wholesale access to their networks for MVNOs, intensifying competitive pressures.

### Legal and Regulatory Proceedings

From time to time, we become involved in litigation relating to claims arising out of our operations in the normal course of business. 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) issues involving value-added taxes (VAT) and employment, property, withholding and other tax issues, and (iii) disputes over interconnection, programming, copyright and channel carriage fees. 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.

### Disclosure Requests

*Class action regarding alleged combined handset and airtime charges overpayment.* In December 2023, we received a claim brought against Telefonica UK and the other MNOs 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 originally assessed the value of the claim against Telefonica UK at £256.0 million and as against the four MNOs

(Vodafone, EE, Three and O2) at £3.3 billion. Before the claim could progress, it required certification (i.e. to be approved by the Tribunal to proceed as a collective action). On 14 November 2025, the Tribunal handed down its judgment in which the claim was certified and so the case will proceed to a substantive trial. At the same time, following an application by us, the Tribunal found that the time period of the claim prior to October 2015 was time-barred which means that the majority of the claim against Telefonica UK has no basis to be brought and which significantly reduces the size of the claim. The claimant has reassessed the value of the claim against Telefonica UK at £79.0 million and against the four MNOs at £1.4 billion. Any final determination of the claim is unlikely for several years. We intend to continue 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. During Q4 2025, Ofcom concluded an investigation into a VMED O2 subsidiary, imposing a fine of £23.8 million. Ofcom currently has an open investigation into a VMED O2 subsidiary and we are cooperating with Ofcom on this matter. No assurance can be given that the resolution of this contingency will not result in a material impact on our results of operations, cash flows or financial position in any given period. In general, due to the complexity of the issues involved and 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 at this time.

### Regulatory Matters

#### Legislative Framework

The Communications Act 2003 and the Wireless Telegraphy Act 2006 are the primary sources of communications regulation in the UK. A final EU legislative package, the European Electronic Communications Code (the **EECC**), was transposed into UK law in 2020 prior to the withdrawal of the UK from the EU.

The Communications Act 2003 primarily seeks to develop open markets for communication services including the establishment and operation of electronic communication networks, including mobile, fixed broadband, cable television, and traditional telephony networks, and the offer of electronic communication services, such as telephony (including OTT services), internet and, to some degree,

television services. It includes a number of provisions aimed at providing incentives to boost private sector investment in very high-capacity networks. The Communications Act 2003 does not generally address content matters, including radio and television programming, which are specifically regulated by the EU's Audiovisual Media Services (AVMS) Directive which was also transposed into UK law in 2020 as the AVMS Regulations 2020.

The Wireless Telegraphy Act 2006 regulates radio communications in the UK including spectrum licensing arrangements, usage conditions and charges, licence bidding and trading, and enforcement and penalties.

In addition, the Privacy and Electronic Communications Regulations 2003 (as amended) implemented EU Directive 2002/58, which regulates the processing of personal data and the protection of privacy in the electronic communications sector.

Telecommunications companies in the UK, including VMED O2, are also subject to regulation under the UK Broadcasting Acts 1990 and 1996 and other UK statutes and subordinate legislation, including the Competition Act 1998, the Enterprise Act 2002 and the Enterprise and Regulatory Reform Act 2013. Ofcom regulates both linear and on-demand programming, with regulatory requirements derived from the AVMS Directive.

In November 2021, the Telecommunications (Security) Act was passed, which introduces a regime for identifying and removing "High Risk Vendors" (HRV) from the networks of UK operators, as well as increasing security and resilience requirements (Telecoms Security Requirements) through amendments to the Communications Act 2003. VMED O2 has been issued with one designated vendor direction for a HRV related to a network equipment and services vendor, which came into force on 14 October 2022.

### UK Regulatory Authorities

Ofcom is the key regulatory authority for the communications sector in which we operate in the UK. It is responsible for furthering the interests of citizens in relation to communications matters, and furthering the interests of consumers, in relevant markets where appropriate, by promoting competition. The UK Competition and Markets Authority (CMA) has jurisdiction with respect to competition matters.

### Regulation of Electronic Communication Services

In order to operate in the telecommunications sector in the UK, a provider must comply with the general conditions imposed by Ofcom. These general conditions cover a broad range of issues including interconnection standards, number portability, deployment of telephone numbers, access to emergency services, sales and marketing standards and general consumer protection measures. Any breach of these general conditions could lead to the imposition of fines by the national regulator and, ultimately, to the suspension or revocation of a company's right to provide electronic communications networks and services. There is no operating licence regime in the UK.

Ofcom also undertakes regular reviews of the various economic markets within the telecommunications sector to establish whether any provider has "Significant Market Power", as defined by the Communications Act, warranting the imposition of remedies.

### General Conditions of Entitlement

In addition to general consumer protection law obligations, various provisions of the General Conditions also provide specific protections to end-users (which includes residential and business consumers with up to ten employees) in the telecommunications sector. Under the General Conditions, all telecommunications operators must make available clear and up-to-date information on their prices and tariffs, and on their standard terms and conditions in respect of access to and use of their publicly available telecommunications services. The General Conditions also require certain information to be provided to end-users in contracts, at the point of sale and directly at the end of those contracts and periodically thereafter, impose a maximum telecommunications contract length of two years and set conditions for termination of the contract.

In addition, every telecommunications operator in the UK must provide access to a dispute resolution procedure scheme for their residential and small business customers. There are two Ofcom-approved dispute resolution schemes (namely, Ombudsman Services and the Communications and Internet Services Adjudication Scheme) to whom consumers may complain. We currently use Ombudsman Services to comply with its dispute resolution obligations.

The implementation of the EECC, which had a final compliance deadline for the majority of the provisions of April 2022, has enhanced the end-user protections set out in the General Conditions. These changes include, but are not limited to, new information required to be provided in the customer's contract and at the point of sale, new switching and porting requirements, limitations on the length and form of linked split contracts, and a lowered termination of contract thresholds for customers.

Changes to the general conditions are to be expected over time, with recent updates including but not limited to:

#### a) End-of-contract and Annual Best Tariff notifications

Providers are required to provide residential and business customers with a notification as they approach the end of a fixed minimum term contract, alerting them to the fact that the minimum term is ending and setting out further information, such as the out of contract price and any alternative tariff options available. In addition, customers that are no longer subject to a fixed minimum contract term must, on an annual basis, be sent notifications of the best tariff that providers can offer. These annual notifications must set out the fact that the customer is no longer within their fixed commitment period pursuant to their contract, provide details of the service they are being provided, and inform them of the best tariff options available to them.

#### b) Number portability

All telecommunications operators are required by the General Conditions to facilitate the porting of telephone numbers, including mobile telephone numbers. The Auto-Switch process enables customers with a single mobile number to simply text their existing provider which will provide a "porting authorisation code" (PAC) or "service termination authorisation code" (STAC) as requested within one minute. The customer is then responsible for giving the PAC or STAC to the new provider which must arrange for the switch to be completed within one working day. Auto-Switch rules for customers with multiple mobile phone numbers are slightly different, with longer timescales.

### c) Broadband Labelling

ISPs are required to provide information about the underlying technology of the fixed broadband service being purchased, where this can be determined by the provider at the time of sale.

### d) Gaining Provider Led Switching (One Touch Switch) for fixed broadband

All ISPs have a requirement to enable switching via a gaining provider led process. This process is provided through a centralised hub, operated by The One Touch Switching Company a not-for-profit organisation created by the industry, including Virgin Media O2.

### e) Mid-contract price rises linked to inflation banned by Ofcom

In July 2024, Ofcom announced that mid-contract price rises linked to inflation would be banned from January 2025, with new contracts issued by communications providers specifying any price changes upfront in pounds and pence.

Effective April 2025, Virgin Media changed the mechanism for its annual price rise in compliance with these new rules and applied an annual price rise for the vast majority of plans by £3.50 per month. In October 2025, Virgin Media notified new and re-contracting customers, that their monthly bill will subsequently increase by £4.00 per month annually, effective from April 2026.

Effective April 2025, O2 changed the mechanism for its annual price rise in compliance with these new rules and applied an annual price rise for the vast majority of mobile airtime plans by £1.80, or £0.75 for Watch and MBB products. In October 2025, O2 began communicating to customers that their monthly Airtime Plan would subsequently increase by £2.50, with Watch and MBB products remaining at an increase of £0.75, effective each April from 2026.

With each price increase, both Virgin Media and O2 have been clear in our public position: as a business we make decisions to invest millions of pounds every year into our networks, with UK consumers benefitting from an extremely competitive market. We appreciate that price changes are never welcome, but we are fully transparent with our customers, offering a 30 day right to exit when announcing any changes to the pricing set out in existing customers' terms and conditions, in line with current regulations.

We have also engaged with Ofcom and Government and the press and consumer bodies in respect of our price rise activity. In February 2026, we signed the Government's voluntary Telecoms Consumer Charter which clearly sets out a shared commitment between government and industry to deliver even greater outcomes for consumers. Amongst a range of new and existing initiatives, we committed to not changing the amount by which a customer's monthly subscription price increases in-contract in future.

### Net Neutrality

Net neutrality is the principle that there should be no restriction on an individual's access to the networks that make up the infrastructure of the internet and no discrimination between the types and sources of data travelling across such networks. The EU Roaming Regulation codified the principle of net neutrality into EU law, and has been supplemented by the Open Internet Access Regulation (Regulation (EU) 2015/2120) as implemented in the UK by the Open Internet Access (EU Regulation) Regulations 2016.

Ofcom concluded a review of the effectiveness of the UK's Open Internet Regulations in October 2023. This resulted in updates to its guidance and approach to enforcement, which afford broadband internet and mobile providers some additional flexibility in the management and monetisation of their networks. Ofcom also highlighted some options for further, more substantive reform of the underlying legislation that government could undertake to give providers further flexibility, noting that there could be a case to move from inflexible, prescriptive rules to a principles-based approach to better serve the rapidly evolving internet ecosystems. As part of the recently published call for evidence of its Mobile Market Review, the Department for Science, Innovation and Technology (DSIT) invited views and evidence contributions from stakeholders in relation to potential changes to the legislation that underlies the current Open Internet Regulations and the impacts that such changes may have.

### Economic Regulation

#### *Wholesale Fixed Telecoms Market Review (WFTMR) 2021-2026*

In March 2021, Ofcom published its statement on "Promoting investment and competition in fibre networks: Wholesale Fixed Telecoms Market Review 2021-26". Through WFTMR, Ofcom intended to encourage competition between different networks where viable, and incentivise investment by giving regulatory certainty and allowing companies to make a fair return.

Openreach continued to be required to allow all network operators to lay their own fibre networks using Openreach's infrastructure through its Physical Infrastructure Access (PIA) product. Ofcom categorised areas of the country depending on the level of competition in those areas for the purposes of regulating residential broadband products. In both non-competitive areas and in potentially competitive areas, Openreach continued to be required to provide wholesale access to its network. In both areas, Ofcom set a flat, inflation-adjusted, regulated price for Openreach's entry-level superfast broadband service which has a download speed of up to 40Mbps, but it did not explicitly regulate the prices of Openreach's higher speed services which are delivered by FTTP.

In April 2024, Ofcom announced the beginning of its market review process to update the remedies from the WFTMR. The Telecoms Access Review was consulted on in March 2025, with further narrower consultations in October and November 2025. On 17 March 2026, Ofcom published its statement on "Promoting competition and investment in fibre networks: Telecoms Access Market Review 2026-31", with changes coming into force on 1 April 2026.

Broadly, we believe Ofcom has maintained the existing regulatory framework established under WFTMR. In the statement Ofcom has not propose to designate any geographies as effectively competitive and therefore has not proposed to deregulate Openreach's activities. However, it has proposed to expand the potentially competitive area from 70% to 86% of the UK for broadband services and to price regulate the 80Mbps speed tier rather than the 40Mbps service under WFTMR, whilst still maintaining pricing flexibility at higher speed tiers.

Ofcom also recognised the important role that Altnet consolidation could play in developing material and sustainable competition to Openreach.

Ofcom has confirmed it will strengthen its ability to review Openreach's conditional special offers by broadening the scope of activities that may cause competition concerns to arise and allowing

more time for such offers to be reviewed. Ofcom also acknowledged that it may consider taking a more permissive approach to reviewing Openreach proposed offers during the review period to provide Openreach greater commercial flexibility if the strength of competition from rival networks grow. PIA is proposed to remain available nationwide, for any purpose, and priced at cost.

### Interconnection Obligations

Interconnection is the linking of telecommunications networks so that customers of one network can communicate with customers of another network. It is important from a regulatory perspective for a number of reasons, including: (i) elimination of the need for a customer to subscribe to multiple networks in order to be able to communicate with all other customers, and (ii) without such regulation dominant operators could hinder or eliminate competition by delaying interconnection, degrading the quality of interconnection, or charging high prices for interconnection (often referred to as termination rates). All operators of public telecommunications networks are required by the General Conditions to negotiate in good faith with any other provider of a Public Electronic Communications Network to conclude an agreement for interconnection within a reasonable period. We are guided by and comply with this requirement in negotiating and agreeing interconnection with other Communication Providers.

### Call Termination

For many decades, Ofcom has designated Communication Providers with Significant Market Power (SMP) in relation to the provision of call termination to numbers under their control. This applies to both fixed and mobile call termination. Ongoing SMP designations (separate for fixed and mobile) continue to underpin application of access remedies to Communication Providers designated with SMP. Most notably, remedies include caps to the prices that individual providers can charge to termination calls to numbers under their control. Separate caps (and more broadly access remedies) apply for fixed and mobile call termination.

Telefonica UK is designated with SMP for mobile call termination, and Virgin Media is designated with SMP for fixed call termination. This means that both entities are subject to the remedies that apply to providers designated with SMP in relation to mobile and fixed call termination, respectively.

Conditions and remedies in relation to SMP designation and regulation of fixed and mobile call termination were last set in March 2021, applying from 1 April 2021 until end of March 2026. The prevailing caps (from April 2025 until end of March 2026) are 0.487 pence per minute (ppm) for mobile call termination and 0.0365ppm for fixed call termination. It was a long-standing regulatory practice for call termination rates to be updated annually for changes in the Consumer Price Index rate.

Ofcom published a consultation in 2025 that sets out its proposed market analysis and regulation for call termination markets for the new review period, running from April 2026 until end of March 2031. It proposed retaining its approach to SMP designation and to continue to apply caps to what providers can charge for fixed and mobile call termination. In terms of precise caps, Ofcom proposed to maintain caps at their current levels (of 0.487ppm for mobile and of 0.0365ppm for fixed call termination) without inflation adjustment over the review period. This implies caps would not change in nominal terms until April 2031.

We expect that Ofcom will publish its decisions on the call termination market review in March 2026, with decisions then taking effect from 1 April 2026 onward.

To note, the caps to call termination apply to calls that originate from within the UK and not to international calls originating outside the UK. The latter calls are regulated by application of the reciprocity condition which means that UK providers are permitted to charge rates for call termination that do not exceed the termination rates charged by the international operator, or the UK rate, whichever is higher. As part of its Consultation, Ofcom proposed maintaining this regulation of international calls.

### Spectrum Licences

Although no licence or authorisation is required to operate a telecommunications network or provide a telecommunications service in the UK, under the Wireless Telegraphy Act 2006, operators must obtain an Ofcom licence in order to use mobile radio frequency spectrum. Ofcom is responsible for spectrum management, and has the power to impose sanctions, including for a breach of a licence condition, or under certain circumstances, revoke licences, including for a number of spectrum efficiency reasons with five years' notice.

Spectrum licences for a specified block of spectrum can be awarded by auction or through negotiation with Ofcom. However, Ofcom's policy has been to use auctions as the means of allocating spectrum. In particular, new radio spectrum becoming available and suitable for mobile technologies (e.g. 3G, 4G and 5G spectrum) has been allocated via spectrum auctions and use has been liberalised in some circumstances to enable spectrum originally allocated for a specific use to also be used for other technologies.

Recent developments in spectrum licensing by Ofcom include the auctioning of mmWave spectrum to mobile operators on a sub-national basis for use in specific high-density areas of the UK, and the introduction of a new Regulatory framework to authorise Direct-to-Device Satellite services, under which VMED O2 has received approval from Ofcom to vary its spectrum licence to provide such services.

### Broadband Internet Expansion and Universal Service

The UK government supports the market roll out of full fibre and 5G services. Such support includes public funding for fixed broadband network deployment where commercial deployment is uneconomic, business rate relief for the deployment of new full fibre networks, and public funding for a strategic programme of full fibre and 5G trials.

The UK government's ambition is for next-generation, gigabit broadband to be available to 85% of the UK by 2025 and nationwide by 2030. The government's policy is that gigabit-broadband infrastructure will be mostly built using private investment. The Conservative Government and Ofcom introduced policy reforms with the aim of enabling the private sector to reach around 80% of UK premises by 2025 through commercial investment alone, with the remaining 20% not expected to be commercially viable in the target timeframe (that is, by 2030) and therefore will require public subsidies. The government has promised £5 billion to subsidise the roll-out of gigabit-broadband to the 'hardest to reach' premises in the country that will not be reached by private investment (20% of the UK). The funding programme is called Project Gigabit. It is delivered by Building Digital UK, an executive agency within DSIT. Ofcom's Connected Nations UK Report 2025 reported gigabit

capable broadband network availability at over 87% of residential UK premises as of July 2025.

From March 2020, consumers and businesses have had a legal right to request a broadband internet connection of at least 10Mbps regardless of where they live, subject to a maximum cost – a Universal Service Obligation (**USO**). The designated USO providers are BT and KCOM. In 2023, the government launched a dual consultation on both the future of the USO and a new programme of funding to provide broadband connectivity to some of the hardest to reach premises in the UK (**VHTR**). The Government is considering how any future USO should be framed, in light of its existing funding programmes for gigabit connectivity and the proposed VHTR programme.

The UK government's Spring Budget 2023 introduced a policy of "Full Expensing" to incentivise business investment, including in telecoms networks. The scheme provides 100% first-year capital relief on all qualifying main rate plant and machinery investments, alongside a 50% first-year allowance on new special rate assets. The scheme was due to run from 1 April 2023 until 31 March 2026, but it was made permanent in the Finance Act 2024. In October 2024, the government published a Corporate Tax Roadmap in which they committed to maintaining Full Expensing for the duration of the current Parliament.

#### Regulation of Television and Video-on-Demand Services

In the UK, providers are required to hold individual licences under the Broadcasting Acts 1990 and 1996 for any television channels (including barker channels) which it owns or operates, and for the provision of certain other services on its cable television platform, such as electronic programme guides. These television licensable content services (**TLCS**) licences are granted and administered by Ofcom. Under these licences, each covered service must comply with a number of Ofcom codes, including the Broadcasting Code, and with all directions issued by Ofcom. Breach of any of the terms of a TLCS licence may result in the imposition of fines on the licence holder and, ultimately, the licence being revoked.

As a provider of an on-demand programme service (**ODPS**), we must comply with a number of statutory obligations in relation to "editorial content" and notify Ofcom of our intention to provide an ODPS. Failure to notify Ofcom or comply with the relevant statutory obligations may result in the imposition of fines or, ultimately, the prohibition on providing an ODPS.

The Media Act 2024 essentially extends provisions related to the provision of public service broadcasting into online platforms to secure regulatory parity with existing content platforms, such as cable television.

#### Regulation Requiring Co-Operation with Law Enforcement

Telecommunications operators are subject to various laws that can require them to store and disclose customer data to law enforcement and the security services. In the UK, these laws are in the process of being updated. A new Investigatory Powers Act (the **Act**), came into effect at the end of 2016 with transitional provisions covering most of 2018. In 2018, the Act was amended to limit the acquisition of data by law enforcement to serious crime, and require data requests to be authorised by an independent body (the Office for Communications Data Authorisations).

#### Non-Industry Specific Regulation

Our business activities are subject to certain environmental and health and safety laws and regulations. Failure to comply with these laws and regulations may result in us incurring fines or other penalties and we may incur expenditures to account for these fines or penalties, maintain compliance and/or undertake any necessary remediation. In addition, any breach of the aforementioned laws and/or regulations by our affiliates, vendors and/or contractors could result in liability for us.

##### a) Access to Land and Infrastructure

The Electronic Communications Code (the **Code**) contains provisions that permit telecommunications operators to acquire interests in land for installing telecommunications equipment. The Communications Act 2003 also sets out Ofcom's duties in respect of the Code.

The Code grants certain rights enabling electronic communications network providers to install and maintain electronic communications networks, whilst also making substantial changes to the valuation regime for the land on which that network equipment is installed, moving to a "no scheme" approach. Under the Code, operators have rights to install and keep electronic communications apparatus on land. Generally, the Code requires that telecommunications operators secure the agreement of the landowner before installing such apparatus, but where permission is not given by the landowner, a telecommunications operator can apply to a court for permission. The Code also provides new rights for telecommunications operators to upgrade and share infrastructure. These rights are designed to assist future deployment of technology such as 5G. Additional administrative changes to the Code, court processes also allow for faster dispute resolution, with the intent that disputes do not delay construction and maintenance of communications infrastructure.

In addition to the Code, rights and obligations that arise in respect of infrastructure are also governed by the Communications (Access to Infrastructure) Regulations 2016 (**ATI Regulations**). The ATI Regulations implemented certain EU directive requirements on measures to reduce the cost of deploying high-speed electronic communications networks, with a particular focus on civil infrastructure works and use of existing infrastructure. For example, the ATI Regulations provide for a number of rights for access seekers in relation to physical infrastructure and civil works, including: a right to access information concerning existing physical infrastructure on proportionate, non-discriminatory and transparent terms; a right to access in-building physical infrastructure under fair and non-discriminatory terms and conditions, including price; and a right to information concerning civil works under proportionate, non-discriminatory and transparent terms.

The Telecommunications Infrastructure (Leasehold Property) Act 2021 came into substantive force on 26 December 2022. The Act enables operators to provide electronic communications apparatus to blocks of flats where the landlord is not responsive or uncooperative.

##### b) Product regulation

The Product Security and Telecommunications Infrastructure Act (**PSTI**) received royal assent on 6 December 2022. Part one of the PSTI allows the Secretary of State to make regulations to introduce mandatory security requirements for consumer connectable products (also described as smart devices or IoT devices) sold in the

UK. These regulations came into force on 29 April 2024. Part two of the Act makes changes to the Code which governs the rights of telecoms companies to install infrastructure on land. DSIT will continue its work on the measures that are needed to commence part two provisions, but any final decisions will require ministerial sign-off.

### Data Protection

Together, UK GDPR, as defined by the UK Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019, the UK GDPR, the UK Data Protection Act 2018 (DPA) and the Privacy and Electronic Communications Directive (EU) 2002/58/EC, as amended as implemented in the UK by the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (as amended) (PECR), all as amended by the Data Use and Access Act 2025 (DUAA) contain the current general legal framework for privacy and data protection in the UK.

The UK GDPR establishes seven general principles relating to processing of personal data which include: (i) Lawfulness, fairness and transparency, (ii) Purpose limitation, (iii) Data minimisation, (iv) Accuracy, (v) Storage limitation, (vi) Integrity and confidentiality (security), and (vii) Accountability. The UK GDPR and the DPA have implications for all telecommunications operators in their capacities as data controllers and data processors and their customers, staff, partners and other stakeholders as data subjects. These implications include, but are not limited to:

- a) Requiring data controllers to provide information to data subjects in their fair processing notices;
- b) Where applicable, requiring consent from a data subject to be freely given, specific, informed and unambiguous (involving a clear affirmative action on behalf of the data subject);
- c) Granting rights to data subjects to access, rectify, erase, restrict, share or object to, the data being processed or to lodge a complaint;
- d) Requiring data controllers to notify the Information Commissioner's Office (ICO) as the relevant regulatory authority of personal data breaches within 72 hours; and
- e) Providing for two tiers of sanctions for violations, with maximum fines of up to £17.5 million or 4% of annual worldwide turnover, whichever is greater.

PECR covers four main areas: (i) marketing by electronic means (including calls), (ii) the use of cookies and similar technologies, (iii) the security of public electronic communication services and (iv) the privacy of individuals whilst using communication networks. Since the introduction of the new DUAA, the maximum fine under PECR now aligns with fines under UK GDPR (£17.5 million or 4% of global turnover). DUAA amends UK GDPR, DPA and PECR with the ambition of promoting economic growth, changing the way organisations interact with the legislation whilst also maintaining protection of individual's data and their rights as well as making changes to the regulatory body, the ICO.

Telecommunications operators are also subject to requirements under the Investigatory Powers Act 2016 and associated secondary legislation, including the Data Retention and Acquisition Regulations 2018 (IPA). The IPA regulates the powers of the Secretary of State and law enforcement bodies with regard to any requests by them in respect of retention, disclosure and interception of communications and other related data.

For example, the IPA provides that a telecommunications operator may be required by a Secretary of State to retain certain communications data pursuant to the IPA for up to 12 months for the purposes of facilitating disclosure of that communications data. The IPA includes safeguards to protect personal data and certain kinds of communications data can only be disclosed for the purposes of preventing or detecting serious crime.

The Secretary of State (subject to judicial approval) may also issue lawful intercept warrants if information is needed to detect or prevent serious crime, in the interests of national security or to safeguard the economic well-being of the UK. Interceptions can also lawfully take place without a warrant in specific circumstances, for example, where there are reasonable grounds to believe that all parties have consented to an interception. The IPA also imposes a duty on telecommunications operators to assist by way of technical interference capability as may be required to give effect to the requirements of a relevant warrant (again as approved by a Secretary of State and a Judicial Commissioner).

### Financial Service Regulation

Our regulated financial service activities carried out in the UK consist of insurance distribution and consumer credit activities. The following entities within the VMED O2 Group are authorised by the Financial Conduct Authority (the FCA) to carry out certain regulated activities under the Financial Services and Markets Act 2000 (the FSMA): Telefonica UK, giffgaff Limited, Virgin Media Mobile Finance Limited, Daisy Communications Limited, 4Com Capital Limited and Pioneer Business Systems Limited. This section sets out further details of the regulatory framework governing the regulated financial service activities that we are permitted to undertake. However, it is necessarily an overview of key activities and is not intended to be an exhaustive summary.

#### Overview

##### a) FSMA

The cornerstone of the financial service regulatory regime in the UK is the FSMA. The FSMA prohibits any person from carrying on a "regulated activity", as defined in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the RAO), by way of business in the UK unless that person is authorised or exempt under the FSMA (referred to as the General Prohibition). Regulated activities under the RAO include, amongst others, insurance distribution and consumer credit activities. The FSMA also prohibits financial promotions in the UK unless the promotion is issued or approved by an authorised person or exempt from such requirements.

The relevant VMED O2 entities are authorised and regulated for financial services solely by the FCA.

##### b) The FCA

The FCA regulates firms carrying out financial services in the UK, setting standards for firms to meet and holding them to account if they don't. It describes its work as helping to underpin the UK's reputation as a leading global financial centre – one where consumers are well served, and firms can operate and innovate with clarity and certainty. The FCA regulates the conduct of a significant number of UK businesses and prudentially supervises, broadly in terms of financial soundness many firms, including entities within the VMED O2 Group.

The FCA is an independent public body funded entirely by fees charged to regulated firms. Its role and objectives are primarily defined by the FSMA and it is accountable to the HM Treasury, which is responsible for the UK's financial system, and to Parliament. The FCA works alongside other regulators, UK organisations and government departments, and engages with a wide range of international counterparts and stakeholders.

The FCA's overarching strategic objective is to make sure relevant markets function well and, supporting this, are its operational objectives to:

- Protect consumers;
- Protect the integrity of the UK financial system; and
- Promote effective competition in the interests of consumers.

Since 2023, the FCA has had a secondary objective to facilitate the international competitiveness and growth of the UK economy in the medium to long term (subject to alignment with international standards). It pursues its objectives in a variety of ways, primarily by:

- Making new rules, guidance and standards;
- Working to detect market-wide harm and put in place remedies through market studies; and
- Administering the authorisation and registration framework for regulating firms and individuals.

The FCA describes its approach to regulation as proportionate, prioritising the areas and firms that pose a higher risk to its objectives and considering the size, complexity and potential impact on different types of consumers.

The FCA's 2025-2030 strategy highlights:

- Its vision, "to deepening trust, rebalancing risk, supporting growth, improving lives";
- Its priorities, "to support growth, fight crime, help consumers and be a smarter regulator; and
- The Consumer Duty regulations (good consumer outcomes) will play a central role in the FCA's consumer protection strategy.

### c) FCA Handbook

The FSMA imposes an ongoing system of regulation and control on FCA-authorized firms. The FCA Handbook is the collective name for the FCA's legislative and other provisions made under its rule-making powers. The Handbook is divided into several blocks (e.g. Business Standards), each containing a number of instruments (known as **Sourcebooks**) setting out detailed regulation on particular topics (e.g. the Consumer Credit Sourcebook). Once authorised, and in addition to continuing to meet the threshold conditions for authorisation, firms are obliged to comply with the applicable sections of the FCA Handbook, including the FCA Principles for Businesses, which include conducting their business with due skill, care and diligence, treating customers fairly, communicating with customers in a manner that is clear, fair and not misleading, and acting to deliver good outcomes for retail customers (the 'Consumer Duty'). Example Sourcebooks of particular relevance to the VMED O2 business include the Systems and Controls Sourcebook, the Prudential Sourcebook for Insurance Intermediaries, the General Prudential Sourcebook, the Statements of Principle and Code of Practice for Approved Persons Sourcebook, the Dispute Resolution Complaints Sourcebook, the Perimeter Guidance manual, the Conduct of Business Sourcebook, the

Insurance Conduct of Business Sourcebook and the Consumer Credit Sourcebook.

### d) Supervision and Enforcement

The FCA has extensive powers to supervise and intervene in the affairs of a firm authorised and regulated under, or pursuant to, the FSMA. For example, the FCA can require firms to provide information or documents, require the production of a report by a "skilled person" or formally investigate a firm and take a range of disciplinary enforcement actions against the firm and certain individuals carrying out functions within the firm. These actions include public censure, restitution and consumer redress exercises, potentially unlimited fines or sanctions, the award of compensation and, ultimately, revocation of permission (authorisation) of a firm to carry on regulated activities or revocation of permission of a person within that firm to perform a controlled function (as defined below). The FCA also has criminal prosecution powers; criminal offences under FSMA include carrying on an FCA regulated activity without authorisation/exemption to do so, misleading the FCA, and fraud offences.

### e) Senior Managers & Certification Regime

In addition to provisions applying to firms, the FCA has powers over individuals holding certain roles in those firms. The Senior Managers & Certification Regime (**SMCR**) applies to entities within the VMED O2 Group that are authorised by the FCA. The SMCR requires firms to identify individuals performing certain senior management functions. The SMCR requires firms to define and report specific areas of responsibility for each of their Senior Managers and record and maintain them in a statement of responsibilities and responsibilities map. Some of these responsibilities are mandatory and prescribed by the FCA, while others are particular to individual firms and roles. Each Senior Manager must have regulatory approval before they can perform the regulated responsibilities within their roles and, once approved, Senior Managers are subject to certain ongoing obligations for which they are personally accountable to the FCA.

### f) The Financial Ombudsman Service (FOS)

The FSMA established the FOS, which determines individual complaints by eligible complainants in relation to authorised financial services firms (and some other businesses) in respect of activities and transactions under its jurisdiction. Access to the FOS and its complaints resolution service is free to the complainant, with a case fee charged to the firm complained about. The FOS has significant discretion to determine complaints on the basis of what, in its opinion, is fair and reasonable in the circumstances. Customers of the regulated businesses within VMED O2 will have access to the FOS (the main exceptions being medium and larger business customers).

The maximum monetary awards the FOS can make (for complaints referred on or after 1 April 2025) are:

- £445,000 for cases about acts or omissions that took place on or after 1 April 2019.
- £200,000 for cases about acts or omissions before 1 April 2019.

The FOS may also make directions awards which direct the relevant business to take steps which the FOS considers just and appropriate.

### g) The Financial Services Compensation Scheme

Eligible complainants may be able to seek compensation from the Financial Services Compensation Scheme where an authorised

financial services firm is unable, or likely to be unable, to pay claims against it. The financial services conducted by VMED O2's FCA-regulated entities are consumer credit, insurance and payment services.

### Consumer Credit

Consumer credit activities are subject to the General Prohibition (that a firm cannot trade in this regulated activity without authorisation and permission from the FCA) and the FCA authorisation regime referred to above. For VMED O2 entities, this includes the requirement to have the correct FCA permissions, compliance with the SMCR regime and allocation of appropriate consumer credit responsibilities to senior individuals, being subject to supervision and enforcement by the FCA, and financial promotions restrictions. Our subsidiary Telefonica UK undertakes consumer credit activities through O2's O2 Refresh (including Custom Plan) and Device Plan offerings by entering into regulated credit agreements with O2's customers to finance the purchase of handsets, tablets and other devices, with or without related mobile connectivity services. Our subsidiary VMMF previously carried out consumer credit activities under its Virgin Mobile Freestyle offering, however this stopped for new customers in 2023. Any customers coming to the end of their Freestyle proposition are now offered O2 Refresh for their future hardware device connectivity needs.

The FCA is responsible for the oversight and regulation of consumer credit firms in the UK. The regulatory framework comprises, in particular, the FSMA and its secondary legislation, retained provisions in the Consumer Credit Act 1974 (as amended, extended, or re-enacted from time to time) (CCA) and related retained secondary legislation, the Consumer Rights Act 2015 (CRA) and rules and guidance in the FCA Handbook, including the Consumer Credit Sourcebook (for the purposes of this section, collectively the Consumer Credit Regime). The UK Government, through HM Treasury, has commenced a formal review of the Consumer Credit Act 1974 to modernise the regulation in line with modern day digital customer journeys. The consultation of the review is expected to be published during 2026.

Under the Consumer Credit Regime, relevant "regulated activities" include credit broking and entering into a "regulated credit agreement" as lender. The Consumer Credit Regime requires relevant entities of VMED O2 to comply with detailed obligations covering areas such as financial promotions, customer communications, pre- and post-contractual requirements, responsible lending, cancellation, arrears, forbearance and debt advice. Where a credit agreement is subject to the Consumer Credit Regime, it must contain certain prescribed information and terms. Where these strict requirements are not met, such agreements may be unenforceable or only enforceable with an order of the Court. Non-compliance with certain other provisions of the CCA and FCA regulations may also render customer agreements practically unenforceable against the borrower, e.g. failures to provide certain or sufficiently clear post-contractual documentation and information.

In addition, the FCA has emphasised it will continue to place significant emphasis on compliance with their 'Consumer Duty' regulations (see above), requiring authorised firms "must act to deliver good outcomes for retail customers". This Customer Duty has four outcomes; Fair Value, Suitable Products and Services, Suitable Treatment (of customers post sale) and Understanding through all communications supporting informed decisions by customers. In

addition, there are cross cutting rules requiring the regulated entities of VMED O2 to act in good faith, avoid causing foreseeable harm and enable and support customers to pursue their financial objectives. The regulated entities of VMED O2 have to be able to demonstrate to the FCA how those outcomes are being met. Non-compliance with the CCA and/or non-compliance with the FCA's Consumer Duty or other principles may result in supervisory and/or enforcement action by the FCA.

### Insurance

Prior to Brexit, VMED O2 regulated entities adhered to the requirements in the Insurance Distribution Directive (IDD). The IDD was initially created to enhance EU regulation in the insurance market, promoting a level playing field for all participants involved in selling insurance products. As part of the UK legislative changes consequent to Brexit, in April 2024 the FCA replaced the IDD with its own rules and regulations. The new rules ensured continuity in the regulatory regime for insurance-related activities in the UK. The FCA therefore requires firms engaged in insurance distribution to adhere to specific organisational and conduct of business requirements.

The following insurance regulated activities are subject to the General Prohibition and the FSMA authorisation regime discussed above, unless such activity is otherwise subject to an exemption:

- selling (or otherwise dealing in) contracts of insurance as agent;
- arranging deals in, and making arrangements with a view to transactions in, contracts of insurance;
- assisting in the administration and performance of a contract of insurance;
- advising on a contract of insurance; and
- agreeing to carry on any of the above activities.

Our subsidiary Telefonica UK is authorised and currently undertakes insurance distribution activities in connection with the provision of mobile and tablet insurance. Our insurance activities are supplemented by a number of third parties who are each responsible for their own authorisation and are separately regulated by the FCA. We have an oversight responsibility in respect of these third parties.

### Unfair Terms in Consumer Contracts

Furthermore, VMED O2 is subject to unfair contract terms legislation, namely the Unfair Terms in Consumer Contracts Regulations 1999 (the UTCCRs), which apply to business-to-consumer contracts entered into prior to 1 October 2015, and the CRA, which replaced the UTCCRs and applies to business-to-consumer contracts entered into or subject to a material amendment from 1 October 2015. Under the UTCCRs and the CRA, a consumer may challenge a standard term in a contract on the basis that it is unfair and not binding on the consumer or the regulator may take enforcement action to stop the use of terms which are considered to be unfair. The CRA is also applicable as of 1 October 2015, to consumer 'notices', such as variation of interest rate under contracts such that consumer notices will be subject to the CRA in the same manner as consumer contracts. These provisions apply to all types of contracts entered into by VMED O2 entities with consumers.

The UTCCRs will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal (provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention), but may affect terms that are not considered to be terms

which define the main subject matter of the contract, such as terms imposing default charges or restricting refunds of fees if a customer cancels a service or settles early. For example, if a term permitting the lender to impose a default charge is found to be unfair, the borrower will not be liable to pay the default charge or, to the extent the borrower has paid it, will be able, as against the lender, to claim repayment of the default charge paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement the borrower has taken with the lender. Any such non-recovery, claim or set-off may adversely affect the business and operations of VMED O2.

VMED O2's regulators may also take action to enforce the CRA and UTCCRs. The CMA has a leadership role in this respect and coordinates enforcement with other UK regulators. The FCA, for example, can use its powers to seek an undertaking from a firm that it will amend or remove an unfair contract term from its future consumer contracts. Regulators can also apply to a court for an injunction to prevent a firm from using or enforcing the term against its existing customers.

The CRA significantly reforms and consolidates consumer law in the UK. The CRA has revoked the UTCCRs and introduced a new regime for dealing with unfair contractual terms as follows:

- a) Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer.
- b) Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract". Although paragraph 22 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

Importantly, the CRA extends the application of the unfair contract terms regime to voluntary statements. Statements made voluntarily by a firm or its employees that are taken into consideration by the consumer when deciding whether to enter into a contract will now form part of the contract between the parties. This means that oral statements made by sales teams and financial promotions may form part of consumer contracts.

Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible to multiple different

meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

The extremely broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any receivables covered by the CRA may also contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

Possible liabilities for misrepresentation or breach of contract, in relation to an underlying credit agreement, may result in unrecoverable losses on accounts to which such agreements apply. The regulator may also take enforcement action.

The current rules on unfair commercial practices under UK law are set out in the Consumer Protection from Unfair Trading Regulations 2008 (CPRs). The CPRs prohibit "misleading actions", "misleading omissions", "aggressive practices" and "practices that do not meet the requirements of professional diligence", as well as certain specific "blacklisted practices". However, the Digital Markets, Competition and Consumers Act 2024 (DMCCA) has recently been passed, representing the most substantial reform of UK consumer protection law in more than 50 years, and the majority of which came into force in April 2025. A key feature of the consumer protection aspects of the DMCCA is the revocation and restatement of the CPRs (with a few amendments – including the inclusion of new rules effectively prohibiting "drip pricing" and fake reviews). Under the DMCCA, it will also become easier for the government to amend the list of blacklisted practices from time to time, to allow the law to keep pace with changing practices and emerging technologies etc. In addition, the DMCCA grants the CMA new direct enforcement powers such that the CMA will now be able to make a determination on whether there has been a breach of consumer protection law and even issue fines against non-compliant traders (in some cases such fines may be up to 10% of a business's global annual turnover).

In addition, the DMCCA grants the CMA new direct enforcement powers such that the CMA will now be able to make a determination on whether there has been a breach of consumer protection law and even issue fines against non-compliant traders (in some cases such fines may be up to 10% of a business's global annual turnover).

#### PSD2 - Payments Services Directive

The FCA regulates us under the Second Payment Services Directive in relation to payment service, such as a charge to a customer's mobile to purchase third-party services e.g. gaming, music, video and other services or other services from third-party merchants. The customer then pays for the item as an add-on to their O2 and Virgin Mobile airtime bill. Telefonica UK and Virgin Media Limited are permitted by the FCA to rely on an exclusion that allows us to provide these payment services, subject to carrying out certain monitoring on controls and conducting and submitting an independent annual audit report to the FCA. As required, we notify the FCA annually of our intention to keep relying on this exclusion and submit a related annual audit report.

# Management and Governance

## Introduction

VMED O2 UK Holdings Limited, is a wholly owned subsidiary of VMED O2 UK Limited, the head of the governance framework with certain Reserved Matters as set out in the Joint Venture Shareholders Agreement dated 1 June 2021. The Leadership team which comprises of the Executive Management Team, have the delegated authority to manage the affairs of the group supported by the Senior Leadership Team. The "Reserved Matters" under the Joint Venture Shareholders Agreement include: (i) changes in the constituent documents of capital stock, certain executive management matters, or branding of the Joint Venture, (ii) certain material transactions, including transfers of shares and acquisitions and dispositions over a certain threshold, (iii) the adoption of any new business plan or amendment to any current business plan (including with respect to the budget) of the Joint Venture, and (iv) certain other material business, investing and financing decisions of the Joint Venture.

## Joint Venture Shareholders Agreement

The Joint Venture Shareholders Agreement provides that the Board of Directors of VMED O2 UK Limited, is composed of eight directors, with four directors designated by each of Liberty Global and Telefónica. The Joint Venture Shareholders Agreement provides that, in order for a meeting of the board of directors to be quorate, at least three directors nominated by each Shareholder must be present. In general, a decision of the board of directors will require the approval of a simple majority with at least one individual designated by both Liberty Global and Telefónica.

The Joint Venture Shareholders Agreement provides that the Chair of the Board of Directors will alternate every two years between a Liberty Global director and a Telefónica director. As of 31 December 2024 the Chairman was Mr. José María Álvarez-Pallete, on 18 January 2025 Mr. Marc Thomas Murtra Millar replaced Mr. José María Álvarez-Pallete as Chairman of the Joint Venture Board.

Pursuant to the Joint Venture Shareholders Agreement, the Joint Venture will be required to make regular cash distributions to the shareholders of VMED O2 UK Limited on a pro rata basis equal to the unrestricted cash of the Joint Venture (subject to the Joint Venture maintaining minimum cash levels and complying certain leverage ratios and the terms of its financing arrangements).

The Joint Venture Shareholders Agreement includes a lock-in period of three years from the date of the agreement, which passed on 1 June 2024, meaning each shareholder now has the right to initiate an initial public offering. Each shareholder of VMED O2 UK Limited has a customary right of first offer rights and drag along rights, which shall apply following the fifth anniversary of the Joint Venture Shareholders Agreement and will be subject to non-compete and non-solicit undertakings subject to certain carve-outs.

## Executive Management Team

The Executive Management Team has been selected and appointed by Liberty Global and Telefónica in accordance with the Joint Venture Shareholders Agreement.

## Lutz Schüller, Chief Executive Officer

Lutz Schüller is our CEO. Mr. Schüller was appointed CEO of Virgin Media in May 2019, prior to which he served as Virgin Media's Chief Operating Officer from September 2018 and as the CEO of Unitymedia GmbH from January 2011 to August 2018. Mr. Schüller has significant experience in the telecoms market, with many years of strategic and operational experience and extensive experience in marketing, sales and operations across a wide range of products. He has served in several senior management roles with Telefónica Germany since 1998. From 2006 to 2010, he was Managing Director, Marketing & Sales for Telefónica Germany. Before joining Telefónica Germany in 1998, he worked as product manager with VIAG Interkom GmbH and T-Mobile. Mr. Schüller studied business administration at the University of Augsburg and holds a master's degree in business administration (MBA). Mr. Schüller is a member of the Board of Directors at Sunrise, a Swiss telecommunications company.

## David Melcon, Chief Financial Officer<sup>(1)</sup>

On 4 March 2026, David Melcon was announced as the company's new Chief Financial Officer, starting on 2 April 2026. Mr. Melcon is responsible for the company's financial strategy, performance and planning, alongside overseeing various other functions including treasury, tax, and procurement. He joined Virgin Media O2 from Vivo (Telefónica Brazil), where he served as Chief Financial Officer and led major financial transformation initiatives. Mr. Melcon previously spent more than two decades at Telefónica in a variety of senior finance and strategy roles across Europe and Latin America, including Financial Planning & Control Director and multiple leadership positions within corporate finance, business analysis and operational management. He holds a degree in Economics and Business Administration from University of Zaragoza, Spain and a Master's degree in Auditing and Business Analysis from Complutense University of Madrid, Spain.

## Christian Hindennach, Chief Commercial Officer

Christian Hindennach is our Chief Commercial Officer and was appointed as our Chief Commercial Officer in December 2023. He is responsible for the commercial performance of the O2, Virgin Media and giffgaff brands which includes defining our consumer & brand strategy, designing customer centric products and propositions, executing marketing & communication activities as well as implementing digital transformation for all commercial activities. Mr. Hindennach formerly held the position of Chief Commercial Officer of German pay-TV broadcaster Sky Deutschland and was responsible for customer growth, customer and product management, customer experience, pricing and offering, marketing and communication. Previously he was Chief Commercial Officer with Liberty Global's cable operator Unitymedia for eight years until the asset was sold to Vodafone Germany in 2019, tripling its value from 2012. Between 2006 and 2012 Christian held various senior leadership roles in Telefónica Germany in sales and marketing.

<sup>(1)</sup> In July 2025, Patricia Cobian stepped down as Chief Financial Officer to pursue an external opportunity. During the transition period, Mark Hardman and Nicholas Taylor served jointly as Interim Chief Financial Officers until the appointment of David Melcon.

### **Rob Orr, Chief Operations Officer**

Rob Orr is our Chief Operations Officer and was appointed to this role in November 2023. He is responsible for all trading and channel activity across the business, including customer service, digital sales and retail. He joined Virgin Media in 2015, reporting to the Managing Director Virgin Media Business on the Virgin Media Executive Committee and moved from there into the Consumer Division as Executive Director Sales, reporting directly into the CEO to lead, motivate and develop a team to drive sales, base trading and retentions activity. Previously, Mr. Orr held a number of Senior Leadership roles for both Samsung and BlackBerry, building on an extensive background in the telecoms industry.

### **Julie Agnew, Managing Director, Fixed Wholesale and Customer Delivery**

Julie Agnew is our Managing Director, Fixed Wholesale and Customer Delivery, and was appointed to this role in April 2023. Ms. Agnew has extensive experience within the telecoms sector and in delivering major infrastructure projects across the UK. Most recently she held the role of CEO at Egg, which was launched in 2022 by Liberty Global Ventures, the investment arm of Liberty Global, to offer consumers and businesses a range of de-carbonising technology solutions including at-home electric vehicle charging, solar power and battery storage. This followed on from Ms. Agnew's role as Chief Operating Officer of Liberty Global Energy Ventures from the end of 2021. Before this, Ms. Agnew spent 20 years at Virgin Media, latterly as the Executive Director of Construction & Delivery, extending the reach of the Company's broadband network through its major Project Lightning programme. Ms. Agnew spent two years with Kingston Communications in East Yorkshire as a Client Services Director from 2000 before joining Telewest as Head of Contact Centres which later merged with NTL and then became Virgin Media in 2007.

### **Jeanie York, Chief Technology Officer**

Jeanie York is our Chief Technology Officer. Ms. York is responsible for the fixed and mobile networks across Virgin Media O2. Previously, she held the position of Chief Technology and Information Officer at Virgin Media, where she was appointed in January 2019 to be responsible for both the network and IT infrastructure. Prior to this, she spent almost six years at Liberty Global, joining as Vice President of Network Operations and later becoming Managing Director in 2017, where her role included responsibility for network engineering and operations. Before joining Liberty Global, Ms. York held a number of senior management positions at Qwest and CenturyLink over a period of 15 years. Ms. York holds an Associate of Science degree from North Idaho College. Ms. York also holds a Director position at Digital Mobile Spectrum Limited.

### **Adrian Di Meo, Chief Information Officer**

Adrian Di Meo is our Chief Information Officer. Mr. Di Meo was appointed Chief Technical Information Officer for Telefónica Móviles Argentina S.A. in 2015. In that role he oversaw the planning, deployment, and operation of the mobile, fixed and IPTV networks, as well as the IT stack. Prior to 2015, Mr. Di Meo was Chief Technology Officer of O2 (UK). Mr. Di Meo joined Telefónica in 1998 as a Radio Engineer and later becoming Head of Quality Assurance at Telefónica Móviles Argentina S.A. Mr. Di Meo also serves as a lecturer at Universidad de San Andrés and previously served as a lecturer at Universidad Argentina de la Empresa. Mr. Di Meo studied Electronic Engineering at Universidad Tecnológica Nacional, Buenos Aires and holds an MBA from EDDE Escuela de Dirección de Empresas

Argentina. Mr. Di Meo also undertook Director positions at Cornerstone and Granstone in 2026.

### **Nicola Green, Chief Communications and Corporate Affairs Officer**

Nicola Green is our Chief Communications and Corporate Affairs Officer, responsible for External Communications & Public Relations, Internal Communications, Public Affairs, Social Media, Content & Channels, Events, and Corporate Responsibility & Sustainability. She is a Non-Executive Board Member of the digital social action organisation, Internet Matters. Ms. Green was previously appointed as Corporate Affairs Director at O2 in 2016, having served seven years as Director of Communications and Reputation, and in June 2019, she was appointed as a member of O2's Executive Team. Ms. Green joined O2 in 2003 as Head of Media & Communications. Ms. Green previously worked for a number of major blue chip brands including Unilever, Dr Pepper and Orange, where she helped build the brand and manage its flagship partnerships with BAFTA and the Glastonbury Festival. Ms. Green began her career at global public relations and communications firm, Burson-Marsteller, where she worked for a number of fast-moving consumer goods clients. Ms. Green has a degree from the University of Leeds and in May 2018 graduated with a Non-Executive Director Diploma from The Financial Times.

### **Enrique Medina Malo, General Counsel and Chief Regulatory Officer**

Enrique Medina Malo is our General Counsel and Chief Regulatory Officer, and was Chief Policy Officer at Telefónica until 1st June 2021. Mr. Medina Malo joined the Telefónica legal department in 2006 as Head of Public Law and has held different responsibilities in the field of Regulation and Competition legal affairs. Mr. Medina Malo was appointed as General Counsel of Telefónica Europe in September 2011. Before joining Telefónica, Mr. Medina Malo served in the Spanish Government Legal Service, working for the Ministry of Science and Technology, the Ministry of Industry and Energy and the High Court of Cataluña. From 2002 to 2004, Mr. Medina Malo served as both General Director for Legislation (Secretario General Técnico) of the Ministry of Science and Technology and as Chief Legal Officer of the Spanish Broadcasting Corporation, RTVE. Mr. Medina Malo holds a degree in Law from the Universidad Carlos III de Madrid and was admitted to Spanish Government Legal Services in 1997 (Abogado del Estado).

### **Philipp Wohland, Chief People and Transformation Officer**

Philipp Wohland is our Chief People and Transformation Officer. Dr. Wohland joined Virgin Media as Managing Director of Transformation in August 2018, becoming Chief Transformation Officer in May 2019, and later assuming responsibility for the People Teams in October 2019. Prior to this, Dr. Wohland was Senior Vice President of People and Transformation at Unitymedia in Germany, where he led on large-scale transformation initiatives. Dr. Wohland has significant strategic and operational experience having also worked as Senior Vice President of Strategy leading Unitymedia's major corporate development from 2008. Prior to Unitymedia, Dr. Wohland worked as a project manager at Roland Berger Strategy Consultants from 2000. Dr. Wohland holds a degree in Business Administration from the University of Cologne and a doktor rerum politicarum from Leuphana University of Lüneburg.

## Sustainability

Virgin Media O2's sustainability strategy concentrates on the areas where we believe we can make the greatest difference. Our challenging targets act as guardrails for our sustainability efforts for the environment and society, underpinned by strong corporate governance. Our sustainability strategy is embedded within our overarching business strategy, and is measured amongst key performance indicators for business performance and plans.

We support the United Nations Sustainable Development Goals and want to play our part in tackling the global challenges of climate change, waste and inequality. Our strategy contributes to a number of goals that tackle issues including climate action, responsible consumption and production, reducing inequalities, and gender equality.

In 2025, Virgin Media O2 was awarded an 'A' rating from non-profit, CDP, as part of their Supplier Engagement Assessment for the 2024 disclosure cycle.

For further information on Virgin Media O2's sustainability strategy see: [Sustainability and Responsible Business](#).

Virgin Media O2 have issued a number of Green Bonds under the VMED O2 Green Bond Framework, which reinforces our sustainability strategy. The framework defines eligible projects in categories including energy efficiency, renewable energy and green transportation. These categories are aligned with the Green Bond Principles and assessed as credible and impactful by independent second-party opinion.

For further information on the VMED O2 Green Bond Framework see: [Corporate Statements](#).

## Risk Factors

In addition to the information contained elsewhere in this Annual Bond Report, you should consider the following risk factors in evaluating our results of operations, financial condition, business and operations.

The risk factors described in this section have been separated into nine groups:

- Market dynamics;
- Security and privacy;
- Legal, regulatory and compliance;
- Technology;
- Transformational;
- Financial;
- Operational processes and supply chain;
- Environmental, Social, Governance (ESG); and
- People.

Although we describe below and elsewhere in this Annual Bond Report the risks we consider to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the events described below were to occur, our businesses, prospects, financial condition, results of operations and cash flows could be materially adversely affected.

### Market Dynamics

**We operate in increasingly competitive markets, and there is a risk that we will not be able to effectively compete with other service providers.**

The markets for mobile, broadband internet, cable television and fixed-line telephony services in which we operate are highly competitive, and we compete with established companies that hold positions of market power in these and closely related markets. We face competition from these companies, other established companies and potential new entrants. Technological advances may increase competition or alter the competitive dynamics where we operate. For example, we face increasing competition from video services provided by, or over the networks of, the incumbent telecommunications operators and other service providers. As the availability and speed of broadband internet and mobile connectivity increases, we also face competition from OTT voice and video call services (such as Skype, Apple FaceTime, Facebook Messenger, WhatsApp, Google Hangouts and Zoom) and video service providers utilising our or our competitors' high-speed internet connections. In the provision of telephony and broadband internet services, we are experiencing increasing competition from the incumbent telecommunications operators and other service providers in the UK, as well as providers of mobile voice and data. In addition, continued consolidation within the media industry may permit more competitors to offer 'triple-play' bundles of digital television, fixed-line telephony and broadband internet services, or 'quad-play' bundles including

mobile telephony services. Developments in DSL technologies, as well as investments into FTTx technology by the incumbent telecommunications operators and alternative providers, in particular the deployment of full fibre networks, have improved the attractiveness of our competitors' products and services and strengthened their competitive position. Developments in and extensive deployment of wireless technologies, such as 5G and fixed wireless access, are creating additional competitive challenges.

In order to compete effectively, we may be required to reduce the prices we charge for our services (for example, due to aggressive pricing from our SIMO competitors or increase the value of our services (for example, by offering increased data with handset bundles) without being able to recoup associated costs. We may also need to pursue legal and regulatory actions. In addition, some of our competitors offer services that we are unable to offer. We expect the level and intensity of competition to continue to increase from both existing competitors and the influx of new market entrants as a result of changes in the regulatory framework of the industries in which we operate, as well as strategic alliances and cooperative relationships amongst industry participants. Increased competition could result in increased customer churn, reductions of customer acquisition rates for some products and services and significant price and promotional competition in our markets. Additionally, we may see intensified competition in bidding processes for new and existing projects or customers, and potential losses of business, public sector customers or distributors to other market participants. In combination with difficult economic environments, these competitive pressures could have a material adverse effect on our business, cash flows, results of operations and financial condition.

**Adverse economic developments could reduce customer spending for any of the consumer of business products and services we offer or increase churn.**

Most of our revenue is derived from customers (from consumers to enterprises and multinational companies) who could be impacted by adverse economic developments globally, or in Europe. The current macroeconomic environment is highly volatile, with continued instability in global markets, including ongoing trade negotiations, threats of trade wars and tariffs, uncertainty over inflation, energy price fluctuations, continued escalation in geopolitical tensions and global recession fears having all contributed to a challenging global economic environment, which may impact demand for our products and services. Future developments in our business are dependent upon a number of political and economic factors, including the additional borrowing incurred by countries in recent years and the potential for lower growth expectations, higher global interest rates and continued inflationary pressures. We cannot predict how long such challenging conditions may exist or the extent to which the markets in which we operate may deteriorate or the extent to which such conditions may impact our financial or operational results.

Unfavourable economic conditions, including the current cost-of-living crises in the UK, may impact a significant number of our customers and the prices we are able to charge for our products and services, and, as a result, it may be (i) more difficult for us to attract new customers, (ii) more likely that customers will downgrade

or disconnect their handsets, tariffs and services, (iii) less likely that customers will upgrade their handsets, tariffs and services, and (iv) more difficult for us to maintain revenues at existing levels. The UK government has sought, and may continue to seek, new or increased tax, fee or other revenue sources due to fiscal deficits. Such actions may further adversely affect our results of operations. Accordingly, our ability to increase, or, in certain cases, maintain, our revenue, margins and liquidity could be materially adversely affected if the economic environment in Europe remains uncertain or declines. We are currently unable to predict the extent of any of these potential adverse effects.

**We have substantial indebtedness that may have a material adverse effect on our available cash flow, our ability to obtain additional financing if necessary in the future, our flexibility in reacting to competitive and technological changes and our operations.**

As of 31 December 2025, the outstanding principal amount of our consolidated debt, together with our lease obligations, aggregated £22.5 billion, including £3.8 billion that is classified as current on our consolidated statements of financial position and £10.3 billion that is not due until 2031 or thereafter. Our ability to pay principal and interest on or to refinance the outstanding indebtedness depends upon our operating performance, which will be affected by, amongst other things, general economic, financial, competitive, regulatory and other factors, some of which are beyond our control. Moreover, we may not be able to refinance or redeem such debt on commercially reasonable terms, on terms acceptable to us or at all.

The level of our indebtedness could have important consequences, including the following:

- A substantial portion of our cash flow from operations will have to be dedicated to the payment of interest and principal on existing indebtedness, thereby reducing the funds available for other purposes;
- Our ability to obtain additional financing in the future for working capital, capital expenditures, product development, acquisitions or general corporate purposes may be impaired;
- Our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate, and to technological and other changes may be limited;
- We may be placed at a competitive disadvantage as compared to our competitors that are not as highly leveraged;
- Our substantial degree of leverage could make us more vulnerable in the event of a downturn in general economic conditions or adverse developments in our business; and
- We are exposed to risks inherent in interest rate and foreign exchange rate fluctuations.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, which could adversely affect our business and operations.

**We may not be able to fund our debt service obligations in the future.**

We have significant outstanding indebtedness that could require a partial or comprehensive refinancing in future periods. Borrowings under the credit facility are currently due between 2029 and 2033,

while the maturities of the existing Senior Notes and Senior Secured Notes currently range from 2029 to 2033. See note 14 of the Notes to the Consolidated Financial Statements.

Our ability to implement such a refinancing successfully would be significantly dependent on stable debt capital markets. In addition, we may not achieve or sustain sufficient cash flow in the future for the payment of principal or interest on our indebtedness when due. Consequently, we may be forced to raise cash or reduce expenses by doing one or more of the following:

- Raising additional debt;
- Restructuring or refinancing our indebtedness prior to maturity on unfavourable terms;
- Selling or disposing of some of our assets, possibly on unfavourable terms;
- Issuing equity or equity-related instruments that will dilute the equity ownership interest of existing stockholders; or
- Forgoing potentially accretive business opportunities, including the introduction of new products and services, acquisitions and joint ventures.

We cannot be sure that any of, or a combination of, the above actions would be sufficient to fund our debt service obligations, particularly in times of turbulent capital markets.

**The covenants under our debt agreements place certain limitations on our ability to finance future operations and how we manage our business.**

The agreements that govern our indebtedness contain restrictive covenants and, under certain circumstances, maintenance covenants that restrict our ability to incur additional debt and limit the discretion of our management over various business matters. For example, the restrictive covenants may impact our or our subsidiaries' ability to:

- Incur or guarantee additional indebtedness;
- Pay dividends or make other distributions, or redeem or repurchase equity interests or subordinated obligations;
- Make investments;
- Transfer, sell or dispose of certain assets, including the capital stock of subsidiaries;
- Enter into certain sale and leaseback transactions and certain vendor financing arrangements;
- Create liens;
- Make related-party loans;
- Merge or consolidate or transfer all or substantially all of our assets; and
- Enter into certain transactions with affiliates.

In addition, our credit facility includes a financial covenant that requires the borrower to maintain a certain leverage ratio if the drawings under the revolving credit facility exceed a certain percentage of the commitments under such revolving credit facility. For more information on our covenants and ESG metrics, see note 14 of the Notes to the Consolidated Financial Statements.

These limitations are subject to significant exceptions and qualifications, including the ability to pay dividends, make investments or to make significant prepayments of shareholder debt. However, these covenants could limit our ability to finance our future

operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, our ability to comply with the provisions of our debt instruments may be affected by adverse economic, competitive, or regulatory developments and other events beyond our control. If we breach any of these covenants, or are unable to comply with any required financial ratios, we may be in default under our debt instruments. A significant portion of our indebtedness may then become immediately due and payable, and we may not have sufficient assets to repay amounts due thereunder. In addition, any default under these facilities could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the indentures governing our existing Senior Notes and Senior Secured Notes.

These restrictions could also materially adversely affect our ability to finance future operations or capital needs or to engage in other business activities that may be in our best interest. We may also incur other indebtedness in the future that may contain financial or other covenants more restrictive than those applicable under our current indebtedness.

**Our business may be affected by perceived health risks associated with electromagnetic radiation from base stations and associated equipment.**

Concerns have been expressed that electromagnetic signals emitted by base stations may pose health risks. We have experienced masts being vandalised, and there is no guarantee that individuals who perceive network equipment to pose a health risk will not engage in further destructive or dilatory activities which may disrupt service to our customers, result in customer dissatisfaction, cause reputational harm or adversely affect our results of operations.

**We are exposed to risk around demographic, financial and other actuarial assumptions on all of our defined benefit schemes.**

The funding position of our defined benefit schemes, i.e. the Telefonica UK Pension Plan, the National Transcommunications Limited Pension Plan and the defined benefit scheme of the NTL 1999 Pension Scheme, are based on a variety of assumptions and factors outside of our control, including discount rates, inflation, asset returns, life expectancy and other actuarial assumptions.

Any variation in these assumptions could require us to make further contributions to our defined benefit schemes. Such contributions could be significant and have a negative impact on our financial condition and results of operations. While our defined benefit schemes are closed to further benefit accrual, we are committed to paying a defined level of benefits to eligible participants. There is a concentration risk because of substantial reliance on Pension Insurance Corporation as the buy-in insurer for all of the benefits of the Telefonica UK Pension Plan and National Transcommunications Limited Pension Plan.

The 'Virgin' and 'O2' brands are not owned by us and the activities of the Virgin Group, O2 Worldwide Limited and other licensees of either brand (whether operating in the same industry or in other industries) could have a material adverse effect on the goodwill of customers towards us as a licensee.

The 'Virgin' and 'O2' brands are integral to our corporate identity, and use them under licences from a third-party and a related-party, respectively. We are also reliant on the general goodwill of consumers towards such brands.

The 'Virgin' brand licences from Virgin Enterprises Limited can be terminated in certain circumstances. For example, Virgin Enterprises Limited can terminate the licence, after providing us with an opportunity to cure, (i) if we or any of our affiliates commit persistent and material breaches or a flagrant and material breach of the licences, (ii) if Virgin Enterprises Limited has reasonable grounds to believe that the use (or lack of use) of the licensed trademarks by us has been or is likely to result in a long-term and material diminution in the value of the 'Virgin' brand, or (iii) if a third-party who is not (or one of whose directors is not) a "fit and proper person", such as a legally disqualified director or a bankrupt entity, acquires 'control' of Liberty Global and Telefónica.

In addition, our business currently markets the vast majority of its products and services under the 'O2', 'O2 Refresh' and 'Priority' brands and related rights (the **O2 Brand Rights**). However, our business does not own the O2 Brand Rights, but rather has a right to use the O2 Brand Rights in the UK pursuant to the terms of a licence (the **O2 Trademark Licence**) between Telefonica UK and O2 Worldwide Limited, a Telefónica subsidiary and related-party, which is for an indefinite term.

VMED O2 has the right to use the O2 Brand Rights in the UK pursuant to the terms of a licence (the **O2 JV Trademark Licence**) entered into between O2 Worldwide Limited and VMED O2. The O2 Trademark Licence, which entitles VMED O2 to use the O2 Brand Rights and related intellectual property, has been granted on a royalty-bearing basis, also for an indefinite term. The O2 Trademark Licence and the O2 JV Trademark Licence may be terminated in certain circumstances, including material non-use for a period of 24 months or material breach.

If VMED O2 was unable to continue to use the O2 Brand Rights or the 'Virgin' brand due to a termination of the O2 Trademark Licence, the O2 JV Trademark Licence and the brand licence from Virgin Enterprises Limited for any reason, significant time, effort and resources would be required to establish a new brand identity which could have a material adverse effect on our business and results of operations.

Adverse publicity in relation to the Virgin Group or its principals, particularly Sir Richard Branson who is closely associated with the 'Virgin' brand, or in relation to another licensee of the 'Virgin' name or logo in another industry (particularly in the UK) could have a material adverse effect on our reputation, business and results of operations. The 'O2' brand is also used in markets outside of the UK over which we will have no control. The management of the 'O2' brand globally resides with O2 Worldwide Limited and not our business. Any adverse publicity as a result of actions of licensees of the 'O2' brand in such markets could have a material adverse effect on our reputation, business and results of operations.

**Our fixed-line telephony revenue is declining and unlikely to improve.**

Business and residential fixed-line telephony usage is declining across the industry. There is a risk that business and residential

customers will migrate from using fixed-line telephony to using other forms of telephony, such as VoIP, or mobile. There is no assurance that our fixed-line telephony customers will migrate to our mobile services and they may eventually shift to other providers of mobile telephony services. Such a migration could have a material adverse effect on our results of operations, revenue and financial condition.

**Our failure to maintain and further develop our direct and indirect distribution channels may affect our ability to acquire new customers and retain existing customers.**

We acquire new customers, and upgrade existing customers, via direct distribution channels (i.e. our shops, franchised shops, our website and mobile app and telesales) and indirect distribution channels (i.e. third-party retailers, as well as business partners, distributors, wholesale partnerships and MVNOs). There can be no assurance, however, that we will be able to maintain, grow or invest in our direct distribution channels. For example, we may be unable to maintain a competitive online presence, enter into new shop leases or renew existing shop leases on favourable terms, or at all. Similarly, we may be unable to find suitable replacement premises if leases of any of our existing premises are terminated prior to their stated expiration date. In addition, there can be no assurance that our current or future franchisees will continue to partner with us on favourable terms, or at all. Furthermore, there can be no assurance that we will recover any costs associated with investments in our direct distribution channels or that investing in maintaining or expanding our distribution channels will result in an increase in our revenues. Any failure to maintain, grow or invest in our direct distribution channels could adversely affect our business, cash flows, results of operations and financial condition.

We rely heavily on indirect distribution as a means of reaching a broader range of customers and as a supplement to our direct distribution channels. There is no assurance that our existing arrangements with indirect distribution partners will continue beyond their terms. Indirect distributors may sell mobile contracts on behalf of a number of different MNOs, offering similar packages to those sold by the MNOs through their own direct distribution channels. As a result, indirect distributors may be viewed by some consumers as a price comparison hub for different tariff plans between MNOs and as offering more independent advice regarding the relative merits of such plans. This positioning of indirect distributors may give such distributors a degree of bargaining power in the negotiation of agreements with MNOs (including their agreements with us) and their commission fee. There is no assurance that the indirect distributors will not enter into preferential agreements with our competitors or decline to continue to enter into agreements with us, either on terms acceptable to us, or at all.

Our failure to maintain key indirect distribution relationships or expand our direct and indirect distribution presence (both through physical stores and online), or any failure by indirect distribution partners to procure new customers, could result in our being unable to retain or grow our market share and increase the costs of acquiring and retaining customers.

Conversely, if indirect distribution partner growth is not appropriately directed, there is a risk of substitution, where customers switch from our direct channels to the channel provided by an indirect partner, thereby adversely impacting our profitability. Any, or a combination, of

the foregoing could have a material adverse effect on our business, cash flows, results of operations and financial condition.

**Security and Privacy**

**A failure in our network and information systems, whether caused by a natural failure or a security breach, could significantly disrupt our operations.**

Certain network and information systems are critical to our business activities. Network and information systems may be affected by cyber security incidents that can result from deliberate attacks or system failures. These may include, but are not limited to computer hackings, computer viruses, worms, ransomware or other destructive or disruptive software, or other malicious activities against our systems as well as third-party sites, which could affect the security of our customers' accounts. Cyber security breaches, internal security breaches, physical security breaches or other unauthorised or accidental access to our servers, other information systems or databases could result in tampering with, or the theft or publication of, sensitive business information or personal consumer information or the deletion or modification of records, or could otherwise cause interruptions in our operations. Our network and information systems may also be the subject of power outages, fires, natural disasters, terrorist attacks, wars or other similar events.

Theft of metals is particularly acute in the UK due to high prices for scrap metal, and our network is not immune to such thefts. Such events could result in a degradation of, or disruption to, our fixed-line and mobile services, and could prevent us from billing and collecting revenue due to us or could damage our equipment and data or could result in damage to our reputation. Disruption to services could result in excessive call volumes to call centres that may not be able to cope with such volume, which could in turn have a material adverse effect on our reputation and brands. Our plans for recovery from, and resilience to, such challenges may not be sufficient. The amount and scope of insurance we maintain against losses resulting from these events may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our business that may result. Although we have not detected another material security breach or cyber security incident to date, we have been the target of events of this nature and expect to be subject to similar attacks in the future.

Sustained or repeated failures of our own or third-party systems that interrupt our ability to provide services to our customers, prevent us from billing and collecting revenue, or that otherwise prevent us from meeting our obligations in a timely manner, could materially adversely affect our reputation and result in a loss of customers and revenue. These network and information systems-related events could also require significant expenditures to repair or replace damaged networks or information systems or to protect them from similar events in the future and the payment of compensation or other goodwill payments to affected customers. Further, any security breaches, such as misappropriation, misuse, penetration by viruses, worms or other destructive or disruptive software, leakage, falsification or the accidental release or loss of information maintained in our IT systems and networks or those of our business partners (including customer, personnel and vendor data) could damage our reputation, result in legal or regulatory action against us, and require us to expend significant capital and other resources to remedy any such security breach. As a result of the increasing awareness concerning the importance of safeguarding personal

information, the potential misuse of such information and legislation that has been adopted or is being considered regarding the protection, privacy and security of personal information, the liability associated with information-related risks is increasing, particularly for businesses like ours that handle a large amount of personal customer data. The occurrence of any such network or information system-related events or security breaches could have a material adverse effect on our business and results of operations.

**A failure to comply with data protection laws may result in significant fines and reputational damage.**

We process a substantial amount of customer data as part of our day-to-day business including through the use of artificial intelligence programs. In the event of a data breach (of any kind), which impacts personal data, we have notification obligations to, and may be fined by, the ICO, impacted data subjects, and in some cases under our commercial contracts. The ICO has the power to fine companies up to £17.5 million or 4% of global group turnover, whichever is greater, in respect of breaches of the UK GDPR, which may include a data breach. Data subject can levy claims for compensation (which can be aggregated into a 'class style' litigation) in respect of any breaches of UK data protection law where such breach causes them damage. The ICO can also issue fines of up to £17.5 million or 4% of global group turnover, whichever is greater, in respect of breaches of the Privacy and Electronic Communications Regulations, which includes the obligation for telecom providers to report data breaches within 72-hours. In addition, we may be liable under certain of our commercial contracts in the event of certain data breaches. In the event of any large-scale data breach, we may incur significant time and expense in investigating and remedying any such breach. Furthermore, the reputational impacts of a data breach, especially in an industry where customer trust is paramount and the processing of customer data is essential, are likely to be extensive and could have a material adverse effect on our business and results of operations.

**Unauthorised access to our network resulting in piracy could result in a loss of revenue.**

We rely on the integrity of our technology to ensure that our services are provided only to identifiable paying customers. Increasingly sophisticated means of illicit piracy of television, broadband internet and telephony services are continually being developed in response to evolving technologies. Furthermore, billing and revenue generation for our pay television services rely on the proper functioning of our encryption systems. While we continue to invest in measures to manage unauthorised access to our networks, any such unauthorised access to our cable television service could result in a loss of revenue, and any failure to respond to security breaches could raise concerns under our agreements with content providers, all of which could have a material adverse effect on our business and results of operations.

**We are required to comply with payment card industry standards on data security.**

In order to provide card payment services to our customers, we are required to comply with the Payment Card Industry Data Security Standards (PCI-DSS) implemented by major card schemes, including Visa, Mastercard, American Express, Discover and JCB. These standards are in addition to our regulatory obligations. PCI-DSS is a

set of requirements intended to ensure that all companies that process, store or transmit payment card information maintain secure systems and processes that protect payment card data. The cost of complying with evolving PCI-DSS standards could be significant, and we could experience problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance of existing systems required for compliance.

Under PCI-DSS, we are required to complete an annual certification assessment, which includes an external audit performed by a Qualified Security Assessor. Any failure to comply with PCI-DSS may result in fines and obligations to implement remediation measures to ensure compliance. Any sustained failure to comply with PCI-DSS or failure to meet any remediation obligations within the time frames imposed on us could result in revocation of our authority to take card payments. This would mean that our customers would be unable to pay for purchases via card payment, resulting in significant reputational damage, increased customer churn rates and reduced revenue, all of which could have a material adverse effect on our business, cash flows, results of operations and financial condition.

**Legal, Regulatory and Compliance**

**We are subject to significant regulation, and changes in UK laws, regulations, governmental policy affecting the conduct of our business, which may have a material adverse effect on our ability to set prices, enter new markets or control our costs.**

Our principal business activities are regulated and supervised by Ofcom, the FCA, the ICO and the Competition and Markets Authority, amongst other regulators. Regulatory change is an ongoing process in the communications sector at both the UK and EU level. Following the UK's departure from the EU and completion of the transition period on 31 December 2020, the direct impact of changes in EU regulation on the UK regulatory environment has ended. The relationship with the EU is now governed by the relevant sections of the EU-UK Agreement.

Changes in laws, regulations or governmental policy affecting our activities and those of our competitors could significantly influence how we operate our business and introduce new products and services. For example, regulatory changes relating to our activities and those of our competitors, such as changes relating to the form of our commercial propositions, third-party access to infrastructure, the costs of interconnection with other networks, our relationships with third-party programming providers and broadcasters, the prices of competing products and services, or any change in policy allowing more favourable conditions for other operators, could adversely affect our ability to set prices, enter new markets or control our costs. In particular, Ofcom may attempt to require us to make available access to our ducts or may attempt to impose regulation on the fixed network, which is currently unregulated. Ofcom may also attempt to impose regulation to address any competition concerns in the future.

Our ability to introduce new products and services may also be affected if we cannot predict how existing or future laws, regulations or policies would apply to such products or services. In addition, our business and the industry in which we operate are subject to investigation by regulators and claims brought by private parties, which could lead to enforcement actions, fines and penalties (including restrictions imposed on, or the removal of, both licences to offer regulated propositions and persons licensed under the Senior

Managers & Certification Regime) or the assertion of private litigation claims and damages. For example, in the past, Ofcom has conducted enforcement investigations into our business regarding the availability of its network and billing practices. Any such action in the future could harm our reputation and result in increased costs to the business, which could have a material adverse effect on our financial position, our results of operations or our cash flows.

We are also subject to accreditation requirements with respect to certain of our business products and services provided to public sector organisations in the UK. We have security accreditations across a range of business products and services for public sector organisations in the UK, which are granted subject to periodic reviews of our policies and procedures by UK governmental entities. If we were to fail to maintain an accreditation or to obtain a new one when required, it could impact our ability to provide certain offerings to the public sector.

The use of Artificial Intelligence (AI) in our products, services, and business operations could give rise to legal or regulatory actions, damage our reputation or otherwise materially harm our business. We incorporate AI technology in certain of our products and services and in our business operations. AI models are inherently complex in their design and operation. This technology presents various risks and challenges, and its use could cause operational disruptions or have other unintended adverse consequences. In addition, various governmental bodies, have begun to craft and implement regulations surrounding AI, which regulations could increase legal risk to us from our use of AI or decrease its usefulness. These evolving requirements could increase our compliance costs, expose us to legal liability or limit the effectiveness of AI in our offerings. Despite our efforts to use AI responsibly and mitigate ethical, legal and operational risks that come from using AI, we may not be successful in doing so, which could, among other things, damage our reputation, disrupt our operations and result in legal or regulatory action. Additionally, our use of AI may give rise to risks, including those related to harmful content, inaccurate output, bias, intellectual property infringement or misappropriation and defamation, and exposes us to increased and new privacy incidents and cybersecurity vulnerabilities, among others. For all these reasons, our use of AI could materially harm our business, operations or reputation.

#### **Potential changes to the award of mobile Crown Commercial Services contracts could result in a loss of revenue.**

The Cabinet Office of the UK Government, through Crown Commercial Services (CCS), has undertaken a project examining the feasibility of creating a new Public Sector Mobile Service to replace the existing framework agreements under RM 6261 of the Network Services Framework through which O2 provides public sector services. We currently derive significant revenues from our services under the current Network Services Framework and any potential changes to the award of mobile services contracts by CCS, or the failure to secure a position on future frameworks, could result in a loss of revenue and have a material adverse effect on our business, cash flows and results of operation and financial condition.

**We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programmes.**

We are subject to various anti-corruption laws (including the United Kingdom Bribery Act of 2010), and economic sanctions programmes, including (but not limited to) those administered by the United Nations and the UK. The anti-corruption laws generally prohibit providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage. We may deal with entities the employees of which are considered government officials. In addition, economic sanctions programmes restrict our business dealings with certain sanctioned countries, individuals and entities.

Although we have internal policies and procedures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, including policies applicable to third parties with whom we deal as franchisees and outsourced service providers, there can be no assurance that such policies and procedures will be sufficient or that our employees, directors, officers, partners, agents and service providers will not take actions in violation of our policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which we or they may be ultimately held responsible. Violations of anti-corruption laws and sanctions regulations could lead to financial penalties, exclusion from government contracts, damage to our reputation and other consequences that could have a material adverse effect on our business, cash flows, results of operations and financial condition.

#### **Possible environmental, social and governance, regulatory or political changes could lead us to recognise assets as impaired.**

We review on an annual basis, or more frequently when the circumstances require it, the value of assets and our cash-generating units, to assess whether their carrying values can be supported by the future expected cash flows, including, in some cases, synergies in connection with acquisition costs.

Potential changes in our regulatory, business, economic or political environment, in particular in relation to ESG issues, may result in the need for us to introduce changes in recognition of impairments in goodwill, intangible assets, property, plant and equipment or financial assets.

Our operations and properties are subject to extensive laws, ordinances, regulations and other legal requirements relating to the protection of people and the environment. These laws and regulations are also subject to constant review by lawmakers and regulators which may result in more stringent environmental or health and safety legal requirements. This could lead to an asset depreciation or reduction in the useful life of our assets, which could have a material adverse effect on our business and results of operations.

#### **Technology**

**Changes in technology, and our ability to develop and introduce new and enhanced products, may limit the competitiveness of and demand for our services.**

Technology in the video, telecommunications and data services industries is changing rapidly, including advances in current technologies and the emergence of new technologies. New technologies, products and services may impact consumer or business customer behaviour and therefore demand for our products and services. The ability to anticipate changes in

technology and consumer tastes and to develop and introduce new and enhanced products and services on a timely basis will affect our ability to continue to grow, increase our revenue and number of subscribers and remain competitive. New products and services may not meet consumer expectations or demand, can be subject to delays in development and may fail to operate as intended. A lack of market acceptance of new products and services that we may offer, or the development of significant competitive products or services by others, could have a material adverse impact on our business, financial condition, results of operations or cash flow. While we continue to work with various commercial and academic organisations on technological innovation and strategic areas of improvements, including the deployment of 5G to expand our capacity and capability, there is no assurance that such partnerships will continue in the future.

Customers have an ever increasing demand for our services and products. In order to continually deliver excellent customer experiences across our network and products, it is key that our technological systems keep pace with demand and service expectations, which requires us to make significant investment in our transmission and core network to support future growth. A failure in our network capacity may result in, amongst other things, a partial or total failure of 2G, 3G, 4G and 5G coverage and associated costs, reputational damage and potential breach of MVNO contracts relating to use of our network. As a result, we must also continue to increase and improve the functionality, availability, and characteristics of our network, particularly by improving its bandwidth capacity latency and coverage to meet the growing demand for the services that require very-high-speed, lower latency telephony, data and internet services. Additionally, the telecommunications industry is facing challenges relating to: (i) rapid, significant technological evolution; (ii) frequent improvement of existing products or services resulting from the emergence of new technologies; and (iii) the establishment of new industry practices and standards that make current systems and technologies, including certain of our systems and technologies, obsolete. There can be no assurance that we will have sufficient capital to finance such upgrades or that such upgrades will generate a positive return.

**A failure to adequately manage our legacy technologies and transformation could result in a loss of existing customers, a failure to attract new customers and an increased likelihood of data security incidents.**

We must adequately manage our legacy technologies, systems and platforms (including servers and software) which have reached, or are approaching, their end of life stage and which, therefore, will no longer be supported. Capital expenditure will be required to ensure sufficient security is maintained in respect of legacy products and to ensure a smooth transition to supported replacements. A failure to adequately support legacy systems and to properly procure their replacement may result in a negative impact on the provision of services to customers, resulting in a loss of existing customers and making it more difficult to attract new customers, as well as an increased likelihood of data security incidents.

**Our ability to meet growing customer demand for mobile services and to expand our business depends, in part, on the capacity, speed and reliability of our mobile network which in turn depends on our ability to adequately manage network capacity and usage**

**levels, successfully implement capacity expansion and yield management strategies, and acquire additional spectrum.**

Recent technological advances and changes in customer behaviour and demands, including the increasing prevalence of smartphones and tablets and the use of data intensive applications on such devices (such as streaming of high definition video and making video calls), have resulted in substantial growth in mobile data volumes.

We currently experience periods where localised sections of our network become capacity constrained, particularly during peak usage times. If mobile data volumes continue to grow at current rates, and we are unable to secure additional network capacity, our mobile network capacity may become severely constrained in the short-to-medium-term. Such severe capacity constraints could create speed and reliability issues on our mobile network and could cause significant service issues for our customers. Such service issues could result in customer dissatisfaction and could potentially lead to increased customer churn and damage to our reputation. This could, in turn, have a material adverse impact on our business strategy and brand, and may result in us losing market share, restricting growth in our business.

There is no assurance that we will be able to acquire additional spectrum on commercially reasonable terms or at all. In addition, while Ofcom may hold additional spectrum auctions in the future, no assurance can be given that such additional spectrum auctions will not also be delayed, or that they will be held at all. If and when such auctions occur, we may be unsuccessful in acquiring spectrum at a commercially acceptable price, or at all, in particular given the number of other potential bidders for spectrum, some of which may have substantially greater financial resources than us. In the event we are unable to acquire spectrum as part of any future auction, we may be unable to acquire additional spectrum by means of a commercial agreement with another spectrum licence holder. Such spectrum trading is rare in the UK, any such agreement would be subject to Ofcom's consent and holders may be unwilling to sell spectrum to competitors for various strategic and commercial reasons.

We seek to manage capacity constraints and network speed and reliability on an ongoing basis through a variety of yield management techniques. However, there can be no assurance that such strategies and techniques will be effective, particularly in dense urban city areas where capacity constraints can be more acute. Any failure to obtain adequate spectrum and to successfully implement any capacity expansion and any yield management strategies in a timely manner or in a manner sufficient to address our network capacity constraints could have a range of adverse effects on our business. In particular, it could result in a deterioration of customer experience with our mobile network which would result in increased customer dissatisfaction and therefore increased customer churn rates, greater costs associated with attracting and retaining customers and potentially significant damage to our brand and reputation.

We may also be unable to meet our service obligations under our existing arrangements with MVNOs or enter into new MVNO arrangements. Any one or all of these outcomes may also adversely affect our ability to continue to grow our business or may even result in our business declining, which could have a material adverse effect on our business, cash flows, results of operations and financial condition.

**Our inability to maintain insurance coverage in line with good industry practice as well as meeting all UK legal insurance requirements may have a material effect on our business and results of operations.**

VMED O2 is insured for, amongst other things but not limited to, material damage and business interruption, crime and cyber risk, corporate/general/public liability, products liability, property damage, environmental liability, technology media, errors and omission, terrorism, patent infringement, pension trustee liability, motor fleet insurance, personal accident and travel, UK warehouse, Marine and Airside, Employer's liability and Directors' and officers' liability. In the event we are unable to insure against such risks in the future or maintain insurance coverage in line with good industry practices and UK legal insurance requirements, any catastrophic event that affects our business could prevent us from providing services to our customers and result in substantial uninsured losses that would have a material adverse effect on our business and results of operations.

**Transformational**

Our anticipated transaction with nexfibre following its acquisition of Substantial Group (including the "YouFibre" and "Brsk" brands) may not yield the expected return on investment that we anticipate. Completion of the transaction is subject to customary regulatory approvals.

On February 18, 2026, we entered into an agreement with nexfibre and Substantial Group, pursuant to which, among other things, we agreed to provide cash to Substantial Group in exchange for receiving certain subscriber traffic from two of Substantial Group's ISPs, and pursuant to which we agreed move certain customer communication traffic onto nexfibre's network and pay them a fee when certain premises are upgraded to fibre in exchange for, among other things, cash and a continuing services agreement with nexfibre (the Substantial Group Transaction). Although we expect the Substantial Group Transaction to be value accretive to our business and the Shareholders, there can be no guarantee that such transaction will be successfully completed within the timeframes anticipated or within our anticipated budget, or at all, that we will receive any of the benefits contemplated by the Substantial Group Transaction or that it will result in any positive returns. Our anticipated benefits from the Substantial Group Transaction rely on certain assumptions that are subject to varying risks and uncertainties. We cannot be assured that such assumptions will turn out to be correct or that the benefits we expect to receive from the Substantial Group Transaction will materialize in the amounts projected, on the timelines anticipated or at all.

**Our significant property, plant and equipment additions, namely in connection with our Network Extension, upgrade of our fixed network to full FTTP, deployment of our 5G network, our anticipated future arrangements in connection with the Substantial Group Transaction and our commercial dealings with nexfibre may not generate a positive return.**

Significant additions to our property, plant and equipment are, or in the future may be, required to add customers to our networks and to upgrade or expand our broadband communications networks and upgrade CPE to enhance our service offerings and improve customer experience.

Additions to our property, plant and equipment, which are currently underway, including in connection with our Network Extension and deployment of our 5G network or upgrading our fixed network to full FTTP, require significant capital expenditures for equipment and associated labour costs to build out and upgrade our networks as well as for related CPE. In particular, we have incurred, and will in the future incur, significant capital expenses for the deployment of new technologies such as our 5G network related to the purchase of spectrum frequencies and the deployment of network infrastructures for our mobile operations. New technologies and the use of multiple applications increasing customers' bandwidth requirements could lead to saturation of the networks and require telecommunications operators to make additional investments to increase their infrastructure capacity.

Additionally, significant competition, the introduction of new technologies, the expansion of existing technologies, such as FTTx, the impact of natural disasters, or adverse regulatory developments could cause us to decide to undertake previously unplanned builds or upgrades of our networks and CPE, which would require additional capital expenditure, further affecting our financial results.

No assurance can be given that any rebuilds, upgrades or extensions of our network (including the Network Extension, deployment of our 5G network and the FTTP upgrade of our fixed network) will increase penetration rates, increase fixed or mobile revenue or otherwise generate positive returns as anticipated, or that we will have adequate capital available to finance such rebuilds, upgrades or extensions. Additionally, costs related to our Network Extension, the FTTP upgrade of our fixed network, the deployment of our 5G network and property, plant and equipment additions could end up being greater than originally anticipated or planned. For example, the decision of the UK government to require the removal of all Huawei equipment from 5G networks by 2027 may result in the incurrence of costs that were not originally contemplated in connection with our 5G network roll-out and may increase our reliance on certain other suppliers for the deployment of our 5G network. If our costs are greater than originally anticipated, we may require additional financing sooner than anticipated or we may have to delay or abandon some or all of our deployment, development and expansion plans or otherwise forgo market opportunities.

Additional financing to fund our capital expenditures may not be available on favourable terms, if at all, and our ability to incur additional debt will be limited by our debt agreements. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding, extending or upgrading our networks or making our other planned or unplanned additions to our property, plant and equipment, or are delayed in making such investments, our growth could be limited and our competitive position could be harmed.

In 2022 Liberty Global and Telefónica formed a joint venture with InfraVia Capital Partners, to create a new fibre joint venture to build a wholesale FTTH network in the UK. There can be no assurance that such transaction or roll out will result in anticipated positive returns or be completed on the estimated timelines or at all.

**The integration of Virgin Media and O2 is a significant exercise and could adversely affect the Joint Venture's business.**

Integrating the operations of Virgin Media and O2 may divert the attention of the Joint Venture's management away from other business operations. Successful integration of Virgin Media's and O2's operations, products and personnel may place a significant burden on our management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm our business, financial conditions or operating results. In addition, we may lose employees who are instrumental for the integration and further development of the Joint Venture, as well as customers and suppliers. Any of these risks could have a material adverse impact on our results of operations. Such integration may be difficult, unpredictable and subject to delay because of possible company culture conflicts and different opinions on the Joint Venture's strategy and operations. We may not be successful in integrating some or all these businesses as currently anticipated, which may have a material adverse effect on our business and operations.

As a result of the JV Transaction, we have recorded a significant amount of goodwill, which has been and continues to be subject to impairment. We have recorded substantial amounts of goodwill and intangible asset values in connection with the JV Transaction. The intangibles have been recorded based upon our estimates of their fair values, and goodwill has been recorded based on the excess of the amounts paid as part of the JV Transaction based on the fair value of the Joint Venture's net assets at the date of the respective contributions. As of 31 December 2025, £5.8 billion and £9.4 billion of intangibles subject to net amortisation, and goodwill, respectively, were recorded with respect to the JV Transaction. For additional information, see note 9 of the Notes to the Consolidated Financial Statements.

Following the recording of the fair value of the net assets contributed in connection with the JV Transaction, we may subsequently experience unforeseen issues with VMED O2's business, which may adversely affect the anticipated returns or value of the intangible assets and trigger an evaluation of the recoverability of the recorded goodwill and intangible assets related to the JV Transaction. If management's projections used in its fair value calculations change, the estimated fair value could decline significantly and result in impairment. The related non-cash charge in the income statement could have a material adverse effect on our results of operations, net equity or financial condition.

**The Joint Venture will depend on Liberty Global and Telefónica as well as third-party suppliers and licensors to supply necessary equipment, software and certain services required for the Joint Venture's business.**

The Joint Venture will rely on the Shareholders for the continued provision of key services, processes, resources and other assets (collectively, the **Business Services**) to support the business operations of VMED O2. Material services, resources or other assets will be provided either: (i) directly to the Joint Venture by the Shareholders (or other entities within their respective groups); or (ii) provided by third parties under arrangements in place with the Shareholders (or other entities within their respective groups). The continued provision of these services is addressed by a services agreement between the Joint Venture and each of its Shareholders.

If either Shareholder (or any other service provider within their respective groups) fails to perform its obligations under the services agreement, the Joint Venture will be required to provide the Business Services itself or to obtain substitute arrangements with third parties, which may not be on terms as favourable as those in any services agreements between the Joint Venture and the Shareholders. The Joint Venture may be unable to provide the Business Service internally because of technical, financial or other constraints and may be unable to implement substitute arrangements with third parties on a timely basis on terms that are commercially acceptable and cost-effective. A failure by either Shareholder to provide Business Services in accordance with the services agreement could have a material adverse impact on the operations of VMED O2.

**Financial**

**We are subject to foreign currency and exchange rate risks.**

We are subject to foreign currency exchange rate risks because substantially all of our revenue and operating expenses are paid in pounds sterling, but we pay interest and principal obligations with respect to portions of our indebtedness in US dollars and euros. To the extent that the pound sterling declines in value against the US dollar and the euro, the effective cost of servicing our US dollar and euro-denominated debt will be higher, and our currency swaps may be insufficient to offset such increased cost. Changes in the exchange rate result in foreign currency gains or losses.

We also incur costs in US dollars and euros in the ordinary course of our business, including for CPE and network maintenance services. Any deterioration in the value of the pound sterling relative to the US dollar or the euro could cause an increase in the effective cost of purchases made in these currencies.

**We are exposed to interest rate risks and other adverse changes in the credit market. Shifts in such rates may adversely affect our debt service obligations.**

We require a significant amount of capital to operate and grow our business. We fund our capital needs in part through borrowings in the public and private credit markets. Adverse changes in the credit markets, including increases in interest rates, could increase our cost of borrowing and make it more difficult for us to obtain financing for our operations or refinance existing indebtedness, and our interest rate swaps may not be sufficient to offset such increased costs. In addition, our borrowing costs can be affected by short- and long-term debt ratings assigned by independent rating agencies, which are based, in significant part, on our performance as measured by customary credit metrics. A decrease in these ratings would likely increase our cost of borrowing and make it more difficult for us to obtain financing. A severe disruption in the global financial markets could impact some of the financial institutions with which we do business, and such instability could also affect our access to financing.

We are subject to interest rate risks as we have certain interest determined on a variable basis, either through unhedged variable rate debt or derivative hedging contracts. We are exposed to the risk of fluctuations in interest rates, primarily through the credit facilities of certain of our subsidiaries, which are indexed to the Sterling Overnight Index Average (**SONIA**), Term Secured Overnight Financing Rate (**Term SOFR**) and the Euro Interbank Offered Rate (**EURIBOR**) or other base rates. Although we enter into various derivative

transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost or at all. If we are unable to effectively manage our interest rate exposure through derivative transactions, any increase in market interest rates would increase our interest rate exposure and debt service obligations, which would exacerbate the risks associated with our leveraged capital structure.

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 London Interbank Offered Rate (LIBOR) ceased to publish GBP LIBOR rates after 31 December 2021, and it ceased to publish USD LIBOR after 30 June 2023. EURIBOR has been reformed and has been granted regulatory approval to continue to be used.

The methodology for EURIBOR has been reformed and EURIBOR has been granted regulatory approval to continue to be used. The new methodology ends the use of "expert judgement" to determine the EURIBOR rate and certain historical transactions are now linked to the Euro Short-Term Rate (€STR), bringing the risk profile of EURIBOR closer to that of €STR.

We have agreed amendments in respect of all of our debt and derivative instruments to replace the ceased rates. For GBP, these reference SONIA. For USD, these reference Term SOFR administered by CME Group Benchmark Administration Limited.

#### **We are subject to tax in more than one tax jurisdiction and our structure poses various tax risks.**

We are subject to taxation in the UK and the US. Our effective tax rate and tax liability will be affected by a number of factors in addition to our operating results, including the amount of taxable income in particular jurisdictions, the tax rates in those jurisdictions, tax treaties between jurisdictions, the manner in which and the extent to which we transfer funds to and repatriate funds from our subsidiaries, accounting standards and changes in accounting standards, and future changes in the law. We may incur losses in one jurisdiction that cannot be offset against income earned in a different jurisdiction and, as a result, may pay income taxes in one jurisdiction for a particular period even though on an overall basis we incur a net loss for that period.

#### **We may have exposure to additional tax liabilities.**

We are subject to income taxes as well as non-income-based taxes, such as VAT in the UK and the US. In addition, the tax jurisdictions that we operate in have complex and subjective rules regarding the valuation of intercompany services, cross-border payments between affiliated companies and the related effects on income tax, VAT and transfer tax. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities in the jurisdictions in which we operate. These audits may lead to disputes with tax authorities which may result in litigation. Although we believe that our tax estimates are reasonable, any material differences as a result of final determinations of tax audits or tax disputes could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

We are subject to changing tax laws, treaties and regulations in and between countries in which we operate, including treaties between and amongst the UK and the US. Also, various income tax proposals in the jurisdictions in which we operate could result in changes to the existing laws on which our taxes and deferred taxes are calculated. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher income or non-income tax expense, and any such changes could cause a material change in our effective tax rate.

#### **Adverse changes in our financial outlook may result in negative or unexpected tax consequences which could adversely affect our net income.**

Future adverse changes in the underlying profitability and financial outlook of our operations could cause us to decrease the level of recognition of our deferred tax assets, which could materially and adversely affect our consolidated statements of financial position and our consolidated statements of profit or (loss). A change in the level of deferred tax recognition will not result in any change to the amount of cash payments we make to the tax authorities.

#### **We are exposed to the risk of default by the counterparties to our cash investments, derivative and other financial instruments, and undrawn debt facilities.**

Although we seek to manage the credit risks associated with our cash investments, derivative and other financial instruments, and undrawn debt facilities, we are exposed to the risk that our counterparties will default on their obligations to us. While we regularly review our credit exposures and 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 of default or failure could have an adverse effect on our cash flows, results of operations, financial condition and liquidity.

In this regard, (i) we may incur losses to the extent that we are unable to recover debts owed to us, including cash deposited and the value of financial losses, (ii) we may incur significant costs to recover amounts owed to us, and such recovery may take a long period of time or may not be possible at all, (iii) our derivative liabilities may be accelerated by the default of our counterparty, (iv) we may be exposed to financial risks as a result of the termination of affected derivative contracts, and it may be costly or impossible to replace such contracts or otherwise mitigate such risks, (v) amounts available under committed credit facilities may be reduced and (vi) disruption to the credit markets could adversely impact our ability to access debt financing on favourable terms, or at all.

As of 31 December 2025, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £124.0 million, (ii) aggregate undrawn debt facilities of £1,488.0 million and (iii) cash and cash equivalent and restricted cash balances of £566.3 million. For more information on our debt and derivative instruments please see notes 14 and 18, respectively, of the Notes to the Consolidated Financial Statements.

#### **The interests of the Shareholders of the Joint Venture, may conflict with our interests and those of the holders of our debt.**

The Shareholders are the shareholders in our parent company, directly or indirectly owning all of the voting interests in VMED O2 UK Limited. When business opportunities, or risks and risk allocation arise, the interests of the Shareholders (or other entities controlled by the Shareholders) may be different from, or in conflict with, our interests on a stand-alone basis or the interests of holders of our debt. Because we are indirectly controlled by the Shareholders, the Shareholders may allocate certain or all of their risks to us and there can be no assurance that the Shareholders will permit us to pursue certain business opportunities.

**We are a holding company dependent upon cash flow from operating entities to meet our obligations.**

Certain entities within the Group are holding companies with no independent operations or significant assets other than investments in their operating entities. Each of these holding companies depends upon the receipt of sufficient funds from their operating entities to meet their obligations.

The terms of our credit facility and other indebtedness limit the payment of dividends, loan repayments and other distributions to or from these companies under certain circumstances. Various agreements governing our debt may restrict and, in some cases, may also prohibit the ability of these operating entities to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation and may also limit the amounts that some of our operating entities will be permitted to pay as dividends or distributions on their equity interests or as loans, or even prevent such payments.

**Strategic transactions present many risks, and we may not realise the financial and strategic goals that were contemplated at the time of any transaction.**

From time to time, we have, or will in the future make, acquisitions, dispositions and have entered into other strategic transactions (including spectrum auctions and joint ventures). In connection with such transactions, we may incur unanticipated expenses, fail to realise anticipated benefits and synergies, have difficulty integrating the combined businesses, disrupt relationships with current and new employees, customers and suppliers, incur significant indebtedness or experience delays or fail to proceed with announced transactions. These factors could have a material adverse effect on our business and our reputation.

**We are exposed to sovereign debt and currency instability risks that could have an adverse impact on our liquidity, financial condition and cash flows.**

Our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact us. With regard to currency instability issues, concerns exist in the eurozone with respect to individual macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary

union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual eurozone countries. The realisation of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the European monetary union entirely, which could result in the redenomination of a portion or, in the extreme case, all of our euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of our assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on our liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the eurozone countries, which in turn could have an adverse impact on demand for our products and services, and accordingly, on our revenue and cash flows. In light of the significant exposure that we have to the euro through our euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on us.

**We are subject to increasing operating costs and inflation risks, which may adversely affect our results of operations.**

While our operations attempt to increase our subscription rates to offset increases in programming and operating costs, there is no assurance that they will be able to do so. Our ability to increase subscription rates is subject to regulatory controls and competitive pressures. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on our cash flow and net profit or (loss). We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs in the UK.

**Macroeconomic events, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics or epidemics and other similar events, including the ongoing invasion of Ukraine by Russia, and the conflicts in the Middle East, may have an adverse effect on our business.**

Our operations are subject to macroeconomic risks, including but not limited to political unrest, instability in international markets, terrorist attacks, malicious human acts, armed conflict, natural disasters, pandemics and epidemics, that are outside of our control. For example, high levels of sovereign debt, combined with weak growth, high unemployment or potential trade wars, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our business.

**Operational Processes and Supply chain**

**We depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our businesses.**

We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers, and maintain significant outsourcing partnerships in connection with our customer services and management obligations.

We are also heavily reliant on both certain handset suppliers to provide in-demand models to be offered in conjunction with our mobile services, and certain suppliers in relation to maintenance of our network and services and the provision of parts. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, trade wars, natural calamities, interruptions in transportation systems, terrorism, labour issues and pandemics. While it is not currently possible to estimate the duration and severity of any such future instability, trade wars, calamities, interruptions or pandemic or the adverse economic impact resulting from them, an extended period of local or global economic disruption could have a material adverse impact on the ability of our suppliers and vendors to provide products and services to us. As a result, we may not be able to obtain the equipment, software or services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in CPE could lead to delays in completing extensions to our networks and in connecting customers to our services and, accordingly, could adversely impact our ability to maintain or increase our revenue generating units, fixed and mobile connections, revenue and cash flows. Also, if demand exceeds the suppliers' and licensors' capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses' ability to attract and retain customers or our ability to maintain our relationships with distributors and MVNOs. Although we actively monitor the creditworthiness of our key third-party suppliers and licensors, the financial failure of a key third-party supplier or licensor could disrupt our operations and have an adverse impact on our revenue and cash flows.

We rely upon intellectual property that is owned or licensed by us to use various technologies, conduct our operations and sell our products and services. Legal challenges could be made against our use of our licensed intellectual property rights (such as trademarks, patents and trade secrets) and we may be required to enter into licensing arrangements with licensors on unfavourable terms, incur monetary damages or be enjoined from use of the intellectual property rights in question.

Failure of our suppliers to comply with our social and environmental guidelines may result in harm to our reputation and brands, which may have a negative impact on our business, sustainability rating and financial position. If we experience a need to replace an existing supplier, including due to their non-compliance with our social and environmental guidelines, there can be no assurance that additional manufacturing capacity will be available when required on terms acceptable to us. In addition, even if we were able to find new suppliers on acceptable terms, we may encounter delays in production and added costs as a result of the time it would take to train such suppliers in our methods, products, quality control standards and labour, health and safety standards, which could have a material adverse effect on our business and results of operations.

**We face risks associated with the activities of device manufacturers, including disintermediation and commoditisation risks, and risks relating to our ability to secure adequate and timely supply of handsets that experience high demand.**

The importance of device manufacturers in the handset market gives rise to disintermediation and commoditisation risks.

Our business is dependent on our customer relationships. Therefore, any strategies or technologies that enable such device manufacturers, particularly those with significant market presence, to leverage their existing brand awareness to dominate customer relationships, or which otherwise compete with our offerings, could undermine the effectiveness of our customer-focused strategies. In particular, the development of technologies that enable device manufacturers to offer handsets with e-SIMs or no physical SIM card at all (referred to as **soft-SIMs**), such that those handsets are compatible with, and therefore can be used on, any mobile network, presents a risk to our current business strategy. Soft-SIMs or e-SIMs would enable customers to select a mobile service provider, or switch mobile service providers, directly via their handset without the need to directly engage with an MNO or MVNO. The availability of such soft-SIMs or e-SIMs, combined with competitive handset financing terms offered by certain device manufacturers, may lead customers to view their core relationship as being with the device manufacturer rather than with their mobile service provider and may undermine our investment in our customer relationships and our ability to acquire new, and retain existing, customers. There is no assurance that customer preferences may not shift such that they purchase handsets directly through device manufacturers rather than from us, as a result of which our opportunity to cross-sell additional services and products in adjacent markets will also be significantly limited.

Our results of operations and financial condition have also been and are expected to continue to be influenced by the availability and perceived attractiveness of new handsets, and particularly new generations of smartphones. Accordingly, our success depends in part on the ability to secure timely access to, and sufficient supplies of, handsets and other products that experience high demand.

While we have entered into agreements for the supply of such products with device manufacturers and other suppliers, in certain cases the relevant supplier is under no obligation to supply us with a specific or minimum number of devices. On the contrary, we are under an obligation to order certain minimum agreed volumes under some of our contracts, and a failure to make such minimum orders may result in contractual penalties being imposed. This discrepancy between the supplier's obligations and the minimum order quantity obligation on us results in uncertainty regarding the volume or timing of supply. In addition, if our competitors were able to secure access to, and begin selling, handsets ahead of us, or if device manufacturers or other suppliers were to provide preferential treatment to, or were to enter into exclusive agreements with, one or more of our competitors, then we may be unable to secure an adequate supply of handsets on a timely basis to meet customer demand, which may result in decreased revenue, a loss of market share, reputational damage and a loss of customer loyalty.

In addition, several factors may result in decreased demand for new handsets, including any decrease in the actual or perceived attractiveness and levels of innovation in new generations of handsets or their operating systems, an increase in sustainability concerns amongst customers, including a heightened awareness of the environmental impact of routine handset consumption, or a slowing of new release cycles. This may reduce our ability to acquire new customers and retain existing customers as well as to cross-sell other products and services, as customers become less eager to enter into new contracts with us as a means of financing their purchases of new handsets. Under such circumstances, customers

may also seek out competitively priced SIMO contracts, which may result in decreased revenue which could have a material adverse effect on our results of operations and financial condition.

**Our mobile services rely on the radio access networks of third-party wireless network providers to carry our mobile communications traffic.**

Our services to mobile customers rely on the use of network sharing and Network Extension arrangements in which we utilise the radio access networks of third-party wireless network providers to carry our mobile communications traffic, including our network sharing arrangement with Vodafone which has enabled the roll-out of 5G through site sharing, and the partnership between the UK government, Ofcom and other MNOs which helps to deliver increased coverage for remote areas. If any of our network sharing or Network Extension arrangements are terminated, or if the respective third-party wireless network provider fails to provide the services required under a network sharing or Network Extension arrangement, or if the respective third-party wireless network provider fails to deploy and maintain its network, and we are unable to find a replacement network operator on a timely and commercially reasonable basis or at all, we could be prevented from continuing the mobile services relying on such network sharing or Network Extension arrangement. In turn, this could potentially affect our ability to support the MVNOs relying on our network to offer their own services to customers. Additionally, as our network sharing and Network Extension arrangements come to term, we may not be able to renegotiate renewal or replacement arrangements on the same or more favourable terms or at all.

**We depend almost exclusively on our relationships with third-party programming providers and broadcasters for programming content, and a failure to acquire a wide selection of popular programming on acceptable terms could adversely affect our business.**

We enter into agreements for the provision of television programmes and channels distributed via our entertainment service (some of which are also offered as O2 Extras alongside a customer's tariff) with programme providers, such as public and commercial broadcasters, or providers of pay or on-demand television and services. We have historically obtained a significant amount of our premium programming and some of our basic programming and pay-per-view sporting events from Sky.

Sky is also one of our main competitors in the television services business. Sky is a leading supplier of programming to pay television platforms in the UK and is the exclusive supplier of some programming, including its Sky Sports channels and Sky Cinema channels, which are the most popular premium subscription sports and film channels available in the UK.

The Sky Sports channels, Sky Cinema channels and the TNT Sports channels are available on our entertainment services, however, there can be no assurance that we will be able to continue carrying such channels at a reasonable cost, or at all, after the current contracts end.

Other significant programming and app suppliers include the BBC, ITV, Channel 4, UKTV, Viacom Inc. (including Five), Discovery Communications Inc., Disney, Sky, Turner (a division of Time Warner

Inc.), Netflix, Calm, Cafeyn and Amazon. Our dependence on these and other suppliers for television programming could have a material adverse effect on our ability to provide attractive programming at a reasonable cost. We also rely on the products of some of these suppliers of television programming to incentivise customers to enter into contracts for our mobile services. Without their offering, the number of customer subscriptions may be adversely affected. Additionally, we are frequently negotiating and renegotiating programming agreements and our annual costs for programming can vary. There can be no assurance that we will be able to renegotiate or renew the terms of our programming agreements on acceptable terms or at all. There has also been a rise in the number of direct-to-consumer offerings from content owners which impacts negotiations and the content, rights and restrictions available. Programming and copyright costs represent a significant portion of our operating costs and are subject to increases in future periods due to various factors, including (i) higher costs associated with the expansion of our digital video content, including (a) rights associated with ancillary product offerings and (b) rights that provide for the broadcast of live sporting events, and (ii) rate increases.

If we are unable to obtain or retain attractively priced competitive content, demand for our existing and future video services could decrease, thereby limiting our ability to attract new customers, maintain existing customers and migrate customers from lower tier programming to higher tier programming, thereby inhibiting our ability to execute our business plans. Furthermore, we may be placed at a competitive disadvantage if certain of our competitors obtain exclusive programming rights, particularly with respect to popular sports and movie programming, and as certain players in the OTT market, for example Netflix, Amazon and Disney, increasingly produce their own exclusive content and distribute direct to consumers.

## ESG

### **Regulatory and government action on climate change may drive medium-to-long-term increases in operational cost.**

Due to the nature of our operations, we are subject to regulatory developments and government action on climate change through energy-specific regulations and legislation in the UK. Examples include circular economy regulations for electrical products and packaging, regulation of greenhouse gas emissions, carbon pricing, fuel mix, energy and fuel cost, and energy policy. Changes in regulations and legislation results in changes in the market. Increased fuel or energy prices could make it more expensive to purchase energy to power our networks and data centres. An increase in the tax on fuel could increase the cost associated with operating our large vehicle fleet where those vehicles are dependent on traditional fuels. Implementation of a carbon taxation policy could impact VMED O2 by directly putting a price on our emissions, which would impact our operational costs.

Regulators' increased focus on environmental factors could also mean that our business becomes more scrutinised and that any failure to comply with such new regulations and laws could result in financial sanctions or fines. If we violate or fail to comply with these laws and regulations, we could be subject to civil and administrative sanctions and liabilities, including substantial fines and orders, or a partial or total shutdown of our operations, as well as litigation, any of which could have a material adverse effect on our business, financial condition and results of operations.

The sustainability programme of the Joint Venture's operations may be viewed unfavourably by customers, regulators and government, leading to damage to our reputation and brands.

Based on the nature of our operations and electricity required to run our network, customers could perceive the Virgin Media and O2 brands as detracting from a transition to a lower-carbon economy, particularly if we fail to successfully demonstrate efforts to reduce our environmental impact. While we have publicly committed to achieving emissions reduction, net zero, waste and circularity targets, failure to achieve these targets or increasing expectations of a company's contribution to tackling the climate crisis may lead to damage of our brands and reputation that could have a material adverse effect on our business, growth prospects, results of operations and financial condition.

**Our business may not anticipate or adapt in a timely manner to changing customer demands and new ethical or social standards, which could adversely affect our business and our reputation.**

To maintain and improve its position in the market in comparison to its competitors, it is vital that our business has the ability to anticipate and adapt to the evolving needs and demands of its customers, and that it avoids commercial actions that may generate a negative perception of VMED O2 or the products and services it offers, or that may have or be perceived to have a negative impact on society. In addition to harming our business' reputation, such actions could also result in fines and other sanctions. In addition, the risks associated with potential damage to a brand's reputation have become more relevant, especially due to the impact that the publication of news through social networks can have. If our business is not able to anticipate or adapt to the evolving needs and demands of its customers or avoid inappropriate actions, its reputation could be adversely affected or it could otherwise have an adverse effect on our business, financial condition, results of operations and cash flows.

**Climate change may drive medium-term to long-term increases in operational costs to address the impact of changing climate and weather patterns, including changing levels of precipitation, mean temperatures and sea level rise and the impact of regulation.**

Medium-to-long-term our operational costs may increase as a result of shifts in climate patterns, and the threat of these issues may impact current and future business decisions related to our network, data centres and facilities. It could also impact our operational costs through increased energy usage and spend to prepare or repair facilities. Rising and extreme temperatures could cause our cooling infrastructure to run more frequently and, in turn, present an additional burden to local power and water resources. Increased risk of flooding to low-lying facilities and infrastructure due to longer-term increases in precipitation patterns could increase operating costs to maintain and repair facilities and network equipment. Decreased precipitation could generate drought conditions that could create an increased burden to local water resources, which are required to operate our cooling infrastructure. These impacts could also result in drops in productivity or increased operational costs for our suppliers that would be passed on to us, which could have a material adverse effect on our business and results of operations.

## People

Certain of our employees are represented by trade unions and we may be affected by strikes or collective action by such unionised employees.

A number of our employees within our general population and middle management levels are represented by trade unions, being the Communications Workers Union and Prospect, respectively, and we are party to voluntary collective agreements with those unions. We have not, to date, experienced any material issues or been involved in any significant disputes with these unions or the employees they represent. However, there can be no assurance that such issues or disputes will not arise in the future, including breakdowns in the bargaining process between us and the trade unions concerned. Any such disagreement or dispute could result in our being unable to continue to negotiate wages, salaries, bonuses and work time flexibility on terms that we consider to be acceptable and appropriate, or could lead to strikes or other industrial action (or the threat of strikes or industrial action) which could damage our brands and reputation and could, in turn, have a material adverse effect on our business, growth prospects, results of operations and financial condition.

**The loss of certain key personnel could harm our business.**

We have experienced employees at both the corporate and operational levels who possess substantial knowledge of our business and operations. There can be no assurance that we will retain the services of these employees or that we would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key employees could cause significant disruptions in our business operations, which could materially adversely affect our results of operations.

**We may fail to attract or retain qualified, high-quality personnel.**

Given the substantial competition in the market for skilled and qualified personnel with relevant technical, industry and operational experience, there can be no assurance that we will be able to attract or retain suitably qualified, high quality replacements on similar terms to those on which it currently engage our employees. We may also incur significant additional costs in recruiting and retaining suitable replacements. Any loss of experienced personnel or a failure to recruit suitably qualified, high-quality personnel could therefore have a material adverse effect on our business cash flows, results of operations and financial condition.

# 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 Consolidated Financial Statements, 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 years ended 31 December 2025 and 2024.
- **Liquidity and Capital Resources:** This section provides an analysis of our corporate and subsidiary liquidity and our 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 Consolidated Financial Statements included in this Annual Bond Report. In the following text, 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.

Unless otherwise indicated, convenience translations into pound sterling are calculated as of 31 December 2025. For information on the accounting policies, judgements and estimates used by management, please refer to note 2 of the Notes to the Consolidated Financial Statements.

## 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.

### 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 trying to provide outstanding customer experiences for our three customer segments:

- **Consumer:** Our strategy for households is centred on becoming the UK's fixed-mobile convergence champion by earning their trust every day.
- **Business:** O2 Daisy benefits from significant scale, offering UK businesses a comprehensive range of best-in-class digital-first connectivity solutions and managed services all under one roof.
- **Wholesale:** Our fixed and mobile networks enable partners to grow and innovate, while we carefully consider how best to drive long-term value for our business.

Underpinning the services we provide to these customers are our fixed and mobile 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, including the continued rollout of 5G and fibre technology.

For additional information regarding our strategy, see "Business of the Group" on page [7](#).

### Competition and Other External Factors

We are experiencing high levels of competition from incumbent telecommunications operators, other providers including those operating their own network infrastructure, and those utilising different technologies. 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 ARPU. For additional information regarding the competition we face, see "Business of the Group - Competition" on page [19](#).

## 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 years ended 31 December 2025 and 2024. Our results are set forth below.

### Revenue

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.

	Year ended 31 December		Increase (decrease)	
	2025	2024	£	%
in millions, except percentages				
<b>Mobile</b> <sup>(a)</sup>	<b>£ 5,580.2</b>	<b>£ 5,687.0</b>	<b>£ (106.8)</b>	<b>(1.9)%</b>
Handset <sup>(a)</sup>	1,178.3	1,286.7	(108.4)	(8.4)%
<b>Fixed</b>	<b>3,912.8</b>	<b>3,852.1</b>	<b>60.7</b>	<b>1.6 %</b>
Consumer fixed <sup>(b)</sup>	3,361.6	3,400.2	(38.6)	(1.1)%
Subscription <sup>(c)</sup>	3,284.8	3,331.2	(46.4)	(1.4)%
Other <sup>(d)</sup>	76.8	69.0	7.8	11.3 %
B2B fixed <sup>(e)</sup>	551.2	451.9	99.3	22.0 %
<b>Other</b> <sup>(f)</sup>	<b>620.1</b>	<b>1,141.4</b>	<b>(521.3)</b>	<b>(45.7)%</b>
<b>Total</b>	<b>£ 10,113.1</b>	<b>£ 10,680.5</b>	<b>£ (567.4)</b>	<b>(5.3)%</b>

For further explanation on the revenue streams, please see note 5 of the Notes to the 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 £106.8 million or 1.9% during 2025, as compared to 2024. This decrease is primarily due to a reduction in low margin handset 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. Consumer fixed revenue decreased £38.6 million or 1.1% during 2025, as compared to 2024. This decrease is primarily due to a lower customer base amid intense competition, as well as a decline in ARPU.
- (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 increased £99.3 million or 22.0% during 2025, as compared to 2024. This increase is primarily due to the impact of the Daisy Group and an increased level of revenue related to long-term leases of a portion of the fixed network more than offsetting lower rental revenues.
- (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, Smart Metering, the provision of ICT services, associated connectivity to O2 business customers and other services. Other revenue decreased £521.3 million or 45.7% during 2025, as compared to 2024. This decrease is primarily due to nexfibre construction revenue which decreased from £750.1 million in 2024 to £224.3 million in 2025, resulting from reduced nexfibre construction activity.

### Profit reconciliation

Most of our revenue is subject to VAT. Any increase in this tax 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 income (costs), 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 our 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.

	Year ended 31 December		Increase (decrease)	
	2025	2024	£	%
	in millions, except percentages			
Revenue	£ 10,113.1	£ 10,680.5	£ (567.4)	(5.3)%
Cost of sales	3,151.1	3,685.9	(534.8)	(14.5)%
Personnel expenses	835.2	740.4	94.8	12.8 %
Other expenses <sup>(a)</sup>	2,247.3	2,357.6	(110.3)	(4.7)%
<b>Adjusted EBITDA <sup>(b)</sup></b>	<b>3,879.5</b>	<b>3,896.6</b>	<b>(17.1)</b>	<b>(0.4)%</b>
Depreciation and amortisation	3,045.5	2,853.1	192.4	6.7 %
Share-based compensation expense	76.4	40.8	35.6	87.3 %
Goodwill impairment	1,021.7	—	1,021.7	100.0 %
Restructuring and other operating	52.8	74.5	(21.7)	(29.1)%
<b>Operating (loss) profit</b>	<b>(316.9)</b>	<b>928.2</b>	<b>(1,245.1)</b>	<b>(134.1)%</b>
Finance costs	(2,294.2)	(2,077.9)	216.3	10.4 %
Finance income	1,673.8	1,963.2	(289.4)	(14.7)%
Share of results of equity method investments	0.2	3.2	(3.0)	(93.8)%
Other income	37.0	5.2	31.8	611.5 %
Income tax benefit (expense)	136.5	(18.5)	155.0	(837.8)%
<b>Net (loss) profit</b>	<b>£ (763.6)</b>	<b>£ 803.4</b>	<b>£ (1,567.0)</b>	<b>195.0 %</b>

(a) Other expenses inclusive of net impairment losses on financial and contract assets and excludes share-based compensation expense, goodwill impairment and restructuring and other operating costs.

(b) The Alternative Performance Measures (APMs) are applied consistently throughout the Annual Bond Report. The APMs are defined in full and reconciled to the reported statutory measure in note 32 of the Notes to the Consolidated Financial Statements.

### 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 £534.8 million or 14.5% during 2025, as compared to 2024, primarily due to:

- A decrease in other direct costs of £431.5 million or 46.3%, primarily driven by a decrease in nexfibre construction volumes, resulting in lower construction costs; and
- A decrease in mobile handset and other device costs of £100.8 million or 6.5%, primarily driven by lower handset sales.

### Personnel expenses

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

Our personnel expenses increased £94.8 million or 12.8% during 2025, as compared to 2024. This increase is primarily due to (i) incremental costs related to the O2 Daisy Transaction, (ii) annual salary uplifts and (iii) increased 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 £110.3 million or 4.7% during 2025, as compared to 2024, primarily due to the net effect of:

- A decrease in network costs of £53.9 million or 12.5%, due to (i) a decrease in IT software costs and (ii) a decrease in outsourced field costs;
- A decrease in sales costs of £42.0 million or 13.5%, primarily due to (i) a reduction in franchise commissions following the conversion of franchise stores to company-owned stores and/or store closures, and (ii) a reduction in mobile customer base;
- A decrease in other expenses costs of £41.4 million or 11.0%, primarily due to (i) a decrease in losses relating to sales of receivables, (ii) the impact of a £20.7 million handset inventory-related insurance claim settlement in Q3 2025 and (iii) a decrease in property taxes, partially offset by a £23.8 million fine from Ofcom; and
- An increase in marketing costs of £27.7 million or 9.1%, due to a rise in O2 priority partnerships and sponsorships driven by the Women's Rugby World Cup.

### Adjusted EBITDA<sup>1</sup>

Adjusted EBITDA decreased by £17.1 million or 0.4% during 2025, as compared to 2024, driven by the items discussed above.

### Depreciation and amortisation

Depreciation and amortisation increased by £192.4 million or 6.7% during 2025, as compared to 2024, primarily due to the additional impact of assets acquired in the O2 Daisy Transaction.

### Share-based compensation expense

Share-based compensation expense increased by £35.6 million or 87.3% during 2025, as compared to 2024, primarily due to aligning the position with the latest performance expectations, in conjunction with the open plans in the given periods.

### Goodwill impairment

There was a goodwill impairment charge of £1,021.7 million during Q4 2025, primarily related to the impacts of the UK market and macroeconomic conditions in the UK on estimated future cash flows. For further details regarding the goodwill impairment, see notes 9 of the Notes to the Consolidated Financial Statements. There was no goodwill impairment charge in the comparative period in 2024.

<sup>1</sup> The APMs are applied consistently throughout the Annual Bond Report. The APMs are defined in full and reconciled to the reported statutory measure in note 32 of the Notes to the Consolidated Financial Statements.

### Restructuring and other operating items

Restructuring and other operating items, excluding goodwill impairment, decreased by £21.7 million or 29.1% during 2025, as compared to 2024, primarily due to a reduction in planned restructuring programmes.

### Operating (loss) profit

Operating (loss) profit decreased £1,245.1 million or 134.1% during 2025, as compared to 2024, primarily due to the goodwill impairment during 2025, which did not occur in the comparative period.

### Finance costs and income

Finance costs increased by £216.3 million or 10.4% during 2025, as compared to 2024, primarily due to a significant loss on derivative instruments during the current period. This loss was driven by the net effect of (i) an increased loss on derivative instruments due to the strengthening of the pound against the dollar during the current period and (ii) a reduction of foreign currency losses.

Finance income decreased by £289.4 million or 14.7% during 2025, as compared to 2024, primarily due to a decrease in gains on derivative instruments.

### Share of results of equity method investments

Share of results of equity method investments decreased by £3.0 million or 93.8% during 2025, as compared to 2024.

### Other income

Other income increased by £31.8 million or 611.5% during 2025, as compared to 2024, primarily due to (i) the repurchase of previously sold handset and other receivables, and (ii) the release of a gain, not included in the corresponding period in 2024.

### Income tax benefit (expense)

There was income tax benefit of £136.5 million during 2025 and income tax expense of (£18.5 million) during 2024. The change from expense to benefit is primarily driven by the significant loss before tax, partly offset by the non-deductible goodwill impairment made in the current year.

### Net (loss) profit

There was net loss of (£763.6 million) during 2025 and net profit of £803.4 million during 2024. The change from profit to loss is primarily due to a goodwill impairment charge, which did not occur during the corresponding period in 2024.

### Liquidity and Capital Resources

#### a) Sources and Uses of Cash

##### i) Cash and cash equivalents

At 31 December 2025, we had cash and cash equivalents of £566.3 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 14 of the Notes to the 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 December 2025 consolidated statement of financial position.

In this regard, we have significant commitments related to (a) programming contracts, (b) purchases and other commitments, (c) network and connectivity commitments, and (d) the JV Service Agreements. 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 29 of the Notes to the Consolidated Financial Statements.

For additional information regarding our consolidated cash flows, see the discussion under "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 December 2025, the outstanding principal amount of our consolidated debt, together with our lease obligations, aggregated £22.4 billion, including £3.9 billion that is classified as current in our consolidated statement of financial position, £8.2 billion due before 2029 and £10.3 billion that is not due until 2031 or thereafter. For additional information regarding our debt and lease maturities, see notes 14 and 15, respectively, of the Notes to the Consolidated Financial Statements.

As further discussed under "Quantitative and Qualitative Disclosures about Market" Risk below and in notes 17 and 18 of the Notes to the 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<sup>1</sup> 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<sup>1</sup> 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.

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. Please see an assessment of the Group's key liquidity events within note 2 of the Notes to the Consolidated Financial Statements.

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

<sup>1</sup> The APMs are applied consistently throughout the Annual Bond Report. The APMs are defined in full and reconciled to the reported statutory measure in note 32 of the Notes to the Consolidated Financial Statements.

## Consolidated Statements of Cash Flows

### Summary

Our summarised consolidated statements of cash flows for 2025 and 2024 are set forth below:

	Year ended 31 December	
	2025	2024
	in millions	
Net cash provided by operating activities	£ 2,759.6	£ 3,044.6
Net cash used by investing activities	(1,281.1)	(2,203.6)
Net cash used by financing activities	(1,563.1)	(436.7)
Effect of exchange rate changes on cash and cash equivalents	4.7	(1.2)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>£ (79.9)</b>	<b>£ 403.1</b>

### Operating Activities

The net cash provided by our operating activities for the year ended 31 December 2025 is primarily attributable to our Adjusted EBITDA<sup>1</sup> and related working capital items. See “profit reconciliation” on page and “Consolidated Statement of Cash Flows” on page 68 for further information.

### Investing Activities

The net cash used by our investing activities for the year ended 31 December 2025 is primarily attributable to capital expenditures and net borrowings from to related-party. See “Consolidated Statement of Cash Flows” on page 68 for further information.

### Financing Activities

The net cash used by our financing activities during the year ended 31 December 2025 is primarily attributable to the net movements in operating and capital-related vendor financing activity. See “Consolidated Statement of Cash Flows” on page 68 for further information.

The capital expenditures we report in our 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 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 notes 9 and 10 of the Notes to the 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 consolidated statements of cash flows, is set forth below:

	Year ended 31 December	
	2025	2024
	in millions	
Property, plant and equipment and intangible asset additions	£ 2,389.2	£ 2,640.6
Assets acquired under capital-related vendor financing arrangements	(853.7)	(698.9)
Assets acquired under leases	(144.8)	(456.2)
Changes in current liabilities related to capital expenditures, net	26.3	17.4
<b>Capital expenditures</b>	<b>£ 1,417.0</b>	<b>£ 1,502.9</b>

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

<sup>1</sup> The APMs are applied consistently throughout the Annual Bond Report. The APMs are defined in full and reconciled to the reported statutory measure in note 32 of the Notes to the Consolidated Financial Statements.

### Consolidated Financial Information — Senior Secured Notes

We present the following consolidated financial information as of and for the year ended 31 December 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 December 2025, Virgin Media Secured Finance plc is the issuer of the following Senior Secured Notes:

- \$1,425.0 million (£1,059.3 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 (£680.2 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 4.250% Sterling Senior Secured Notes.

Our Senior Secured Notes issued by Virgin Media Secured Finance plc outstanding as of 31 December 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.

The following table provides information regarding the statement of financial position and statement of loss, respectively, associated with our Senior Secured Notes, Guarantors and Non-Guarantors. The consolidated total balance forms part of the audited consolidated accounts, however the standalone entities and elimination balances are not audited as standalone for purposes of the consolidated accounts.

31 December 2025						
in millions						
	VMED O2 UK Holdings Limited	Virgin Media Secured Finance plc	Guarantors	Non- Guarantors	Eliminations <sup>(a)</sup>	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Statement of Financial Position</b>						
Non-current assets	£ 15.0	£ 3,409.4	£ 34,339.3	£ 4,961.0	£ (243.4)	£ 42,481.3
Current assets	—	—	3,043.7	513.1	(66.6)	3,490.2
<b>Total assets</b>	<b>£ 15.0</b>	<b>£ 3,409.4</b>	<b>£ 37,383.0</b>	<b>£ 5,474.1</b>	<b>£ (310.0)</b>	<b>£ 45,971.5</b>
<b>Total combined equity</b>	<b>£ 5.9</b>	<b>£ 57.7</b>	<b>£ 21,977.9</b>	<b>£ (3,421.1)</b>	<b>£ —</b>	<b>£ 18,620.4</b>
Total owner's equity	5.9	57.7	22,265.2	(3,562.2)	—	18,766.6
NCI	—	—	(287.3)	141.1	—	(146.2)
Liabilities:						
Non-current liabilities	—	3,308.4	8,759.4	7,791.1	(243.4)	19,615.5
Current liabilities	9.1	43.3	6,645.7	1,104.1	(66.6)	7,735.6
<b>Total liabilities</b>	<b>9.1</b>	<b>3,351.7</b>	<b>15,405.1</b>	<b>8,895.2</b>	<b>(310.0)</b>	<b>27,351.1</b>
<b>Total equity and liabilities</b>	<b>£ 15.0</b>	<b>£ 3,409.4</b>	<b>£ 37,383.0</b>	<b>£ 5,474.1</b>	<b>£ (310.0)</b>	<b>£ 45,971.5</b>

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

Year ended 31 December 2025					
in millions					
	VMED O2 UK Holdings Limited	Virgin Media Secured Finance plc	Guarantors	Non- Guarantors	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Statement of Loss</b>					
Revenue	£ —	£ —	£ 8,614.9	£ 1,498.2	£ 10,113.1
Net loss attributable to:					
Owners	1.7	32.7	(609.6)	(181.2)	(756.4)
NCI	—	—	—	(7.2)	(7.2)
<b>Net loss</b>	<b>£ 1.7</b>	<b>£ 32.7</b>	<b>£ (609.6)</b>	<b>£ (188.4)</b>	<b>£ (763.6)</b>
Comprehensive loss attributable to:					
Owners	£ 1.7	£ 32.7	£ (635.9)	£ (181.2)	£ (782.7)
NCI	—	—	—	(7.2)	(7.2)
<b>Comprehensive loss</b>	<b>£ 1.7</b>	<b>£ 32.7</b>	<b>£ (635.9)</b>	<b>£ (188.4)</b>	<b>£ (789.9)</b>

## 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 December 2025, £563.9 million or 99.5%, £2.1 million or 0.4% and £0.3 million or 0.1% 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 December 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 18 of the Notes to the 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 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 17 of the Notes to the 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 December	
	2025	2024
<b>Spot rates:</b>		
Euro	1.1463	1.2097
US dollar	1.3453	1.2519
	Year ended 31 December	
	2025	2024
<b>Average rates:</b>		
Euro	1.1668	1.1814
US dollar	1.3189	1.2780

### 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, 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 SOFR-indexed and 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 18 of the Notes to the 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 GBP LIBOR rates after 31 December 2021, and it ceased to publish USD LIBOR after 30 June 2023. EURIBOR has been reformed and has been granted regulatory approval to continue to be used.

In 2024, the EMMI phased in enhancements to EURIBOR's hybrid methodology, as announced in 2023. The contribution made by the panel banks followed a three-level waterfall approach, including transactions from the observation period, derived or historical transactions or "expert judgement" grounded on transactions from nearby markets. The new methodology ended the use of "expert judgement" to determine the EURIBOR rate and certain historical transactions are now linked to the €STR, bringing the risk profile of EURIBOR closer to that of €STR.

**Weighted Average Variable Interest Rate.** At 31 December 2025, the outstanding principal amount of our variable-rate indebtedness aggregated £7.6 billion and the weighted average interest rate (including margin) on such variable-rate indebtedness was 6.4%,

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 £38.0 million. As discussed above and in note 18 of the Notes to the 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 December 2025 amounted to £5.0 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 December 2025, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £124.0 million, (ii) aggregate undrawn debt facilities of £1,488.0 million and (iii) cash and cash equivalents of £566.3 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 18 and 19 of the Notes to the Consolidated Financial Statements.

#### Cross-currency and Interest Rate Derivative Contracts

Holding all other factors constant, at 31 December 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 £954.7 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 £563.6 million; and
- c) an instantaneous increase / (decrease) in the relevant base rate of 50 basis points (0.50%) would have increased / (decreased) the aggregate fair value of our cross-currency and interest rate derivative contracts by £136.7 million and (£140.6 million), respectively.

### Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The pound sterling equivalents presented below are based on interest rate projections and exchange rates as of 31 December 2025. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts required in future periods. For additional information regarding our derivative instruments, see notes 17 and 18 of the Notes to the Consolidated Financial Statements.

	Payments (receipts) due during:						Total
	2026	2027	2028	2029	2030	Thereafter	
	in millions						
Projected derivative cash payments (receipts), net:							
Interest-related <sup>(a)</sup>	17.9	64.7	(58.3)	(66.6)	(68.0)	(67.6)	(177.9)
Principal-related <sup>(b)</sup>	—	(34.4)	(69.5)	(119.2)	(33.5)	(253.5)	(510.1)
Other <sup>(c)</sup>	(3.8)	—	—	—	—	—	(3.8)
<b>Total</b>	<b>£ 14.1</b>	<b>£ 30.3</b>	<b>£ (127.8)</b>	<b>£ (185.8)</b>	<b>£ (101.5)</b>	<b>£ (321.1)</b>	<b>£ (691.8)</b>

(a) Includes (i) the cash flows of our interest rate cap, floor, swaption and swap contracts and (ii) the interest-related cash flows of our cross-currency and interest rate swap contracts.

(b) Includes the principal-related cash flows of our cross-currency swap contracts.

(c) Includes amounts related to our foreign currency forward contracts.

# Independent Auditor's Report



# Independent Auditors' Report

## The Board of Directors VMED O2 UK Holdings Limited:

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of VMED O2 UK Holdings Limited (and its subsidiaries) (the Company), which comprise the consolidated statements of financial position as of 31 December, 2025 and 2024, and the related consolidated statements of profit or (loss), comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP  
London, U.K.  
19 March 2026

# Consolidated Financial Statements

A decorative graphic consisting of two large, overlapping, wavy shapes. The shape on the left is red, and the shape on the right is blue. They meet at a central point, creating a gradient effect between the two colors.

## Consolidated Statements of Financial Position

	Note References	31 December	
		2025	2024
		in millions	
<b>ASSETS</b>			
Non-current assets:			
Intangible assets	9	£ 15,374.7	£ 16,101.4
Property, plant and equipment	10 and 15	10,014.9	10,006.9
Investments	20	13.3	14.4
Deferred tax assets	24	487.0	371.2
Related-party notes receivable	25	15,776.2	15,072.7
Derivative instruments	18 and 19	391.6	808.2
Retirement benefit asset	22	91.9	90.5
Trade receivables and other non-current assets	11 and 25	331.7	325.2
<b>Total non-current assets</b>		<b>42,481.3</b>	<b>42,790.5</b>
Current assets:			
Trade receivables and other current assets	11 and 25	2,231.9	2,292.7
Derivative instruments	18 and 19	231.5	463.6
Inventory	13	173.3	203.5
Related-party receivables	25	287.2	229.3
Cash and cash equivalents		566.3	646.2
<b>Total current assets</b>		<b>3,490.2</b>	<b>3,835.3</b>
<b>Total assets</b>		<b>£ 45,971.5</b>	<b>£ 46,625.8</b>

## Consolidated Statements of Financial Position (continued)

	Note References	31 December	
		2025	2024
		in millions	
<b>LIABILITIES AND EQUITY</b>			
Non-current liabilities:			
Non-current portion of debt and lease obligations	14, 15, 19 and 25	£ 18,642.9	£ 18,569.1
Retirement benefit obligation	22	4.6	19.8
Non-current portion of provisions	16	138.6	134.9
Derivative instruments	18 and 19	523.7	268.7
Deferred tax liabilities	24	1.4	—
Trade payables and other non-current liabilities	12 and 25	304.3	214.2
<b>Total non-current liabilities</b>		<b>19,615.5</b>	<b>19,206.7</b>
Current liabilities:			
Trade payables and other current liabilities	12 and 25	3,673.0	3,677.3
Current tax payable	24	14.6	12.0
Derivative instruments	18 and 19	197.1	491.6
Current portion of provisions	16	23.1	25.6
Current portion of debt and lease obligations	14, 15, 19 and 25	3,827.8	3,793.1
<b>Total current liabilities</b>		<b>7,735.6</b>	<b>7,999.6</b>
<b>Total liabilities</b>		<b>27,351.1</b>	<b>27,206.3</b>
Owner's equity:			
Share capital	27	—	—
Additional paid-in capital (APIC)	27	214.1	214.1
Other reserves	27	661.6	322.7
Accumulated profit	27	18,253.7	19,010.0
Accumulated other comprehensive loss	27	(362.8)	(336.5)
<b>Total owner's equity</b>		<b>18,766.6</b>	<b>19,210.3</b>
Non-controlling interests (NCI)	28	(146.2)	209.2
Total combined equity		<b>18,620.4</b>	<b>19,419.5</b>
<b>Total equity and liabilities</b>		<b>£ 45,971.5</b>	<b>£ 46,625.8</b>

The non-statutory accounts were signed on behalf of the Board on 19 March 2026 by:



M Hardman  
Director

## Consolidated Statements of Profit or (Loss)

	Note References	Year ended 31 December	
		2025	2024
		in millions	
Revenue	5 and 25	£ 10,113.1	£ 10,680.5
Cost of sales	25	(3,151.1)	(3,685.9)
<b>Gross profit</b>		<b>6,962.0</b>	<b>6,994.6</b>
Personnel expenses	22	(835.2)	(740.4)
Net impairment losses on financial and contract assets	6	(209.4)	(220.1)
Goodwill impairment	9	(1,021.7)	—
Other expenses	15 and 21	(2,167.1)	(2,252.8)
Depreciation and amortisation	9 and 10	(3,045.5)	(2,853.1)
<b>Operating (loss) profit</b>	6	<b>(316.9)</b>	<b>928.2</b>
Finance costs	23	(2,294.2)	(2,077.9)
Finance income	23	1,673.8	1,963.2
<b>Net finance costs</b>		<b>(620.4)</b>	<b>(114.7)</b>
Share of results of equity method investments	20	0.2	3.2
Other income		37.0	5.2
		<b>(583.2)</b>	<b>(106.3)</b>
<b>(Loss) profit before income taxes</b>		<b>(900.1)</b>	<b>821.9</b>
Income tax benefit (expense)	24	136.5	(18.5)
<b>Net (loss) profit</b>		<b>£ (763.6)</b>	<b>£ 803.4</b>
Net (loss) profit attributable to:			
Owners		£ (756.4)	£ 786.9
NCI	28	(7.2)	16.5
<b>Net (loss) profit</b>		<b>£ (763.6)</b>	<b>£ 803.4</b>

## Consolidated Statements of Comprehensive Income or (Loss)

	Note References	Year ended 31 December	
		2025	2024
		in millions	
<b>Net (loss) profit</b>		<b>£ (763.6)</b>	<b>£ 803.4</b>
Other comprehensive loss, net of taxes:			
<i>Items that have been or may be reclassified to the statement of profit or (loss):</i>			
Foreign currency translation adjustments		(21.6)	6.5
<i>Items that will not be reclassified to the statement of profit or (loss):</i>			
Defined benefit-related adjustments	22 and 24	(4.7)	(158.2)
<b>Other comprehensive loss, net of taxes</b>		<b>(26.3)</b>	<b>(151.7)</b>
<b>Comprehensive (loss) income</b>		<b>£ (789.9)</b>	<b>£ 651.7</b>
Comprehensive (loss) income attributable to:			
Owners		£ (782.7)	£ 635.2
NCI	28	(7.2)	16.5
<b>Comprehensive (loss) income</b>		<b>£ (789.9)</b>	<b>£ 651.7</b>

## Consolidated Statements of Changes in Equity

	Note References	in millions								
		Share capital	APIC <sup>(a)</sup>	Other reserves <sup>(b)</sup>	Accumulated profit	Accumulated other comprehensive loss	Total owner's equity	NCI <sup>(c)</sup>	Total combined equity	
<b>Balance at 1 January 2025</b>		£ —	£ 214.1	£ 322.7	£ 19,010.0	£ (336.5)	£ 19,210.3	£ 209.2	£ 19,419.5	
Net loss		—	—	—	(756.4)	—	(756.4)	(7.2)	(763.6)	
Other comprehensive loss	22 and 24	—	—	—	—	(26.3)	(26.3)	—	(26.3)	
Share-based compensation	21 and 25	—	—	—	0.1	—	0.1	—	0.1	
Initial recognition of Daisy Group NCI	4 and 28	—	—	—	—	—	—	(242.9)	(242.9)	
Excess consideration following the consolidation of O2 Daisy	27	—	—	338.9	—	—	338.9	—	338.9	
Dividend	28	—	—	—	—	—	—	(105.3)	(105.3)	
<b>Balance at 31 December 2025</b>		£ —	£ 214.1	£ 661.6	£ 18,253.7	£ (362.8)	£ 18,766.6	£ (146.2)	£ 18,620.4	

	Note References	in millions								
		Share capital	APIC <sup>(a)</sup>	Other reserves <sup>(b)</sup>	Accumulated (loss) profit	Accumulated other comprehensive loss	Total owner's equity	NCI <sup>(c)</sup>	Total combined equity	
<b>Balance at 1 January 2024</b>		£ —	£ 20,773.8	£ 212.5	£ (2,338.7)	£ (184.8)	£ 18,462.8	£ 146.6	£ 18,609.4	
Net profit		—	—	—	786.9	—	786.9	16.5	803.4	
Other comprehensive loss	22 and 24	—	—	—	—	(151.7)	(151.7)	—	(151.7)	
Share-based compensation	21 and 25	—	—	—	2.1	—	2.1	—	2.1	
Capital Reduction <sup>(a)</sup>	27	—	(20,559.7)	—	20,559.7	—	—	—	—	
Excess consideration over net book value (NBV) upon sale of joint operation	28	—	—	110.2	—	—	110.2	66.0	176.2	
Dividend		—	—	—	—	—	—	(19.9)	(19.9)	
<b>Balance at 31 December 2024</b>		£ —	£ 214.1	£ 322.7	£ 19,010.0	£ (336.5)	£ 19,210.3	£ 209.2	£ 19,419.5	

(a) APIC consists of share premium and the merger reserve. On 24 May 2024, VMED O2 implemented a capital reduction to reduce the share premium reserve to nil and increase the accumulated (loss) profit by £20,559.7 million. The capital reduction was effective from 28 May 2024.

(b) Other reserves consist of £338.9 million excess consideration based on the fair value of Virgin Media Business Limited (VMBL)'s equity contributed over VMBL's NBV for the year ended 31 December 2025 resulting from the consolidation of O2 Daisy, in addition to £322.7 million of excess considerations over NBV resulting from sales of minority stakes in Cornerstone Telecommunications Infrastructure Limited (Cornerstone) of £110.2 million and £212.5 million in December 2024 and November 2023 respectively. See note 28 for further details.

(c) NCI resulting from the consolidation of O2 Daisy in August 2025 and the sale of a minority stake in Cornerstone in November 2023 and November 2024, respectively. See note 28 for further details.

## Consolidated Statements of Cash Flows

	Note References	Year ended 31 December	
		2025	2024
		in millions	
Cash flows from operating activities:			
Net (loss) profit		£ (763.6)	£ 803.4
Adjustments to reconcile net (loss) profit to net cash provided by operating activities:			
Share-based compensation expense	21	76.4	40.8
Depreciation and amortisation	9 and 10	3,045.5	2,853.1
Impairment, restructuring and other operating items	9 and 16	1,074.5	74.6
Amortisation of debt premiums, deferred financing costs and non-cash interest	14	7.7	2.1
Share of results of equity method investments	20	(0.2)	(3.2)
Realised and unrealised losses (gains) on derivative instruments	18 and 22	732.4	(392.3)
Foreign currency transaction (gains) losses	23	(513.3)	28.4
Losses (gains) on debt extinguishment	14 and 23	4.2	(2.2)
Deferred income tax (benefit) expense	24	(157.6)	1.2
Interest paid		(1,212.2)	(1,392.4)
Income taxes paid		(14.1)	(9.7)
Derivative (payments) receipts	18	(22.5)	210.9
(Increase) decrease in trade and other receivables	11	(12.2)	192.3
Decrease (increase) in contract assets	11	176.0	(35.8)
Increase in other assets		(919.7)	(770.8)
(Decrease) increase in trade payables and accruals	12	(80.4)	90.6
Decrease in contract liabilities	12	(25.8)	(27.5)
Increase in interest accruals	14	1,281.7	1,338.6
Increase in other liabilities		82.8	42.5
<b>Net cash provided by operating activities</b>		<b>£ 2,759.6</b>	<b>£ 3,044.6</b>
Cash flows from investing activities:			
Capital expenditures	9 and 10	£ (1,417.0)	£ (1,502.9)
Repayments of loans to affiliates (related-party)	25	1,010.6	3,686.5
Borrowings of loans from affiliates (related-party)	25	(909.1)	(4,380.2)
Cash received from the O2 Daisy Transaction	4	5.9	—
Other investing activities		28.5	(7.0)
<b>Net cash used by investing activities</b>		<b>£ (1,281.1)</b>	<b>£ (2,203.6)</b>

## Consolidated Statements of Cash Flows (continued)

	Note References	Year ended 31 December	
		2025	2024
		in millions	
Cash flows from financing activities:			
Repayments of third-party debt and lease obligations:			
Principal payments on operating-related vendor financing	14	£ (2,623.0)	£ (3,142.5)
Principal payments on debt (excluding vendor financing) <sup>(a)</sup>	14	(4,326.6)	(2,363.0)
Principal payments on capital-related vendor financing	14	(841.5)	(883.4)
Principal payments on leases	15	(175.5)	(196.3)
Borrowings of third-party debt	14	4,100.3	2,796.3
Operating-related vendor financing additions	14	2,531.9	3,192.0
Payment of financing costs and debt premiums	14	(45.1)	(11.8)
Net cash (paid) received related to derivative instruments	18	(100.5)	4.1
Advances from related-party debt	25	—	151.1
Repayments of related-party debt	25	—	(138.9)
Cash received from sale of joint operation	28	—	176.0
Dividend paid to non-controlling shareholders	28	(105.3)	(19.9)
Other financing activities		22.2	(0.4)
<b>Net cash used by financing activities</b>		<b>£ (1,563.1)</b>	<b>£ (436.7)</b>
Effect of exchange rate changes on cash and cash equivalents		4.7	(1.2)
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(79.9)</b>	<b>403.1</b>
Cash and cash equivalents:			
Beginning of period		646.2	243.1
<b>End of period</b>		<b>£ 566.3</b>	<b>£ 646.2</b>

(a) On the Acquisition Date, VMED O2 acquired 70% of O2 Daisy along with the debt amounting to £836.9 million and repaid that debt on this date. The repayment of this debt is shown as a financing cash outflow above. Refer to note 4 which shows the assets and liabilities acquired and included in the cash flow values.

# Notes to Consolidated Financial Statements 31 December 2025

## (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**).

As described in the Strategic Report, the principal activity of VMED O2 is the provision of telecommunication services in the 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 December 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 **Shareholders**) (the **JV Transaction**). Prior to the completion of the **JV Transaction**, (i) Virgin Media Inc. was a wholly-owned subsidiary of Liberty Global that provided fixed and mobile communications services in the UK and (ii) O2 Holdings Limited (**O2 Holdings**) was a wholly-owned subsidiary of Telefónica that provided mobile communications services in the UK.

This report has been authorised for issue following review by the Audit Committee of the Joint Venture. This report which has been signed by Mark Hardman, as company director of VMED O2 UK Holdings Limited and 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 2025 will be issued separately and delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006. These Consolidated Non-Statutory Financial Statements (**Consolidated Financial Statements**) were prepared to meet contractual reporting obligations for the purposes of our debt holders.

These Consolidated Financial Statements have been prepared in accordance with International Accounting Standards (**IAS**) 1 Presentation of Financial Statements. These Consolidated Financial Statements reflect our consideration of the accounting and disclosure implications of subsequent events through 19 March 2026.

## (2) Accounting Policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below:

### Basis of Accounting

The principal accounting policies adopted by VMED O2 are set out below and have all been applied consistently throughout the current period.

These Consolidated Financial Statements were prepared on a going concern basis and under the historical cost basis in accordance with International Financial Reporting Standards (IFRS).

These Consolidated Financial Statements are presented in pound sterling, the functional currency of the group, and all values are rounded to the nearest million, unless otherwise stated.

### Basis of Consolidation

The accompanying Consolidated Financial Statements comprise the Financial Statements of the Company, its subsidiaries and its share of jointly controlled entities as of 31 December 2025.

Subsidiaries are all entities over which we have control. We control an entity if we have power over the investee, or are exposed to variable returns from our involvement with the entity and we have the ability to affect those returns through our power over the respective entity. Such entities are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

All significant intra-group balances and transactions have been eliminated in preparing the Consolidated Financial Statements. When control over an entity is lost, we derecognise the assets and liabilities of the entity, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or (loss). Any interest retained in the entity is measured at fair value when control is lost.

Joint arrangements are defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities required the unanimous consent of the parties sharing control. For additional information regarding our joint arrangements, see the relevant section below under "Joint Arrangements".

### Going Concern

These Consolidated Financial Statements have been prepared on a going concern basis. Management have reviewed business activities, together with factors likely to affect its future development and performance, as well as VMED O2's principal risks and uncertainties. We have concluded that it is appropriate to adopt the going concern basis having undertaken a rigorous assessment of the financial forecasts, with specific consideration of the trading position of the Group in the context of the current global economic environment, and the industrial relations landscape in relation to the UK business, for the reasons as set out below.

At 31 December 2025, the Group had net current liabilities of £4,245.4 million and net assets of £18,620.4 million. Liquidity available as of the reporting date was £1,944.3 million (excluding Cornerstone unused borrowing capacity), made up of cash and cash equivalents of £566.3 million and unused borrowing capacity under the VMED O2 Credit Facilities of £1,378.0 million. At 31 December 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.

We have considered the Group's key liquidity events and maturity of the Group's debt in the next 12 months, of which vendor financing obligations are considered to remain appropriate in relation to business-as-usual activities. As further outlined within note 14, we maintain a strong average debt tenor of 5 years with a weighted average rate of 5.20% when taking into account the impact of our derivatives instruments. Our strong cash flow generation, including the ability to vendor finance future operating and capital expenses through our existing facilities, means that we are able to meet any debt obligations as they fall due. See note 17 for further information on our financial risk management and how we manage those risks relating to our capital structure.

Forecasts and projections, including analysis of severe but plausible downsides in trading performance, are prepared for the Group as a whole. These consider management plans, alongside the competitive landscape and wider economic and political factors. A reduction in Adjusted EBITDA less Capex by 10% still resulted in sufficient funds to continue to meet our liabilities as they fall due for at least 12 months from the date of approval of these Consolidated Financial Statements, utilising the revolving credit facility of £1,378.0 million as required. Principal risks and uncertainties are detailed within our Strategic Report and note 17, including information how these risks are managed.

Treasury operations and cash management for all of VMED O2's wholly-owned subsidiaries are managed on a group basis, following a treasury policy, including regular cash flow forecasts for both short and long-term commitments.

Taking into account these forecasts and projections, and after making suitable enquiries and obtaining the necessary assurances, we have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future.

### Business Combinations

Business combinations are accounted for in accordance with IFRS 3 using the acquisition method. Identifiable assets acquired and liabilities assumed are recognised at their acquisition-date fair values. Goodwill is recognised as the excess of the consideration transferred (including any NCI and previously held interest) over the net identifiable assets acquired and is tested annually for impairment. Acquisition-related costs are expensed as incurred. VMED O2 elected to measure the NCI arising on the O2 Daisy Transaction (as defined in note 4) using the proportionate share method. Under this method, the amount of goodwill recognised represents only VMED O2's interest in O2 Daisy (as defined below) and does not include any goodwill attributable to NCI.

On 12 May 2025, Virgin Media O2 entered into a contribution agreement with Jet Holdco Limited (formerly Daisy Topco Limited)

and Jet Comms Pikco Limited (formerly Daisy Pikco Limited) (**Daisy Pikco**) to contribute certain Daisy Group companies (**Daisy Group**) and certain VMED O2 companies including VMBL to create a new B2B telecommunications business (**O2 Daisy**). On 1 August 2025, VMED O2 acquired 70% of O2 Daisy. VMED O2 concluded, by virtue of its majority shareholding, that it obtained control of O2 Daisy at the acquisition date under IFRS 10, and therefore fully consolidates the entity. VMED O2 recognised the fair value of the Daisy Group's net liabilities contributed by Daisy Pikco as part of this transaction. The Daisy Group Net Liabilities (as defined in note 4) were assessed to constitute a business under IFRS 3, and the transaction is accordingly accounted for as a business combination.

There was no change in control over the assets and liabilities contributed by VMBL. This element of the transaction is outside the scope of IFRS 3 and has been recognised as outlined below.

Business combinations between entities that are under common control are outside the scope of IFRS 3 and are accounted for at book value. The assets and liabilities acquired or transferred are recognised or derecognised at the carrying amounts previously recognised in the ultimate controlling parent company's Consolidated Financial Statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain or loss arising is recognised directly in equity.

On 16 September 2021, as part of certain joint venture reorganisation transactions, VMED O2 UK Limited made a contribution to VMED O2, comprising VMED O2 UK Limited's then ownership interests in (i) Virgin Media, (ii) O2 and (iii) VMED O2 UK Financing I plc, in exchange for ordinary shares, issued at a premium. These transactions were accounted for as common control transfers under the pooling interest method. On 24 May 2024, VMED O2 implemented a capital reduction to reduce the share premium reserve to nil and increase the accumulated (loss) profit by £20,559.7 million. The capital reduction was effective from 28 May 2024.

### Intangible Assets

Our primary intangible assets relate to goodwill, customer relationships, mobile spectrum licences and software costs.

Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Goodwill is not amortised, but carried at cost less any accumulated impairment losses. Goodwill is recognised as an asset denominated in the currency of the business acquired and is tested for impairment annually, or more frequently, if there are certain events or changes indicating the possibility that the carrying amount may not be fully recoverable. The potential impairment loss is determined by assessing the recoverable amount of the cash generating unit (**CGU**) to which the goodwill is allocated from the acquisition date. During 2025, we performed our annual quantitative goodwill impairment assessment. We determined that the carrying value exceeded the value in use of the CGU, therefore goodwill impairment expense of £1,021.7 million has been recognised in the current period. During 2024, we recognised no goodwill impairment. An impairment loss recognised for goodwill shall not be reversed in a subsequent period. For additional information, see note 9.

Intangible assets with finite lives are amortised on a straight-line basis over their respective estimated useful lives and reviewed for indications of impairment at each reporting date. Amortisation

methods and useful lives are reviewed at each reporting date and are adjusted, if appropriate.

Customer relationships and brands, arising from the Joint Venture formation, the O2 Daisy Transaction in respect of the Daisy Group, and other acquisitions have been initially recorded at fair value and amortised over an estimated useful life of 6 to 10 years on a straight-line basis, and reviewed for indications of impairment on an ongoing basis, as discussed above. During 2025 and 2024, there were no indicators of impairment for customer relationships.

Licence fees paid to government and other telecommunications providers, which permit telecommunications activities to be operated for defined periods, are capitalised at cost and are amortised on a straight-line basis from the date of commercial launch of the services over the licence period, and are reviewed for indicators of impairment on an ongoing basis, as discussed above.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company that are expected to generate economic benefits beyond one year are recognised as intangible assets. Capitalised internal-use software costs include only external cost of sales of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with the project. Capitalisation of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. Internally-generated intangible assets are amortised on a straight-line basis over their useful lives of between 1 to 10 years. Costs associated with maintaining computer software are expensed as incurred.

Subsequent expenditures related to intangible assets are capitalised only when the expenditures increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally-generated brands, are expensed as incurred.

### Property, Plant and Equipment

Property, plant and equipment are measured at initial cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

We capitalise costs associated with the construction and installation of new fixed-line and mobile network. Capitalised construction and installation costs include materials, labour and other directly attributable costs. Installation activities that are capitalised include (i) the initial connection (or drop) from our fixed-line system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as broadband internet or telephony services. The capitalisation of these costs is based on time sheets, time studies and other verifiable means that directly links the costs incurred with the applicable capitalisable activity. We continuously monitor the appropriateness of our capitalisation policies and update when necessary to respond to changes and facts and circumstances, such as the development of new products and services, and changes in the manner that installations or construction activities are performed. The costs of other customer-facing activities, such as reconnecting and

disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of each major component of an item of property, plant and equipment. Assets in the course of construction are carried at cost, less any recognised impairment losses if required. Depreciation of these assets commences when the assets are ready for their intended use. Assets held under leases are amortised on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. The useful lives of fixed-line and mobile networks that are undergoing a rebuild are adjusted such that property, plant and equipment to be retired will be fully depreciated by the time the rebuild is completed. Useful lives used to depreciate our property, plant and equipment are reviewed at each reporting date and are adjusted if appropriate. The useful lives assigned to property, plant and equipment are as follows:

- Land and buildings — 2 to 50 years
- Plant and machinery — 2 to 30 years
- Computer equipment, tools and other items — 2 to 11 years

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will be achieved and when the cost can be measured reliably. All other expenditures for repairs and maintenance are expensed as incurred. Gains and losses due to disposals are included in restructuring and other operating expense.

### Provisions

A provision is recognised when a present legal or constructive obligation as a result of a past event exists, it is probable (more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate reflecting, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to the parties concerned. For additional information on our restructuring provisions, see note 16.

A provision for asset retirement obligations is recognised related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement.

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, we recognise an impairment loss on the assets associated with the respective contract.

### Leases

On the lease commencement date, we recognise (i) right-of-use (ROU) assets representing our right to use an underlying asset and (ii) lease liabilities representing our obligation to make lease payments over the lease term. Lease and non-lease components in a contract are generally accounted for separately.

We initially measure lease liabilities at the present value of the remaining lease payments over the lease term. Options to extend or terminate the lease are included only when it is reasonably certain that we will exercise that option. As most of our leases do not provide enough information to determine an implicit interest rate, we generally use a portfolio level incremental borrowing rate in our present value calculation. We initially measure ROU assets at the value of the lease liability, plus any initial cost of sales and prepaid lease payments, less any lease incentives received.

ROU assets are generally depreciated on a straight-line basis over the useful life of the asset. Interest expense on the lease liability is recorded using the effective interest method.

We use the "low value" asset lease recognition exemption for all leases less than £5,000 and the short-term lease recognition exemption for all leases with a term of 12 months or less. Therefore, lease payments in such cases are recognised as an expense on a straight-line basis over the lease term.

We determine the lease term as the non-cancellable term of the contract, together with any period covered by an extension (or termination) option whose exercise is discretionary, if there is reasonable certainty that it will be exercised (or it will not be exercised). In our assessment, we consider all available information by asset class in the industry and evaluate all relevant factors (technology, regulation, competition, business model) that create an economic incentive to exercise or not a renewal or cancellation option. In particular, we take into consideration the time horizon of the strategic planning of its operations. After the commencement date, we reassess the lease term if there is a significant event or change in circumstances that is within our control that may affect our ability to exercise (or not to exercise) an option to extend or terminate (for example, a change in business strategy).

In some instances, we act as lessor, notably in respect of agreements with business-to-business (B2B) customers for use of various network assets. For arrangements which meet the criteria to be recognised as a finance lease, we derecognise the asset and recognise a receivable at an amount equal to the net investment in the lease, recognising revenue arising from the lease component when control of the network asset is transferred to the customer.

### Non-Derivative Financial Instruments

Cash and cash equivalents, current trade and other receivables, current related-party receivables and payables, certain other current assets, accounts payable, certain accrued liabilities and value-added taxes (VAT) payable represent financial instruments that are initially recognised at fair value and subsequently carried at amortised cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognised initially at fair value

plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

We initially recognise loans and receivables on the date they are originated. All other financial assets (including assets designated as fair value through the statement of profit or (loss)) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

We derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

We initially recognise debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

We derecognise a financial liability when its contractual obligations are discharged, cancelled or expired.

For information concerning the fair values of our debt and derivatives, see notes 14 and 18, respectively. For information concerning how we arrive at our fair value measurements, see note 19.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest income or expense. Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortised over the term of the related debt using the effective interest method.

### Derivative Instruments

All derivative instruments are not designated as hedging relationships and we do not apply hedge accounting. Our derivative instruments are recorded in our consolidated statements of financial position at fair value. The changes in the fair value of the derivative instrument are recognised in consolidated statements of profit or (loss).

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity in our consolidated statements of cash flows.

For information regarding our derivative instruments, see note 18.

### Inventories

Inventories comprise mainly handsets and network-associated inventory held for resale and are stated at the lower of cost or net realisable value on a first-in, first-out basis, after provisions for obsolescence. Cost comprises costs of purchase and costs incurred in bringing inventory to its current location and condition.

### Trade Receivables

Our trade receivables are initially measured at fair value and subsequently reported at amortised cost, net of an allowance for expected credit losses of trade receivables. The allowance for expected credit losses of trade receivables is estimated based upon our current estimate of lifetime expected credit losses. We use a number of factors in determining the allowance, including, amongst other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote. For additional information regarding our trade receivables and our allowance for expected credit losses of trade receivables, see note 11.

Concentration of credit risk with respect to trade receivables is limited due to our large number of residential and business customers. We also manage this risk by reducing or disconnecting services to customers whose accounts are delinquent.

### Securitisation

VMED O2 utilises securitisation arrangements for certain trade receivables with a number of financial institutions. These receivables are derecognised when the risk and rewards of ownership have been transferred. The related cash flows received are presented as cash flows from operating activities in our consolidated statements of cash flows.

### Cash and Cash Equivalents and Restricted Cash

Cash equivalents consist of money market funds and other investments that are readily convertible into cash and have maturities of three months or less at the time of acquisition. We record money market funds at the net asset value as there are no restrictions on our ability, contractual or otherwise, to redeem our investments at the stated net asset value.

Restricted cash consists of cash and cash equivalents that are not available for general use by the Company due to legal, contractual or other externally imposed restrictions. All cash and cash equivalents that are restricted to a specific use are classified as current or non-current based on the expected timing of the disbursement.

Our significant non-cash investing and financing activities, if any, are disclosed in our consolidated statements of changes in equity and in notes 9, 15 and 18.

### Trade and other Payables

Our trade and other payables are initially measured at fair value and subsequently reported at amortised cost using the effective interest method.

We use supply chain financing programmes to extend payment terms. We assess these arrangements against indicators to assess if debts which have been sold to the funder under the supplier financing programmes continue to meet the definition of trade payables or should be classified as debt.

For additional information regarding our trade and other payables as well as our supply chain financing programmes, see note 12.

### Employee Benefit Plans

We operate both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company makes contributions on behalf of employees to their individual pension accounts which are held by a third-party trustee. The ultimate benefit the employee will receive upon retirement is dependent on the contributions made during the employee's service period as well as the performance of the investments in each employee's individual account. After an employee's service period has ended, the Company has no further obligation to contribute to a defined contribution plan. Only our defined contributions schemes remain open to new participants.

A defined benefit plan is a pension plan that sets the amount of pension benefit an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. For our defined benefit plans, we recognise each pension or post-retirement plan's funded status as either an asset or liability in our consolidated statements of financial position. The net pension asset or net pension liability recognised represents the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. This method determines the present value of the defined benefit obligation by discounting the estimated future cash outflows using interest rates of high quality corporate bonds. The corporate bonds used for this calculation are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the term of the defined benefit obligation. We measure any prior service costs and credits that arise during the period as a component of profit or loss, net of applicable income tax.

### Current and Deferred taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit (including the reversal of taxable temporary differences) will be available against which the deductible temporary differences, and

the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit (including the reversal of taxable temporary differences) will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits (including the reversal of taxable temporary differences) will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Recognising deferred tax assets requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. The actual amount of deferred income tax benefits realised in future periods will likely differ from the net deferred tax assets reflected in our 31 December 2025 consolidated statement of financial position due to, amongst other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Such factors could have a material effect on our current and deferred tax positions as reported in our Consolidated Financial Statements and judgement is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in the UK and United States (US) are subject to interpretation and certain tax positions we take are subject to uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognise the financial statement effects of a tax position when it is considered probable that the position will be sustained upon examination. The determination of whether the tax position meets the probable threshold requires a facts-based judgment using all information available. Where we have concluded that the probable threshold is not met, the amount of tax benefit recognised in our Consolidated Financial Statements is different than the amount taken or expected to be taken in our tax returns.

Income tax relating to items recognised outside profit or loss is recognised outside of profit or loss. Such items are recognised in

correlation to the underlying transaction either in other comprehensive income or directly in equity.

### Revenue Recognition

**Mobile Revenue.** Consideration from mobile contracts is allocated to the airtime service component and the handset component based on the relative standalone selling prices of each component. When we offer handsets and airtime services in separate contracts entered into at the same time, we account for these contracts as a single contract with revenue allocated as described above. Revenue is recognised as each performance obligation is complete – on transfer of the asset for the handset and over the term of service for airtime.

Revenue from prepaid customers is deferred prior to the commencement of services and recognised as the services are rendered or usage rights expire.

Some of our mobile handset contracts that permit the customer to take control of the handset upfront and pay for the handset in instalments over a contractual period may contain a significant financing component. For contracts with terms of one year or more, we recognise any significant financing component as revenue over the contractual period using the effective interest method. We do not record the effect of a significant financing component if the contractual period is less than one year.

**Subscription Revenue — Fixed Network.** We recognise revenue from the provision of broadband internet, video and fixed-line telephony services over our fixed network to customers in the period the related services are provided, with the exception of revenue recognised pursuant to certain contracts that contain promotional discounts, as described below. Installation fees related to services provided over our fixed network are generally deferred and recognised as revenue over the contractual period, or longer if the upfront fee results in a material renewal right.

**Sale of Multiple Products and Services.** We sell broadband internet, video, fixed-line telephony and mobile services to our customers in bundled packages at a lower rate and/or with additional benefits than if the customer purchased each product on a standalone basis. Revenue from bundled packages is allocated proportionally to the individual products or services based on the relative standalone selling price for each respective product or service.

Other hardware sales (e.g. smartphones, tablets) follow the same recognition policies as handset sales. Other mobile subscription revenue includes revenue earned for subscription fees (including those earned from our Mobile Virtual Network Operator (MVNO) partners), inbound roaming (earned from foreign mobile operators whose customers roam onto our mobile network), outbound roaming (earned from customers roaming outside their domestic coverage area) and interconnect revenue (earned from other telecommunication operators whose customers terminate calls on our network). Subscription fees are recognised over the life of the contract. Roaming and interconnect revenue is recognised over time of usage by the customer.

**B2B Revenue.** B2B contracts are comprised of multiple elements, bespoke to the customer. In line with our recognition of revenue for consumer services, where multiple products and services are sold in a B2B environment, we allocate revenue proportionally to each performance obligation within the contract based on the relative standalone selling price, recognising revenue as each performance

obligation is satisfied. For hardware sales, revenue is recognised on transfer of the asset. For connectivity services, revenue is recognised over the contract period as the service is used by the customer.

We defer upfront installation and certain non-recurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortised into revenue on a straight-line basis, generally over the longer of the term of the arrangement or the expected period of performance.

From time to time, we enter into agreements with certain B2B customers pursuant to which they are provided the right to use certain elements of our network. If these agreements are determined to contain a lease that meets the criteria to be considered a finance lease, we recognise revenue from the lease component when control of the network element is transferred to the customer.

**Other Revenue.** Other revenue, excluding construction revenue discussed separately below, consists of ancillary sales linked to the principal activity of the business discussed above (e.g. insurance sales, mobile accessories and Smart Metering). This revenue is recognised on the provision of both goods and services, with revenue recognition on delivery of each separate performance obligation.

**Construction Revenue.** We recognise revenue from the provision of construction services with the respective service providers. For construction partner services, revenue for construction partner costs and materials are recognised on a gross basis as the performance obligations are completed – at the point in time when control is transferred to the service provider. For construction management services and metro connectivity projects, revenue is recognised gross over the period in which services are performed.

**Contract Costs.** Incremental costs to obtain a contract with a customer, such as incremental sales commissions, are generally recognised as assets and amortised over the applicable period benefited, which generally is the contract life. If, however, the amortisation period is less than one year, we expense such costs in the period incurred.

If we transfer goods or services to a customer but do not have an unconditional right to payment, we record a contract asset. Contract assets typically arise from the uniform recognition of introductory promotional discounts over the contract period and accrued revenue for handset sales.

**Contract Liabilities.** We record contract liabilities when we receive payment prior to transferring goods or services to a customer. We primarily recognise contract liabilities for (i) installation and other upfront services which do not represent a separate performance obligation and (ii) other services that are invoiced prior to when services are provided.

**Promotional Discounts.** For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognised uniformly over the contractual period if the contract has substantive termination penalties. If a contract does not have substantive termination penalties, revenue is recognised only to the extent of the discounted monthly fees charged to the subscriber, if any.

**Subscriber Advance Payments.** Payments received in advance for the services we provide are deferred and recognised as revenue when the associated services are provided.

**Sales and Other VAT.** Revenue is recorded net of applicable sales and other VAT.

**Contract Life and Timing of Recognition.** A large portion of our revenue is derived from customers who are not subject to contracts. Revenue from customers not subject to contracts is recognised on a month-to-month basis as the services are provided. Revenue from customers who are subject to contracts is generally recognised over the term of such contracts, which is typically 12 months for our residential service contracts, one to three years for our mobile service contracts and one to seven years for our B2B service contracts.

For additional information regarding our revenue recognition and related costs, see note 11. For a disaggregation of our revenue by major category, see note 5.

### 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.

### Share-based Compensation

We recognise all share-based and long term incentive payments from Liberty Global and Telefónica to our employees, including grants of employee share-based incentive awards, on a fair value basis. We recognise share-based compensation expense as a charge in other expenses in our consolidated statements of profit or (loss) over the vesting period using the accelerated expense attribution method. Our outstanding share awards contain a performance condition and vest on a graded basis. Where borne by our Company, payroll taxes incurred in connection with the vesting or exercise of share-based incentive awards are recorded as a component of share-based compensation expense in our consolidated statements of profit or (loss).

For additional information regarding our share-based compensation, see note 21.

### Critical Accounting Policies, Estimates and Judgements

In connection with the preparation of these Consolidated Financial Statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgements, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of the Consolidated Financial Statements because of the judgement necessary to account for these matters and the significant estimates involved, which are susceptible to change:

- Impairment of property, plant and equipment and intangible assets (including goodwill);
- Business Combinations; and
- Joint arrangements

### (a) Impairment of Property, Plant and Equipment and Intangible Assets (Including Goodwill)

The aggregate carrying value of our property, plant and equipment and intangible assets that was held for use comprised 55.2% and 56.0% of our total assets at 31 December 2025 and 2024, respectively. For additional information regarding goodwill impairment and major sources of estimation uncertainty, see note 9.

When circumstances warrant, we review the carrying amounts of our property, plant and equipment and our intangible assets (other than goodwill) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) an expectation of a sale or disposal of a non-current asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, non-current assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities. If the carrying amount of the asset or asset group is greater than the recoverable amount, an impairment adjustment is recognised. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its recoverable amount. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell. There is not considered to be a significant risk of material adjustment to the carrying amounts of our property, plant and equipment and other intangible assets (apart from goodwill) for the year ended 31 December 2025.

We evaluate goodwill for impairment at least annually and whenever facts and circumstances indicate that the carrying amount of goodwill may not be recoverable. If the recoverable amount is less than carrying value, any excess would be charged to operations as an impairment loss. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For additional information regarding goodwill impairment, see note 9.

The determination of our CGU is judgmental and involves an identification of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGU we use to evaluate goodwill for impairment is our sole reportable segment reflecting our mobile, broadband internet, video and fixed-line telephony business delivered across our fixed-line and mobile networks in the UK. In the current year, no critical judgements were applied in assessing our CGUs.

An impairment loss will be recognised when the recoverable amount, being the higher of the CGU's value-in-use and fair value less costs of disposal, of a CGU is less than the carrying amount at the date of testing. When required, considerable management judgement is necessary to estimate the recoverable amount of our sole CGU and underlying non-current and indefinite-lived assets. We typically determine value-in-use using an income-based approach (discounted cash flows) based on assumptions in our long-range business plans. With respect to our discounted cash flow analysis

used in the income-based approach, the timing and amount of future cash flows under these business plans require estimates of, amongst other items, subscriber growth and retention rates, rates charged per product, expected gross margin and Adjusted EBITDA (as defined in note 32) margin, tax cash flows and expected property, plant and equipment additions. The development of these cash flows and the discount rate applied to the cash flows is subject to inherent uncertainties and actual results could vary significantly from such estimates. Future cash flows used in the value-in-use calculation are based on ten-year financial forecasts used as management's best estimate of the forecast. The process of preparing the strategic plan takes into account current market conditions and challenges, the macroeconomic, competitive, regulatory and technological environment, the CGU's competitive position and future growth opportunities.

Our determination of the discount rate is based on a weighted average cost of capital (**WACC**) approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows.

WACC is considered to be the key source of estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. For additional information regarding goodwill impairment and the major sources of estimation uncertainty, see note 9.

If, amongst other factors, the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that additional impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other non-current assets. Any such impairment charges could be significant.

#### (b) Business Combinations

VMED O2 completed the acquisition of O2 Daisy during the year (see note 4 for further details). We have applied the acquisition method of accounting in accordance with IFRS 3 Business Combinations. This process requires the identification and measurement of the acquiree's identifiable assets and liabilities at their acquisition-date fair values. The determination of these fair values involves significant judgement and the use of estimation techniques, given the inherently forward-looking nature of the assessments.

A significant area of estimation relates to the valuation of intangible assets, including customer relationships and brand-related assets. These valuations are based on discounted cash flow models that rely on a range of assumptions, such as expected future revenue growth, customer churn, projected profitability and appropriate discount

rates. These assumptions reflect management's current assessment of market conditions, expected competitive dynamics and the anticipated performance of the acquired business. Changes in these assumptions could result in material adjustments to the recognised fair values and the related amortisation charges.

#### (c) Joint Arrangements

We participate in a number of joint arrangements where control of the arrangement is shared with one or more other parties. Judgement is required to classify joint arrangements in a separate legal entity as either a joint operation or as a joint venture. This judgement will depend on management's assessment of the legal form and substance of the arrangement taking into account relevant facts and circumstances such as whether the owners have rights to substantially all the economic outputs and, in substance, settle the liabilities of the entity.

The classification can have a material impact on our Consolidated Financial Statements. We account for an interest in a joint operation by recognising the assets and liabilities and the related revenue, expenses and share of commitments in proportion to our contribution to and participation in the joint operation.

Our investment and share of results of joint ventures are accounted for under the equity method where the share of results of joint ventures are shown within single line items in the consolidated statements of financial position and the consolidated statements of profit or (loss), respectively.

We have determined our interest in Cornerstone which is principally engaged in maintaining and managing the non-radio (passive) assets supporting the mobile wireless network of Vodafone Limited (**Vodafone**) and Telefonica UK Limited (**Telefonica UK**) (a subsidiary of VMED O2), to be classified as a joint operation. In both 2025 and 2024, our stake in Cornerstone was reduced (see note 28 for further details). The new minority stakeholder has non-participative rights, and we retain the operational and governance control over Cornerstone. As a result, the assets, liabilities, related revenue, expenses and share of commitments have been recognised in proportion to our contribution to and participation in the joint operation within our financial statements.

We have determined our interests in Tesco Mobile Limited (**Tesco Mobile**) to be classified as a joint venture (the **Tesco Mobile JV**). Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in our share of net assets of the joint venture since the acquisition date. Our consolidated statements of comprehensive income or (loss) reflect our share of the results of operations of the Tesco Mobile JV.

### (3) Recent Accounting Pronouncements

#### New Accounting Standards, Not Yet Effective

At the date of preparation of these consolidated non-statutory financial statements, the following new IAS and 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	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IAS 21 <sup>(a)</sup>	The Effects of Changes in Foreign Exchange Rates	1 January 2027
IFRS 19 <sup>(a)</sup>	Subsidiaries without Public Accountability	1 January 2027
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Asset between an Investor and its Associates or Joint Venture	Available for optional adoption / effective date deferred indefinitely

(a) This standard is yet to be endorsed by UK-adopted IFRS.

We have assessed the impacts of the amendments to IFRS 9 and IFRS 7, the amendments to IAS 21 as well as the implementation of IFRS 19 on the Consolidated Financial Statements, referenced above, and do not expect these to have a material impact.

We are currently assessing the impacts of IFRS 18 on the Consolidated Financial Statements, which will be presented in accordance with this standard from 1 January 2027. IFRS 18 will replace IAS 1 Presentation of Financial Statements and introduces, among other changes, new requirements for presentation within the consolidated statements of profit or (loss) including new totals and subtotals. Furthermore, all income and expenses must be classified into the following categories: operating, investing, financing, income taxes and discontinued operations, with the first three being new.

We do not expect the amendments to IFRS 10 and IAS 28 to have a material impact on the Consolidated Financial Statements.

Amendment to IAS 21: Lack of Exchangeability became effective on 1 January 2025 and has been adopted with no material impact on our Consolidated Financial Statements.

### (4) Acquisition of Subsidiaries

#### O2 Daisy Acquisition

The O2 Daisy Transaction, is a business combination that was effected on 1 August 2025 (the **Acquisition Date**). Relevant information to evaluate the nature and the financial effect of the business combination are described below. The accounting for this business combination, as well as the quantitative information disclosed below has now been completed, subject to the one year window from the Acquisition Date for measurement period adjustments as permitted by IFRS 3.

#### Background

Until the Acquisition Date, VMED O2 operated its own B2B connectivity and digital services division, offering telecommunications and Information Technology (IT) solutions to Small or Home Office (SoHo), Small-Medium Business (SMB), and Large Enterprise, Public Sector (LEPS) customers across the UK. Concurrently, Daisy Group operated as an independent provider of cloud, cybersecurity, connectivity, and voice services, focused on serving a similar B2B market segment with a flexible and agile service model.

Both VMED O2 and Daisy Group recognised the accelerating demand for best-in-class, digital-first, connectivity solutions and managed service solutions, particularly in light of digital transformation, new ways of working and cyber resilience requirements across SoHo, SMBs and LEPS organisations.

On 12 May 2025, VMED O2 entered into a contribution agreement with Daisy Pikco to create a new joint B2B telecommunications entity, O2 Daisy, combining the assets, liabilities and customer bases of both businesses. On the Acquisition Date, following the receipt of all required regulatory and competition approvals, the O2 Daisy Transaction was completed and O2 Daisy commenced operations as a unified B2B service provider. VMED O2 holds a 70% controlling interest in O2 Daisy, while Daisy Pikco retains the remaining 30% NCI.

The combined entity brings together the large customer base and scaled fixed and mobile networks of VMED O2 with the agile platforms and deep B2B expertise of Daisy Group to provide advanced solutions in connectivity, security, and digital workplace transformation with the intention to become a B2B powerhouse, redefining digital-first, cloud-enabled B2B connectivity and managed services in the UK.

#### Accounting Treatment and Significant Judgements

VMED O2 concluded, by virtue of its majority shareholding, that it controls O2 Daisy at the Acquisition Date in accordance with IFRS 10. As a result, VMED O2 fully consolidates O2 Daisy and acquired the assets and liabilities contributed by Daisy Pikco into O2 Daisy (**Daisy Group Net Liabilities**) on the Acquisition Date. No change in control occurred in VMED O2 over the assets and liabilities contributed by VMBL to O2 Daisy (**VMBL Net Liabilities**).

The Group concluded that the Daisy Net Liabilities represent a business and, therefore, the transaction qualifies as a business combination in the scope of IFRS 3.

#### **Acquisition-related costs**

VMED O2 incurred £26.5 million in direct acquisition-related costs for the O2 Daisy Transaction (£18.0 million and £8.5 million during the years ended 31 December 2025 and 2024, respectively). These legal, professional, consultancy and due diligence fees were expensed as incurred in accordance with IFRS 3, under "Other expenses" in the consolidated statements of profit or (loss).

#### **Consideration transferred**

The consideration transferred by VMED O2 to acquire 70% of the Daisy Net Liabilities is in the form of equity consideration, which amounts to £278.5 million (representing the fair value of the equity contributed by VMBL of £928.3 million) according to the exchange ratio agreed between the parties. No cash or other forms of consideration were involved.

#### **Assets acquired and liabilities assumed**

As of 31 December 2025, the purchase price allocation was completed, which resulted in the recognition of purchase price adjustments to the Daisy Group's (i) other intangible assets of £259.9 million, primarily relating to customer relationships, and (ii) other non-current liabilities, primarily relating to a reduction of £8.5 million in deferred revenue, offset by the deferred tax impact of the above-mentioned adjustments of £67.1 million. The amounts recognised at the Acquisition Date represent the fair value of the assets acquired and liabilities assumed with NCI and goodwill recognised, subject to any measurement period adjustments in the one year window noted above.

The total impact of the fair value adjustments is set out below:

	Initial opening balance sheet <sup>(a)</sup>	Fair value adjustments	Fair value of identifiable net assets
	in millions		
Assets:			
Non-current assets:			
Intangible assets	£ 40.6	£ 259.9	£ 300.5
Property, plant and equipment	15.3	—	15.3
Deferred tax assets	24.3	—	24.3
<b>Total non-current assets</b>	<b>80.2</b>	<b>259.9</b>	<b>340.1</b>
Current assets:			
Trade receivables and other current assets	90.2	—	90.2
Inventory	3.4	—	3.4
Cash and cash equivalents	5.9	—	5.9
<b>Total current assets</b>	<b>99.5</b>	<b>—</b>	<b>99.5</b>
<b>Total assets</b>	<b>£ 179.7</b>	<b>£ 259.9</b>	<b>£ 439.6</b>
Liabilities			
Non-current liabilities:			
Non-current portion of debt and lease obligations	£ 840.3	£ —	£ 840.3
Non-current portion of provisions	0.7	—	0.7
Deferred tax liability	—	67.1	67.1
Trade payables and other non-current liabilities	71.3	(8.5)	62.8
<b>Total non-current liabilities</b>	<b>912.3</b>	<b>58.6</b>	<b>970.9</b>
Current liabilities:			
Trade payables and other current liabilities	71.4	—	71.4
Current portion of provisions	0.6	—	0.6
Current portion of debt and lease obligations	3.6	—	3.6
<b>Total current liabilities</b>	<b>75.6</b>	<b>—</b>	<b>75.6</b>
<b>Total liabilities</b>	<b>£ 987.9</b>	<b>£ 58.6</b>	<b>£ 1,046.5</b>

(a) The amounts reflected in the table above represent the Daisy Group Net Liabilities.

The goodwill arising from the O2 Daisy Transaction is set out below:

	1 August 2025
	in millions
Daisy Net Liabilities	£ 606.9
At 70% ownership	424.8
Total consideration transferred	278.5
<b>Goodwill arising from the O2 Daisy Transaction</b>	<b>£ 703.3</b>

The amount of goodwill recognised by O2 Daisy amounts to £703.3 million. None of the goodwill recognised is expected to be deductible for income tax purposes. After the acquisition, the Group is still assessed to be a single CGU.

In accordance with IFRS 10, due to the common control transaction whereby no fair value uplift is recognised in the consolidated accounts, changes in our ownership interest in VMBL that do not result in a loss of control are accounted for as equity transactions. We have recorded a gain of £338.9 million in other reserves, representing 30% of the difference between fair value less the carrying value of VMBL's net assets contributed as the consideration transferred.

### NCI

VMED O2 elected to measure our NCI in O2 Daisy using the proportionate share method. Under this method, the amount of goodwill recognised represents only VMED O2's interest in O2 Daisy and does not include any goodwill attributable to NCI.

On that basis, the NCI in O2 Daisy amounted to (£242.9 million). There have been movements in NCI reflecting the share of loss made by O2 Daisy since the Acquisition Date and dividends paid to Daisy Pikco. The closing NCI at 31 December 2025 relating to O2 Daisy amounts to £287.3 million, for further information see note 28.

### Post acquisition activity and results

On the Acquisition Date, VMED O2 acquired 70% of O2 Daisy along with the debt amounting to £836.9 million, which was subsequently repaid on the same date. The repayment of this debt is shown as a financing cash outflow in the consolidated statement of cash flow.

Since the Acquisition Date, VMED O2 has recorded the following in relation to results of the Daisy Group:

	<b>Five months ended 31 December 2025</b>	
	<b>in millions</b>	
Revenue	£	117.2
Net loss	£	(0.3)

If the acquisition had occurred on 1 January 2025, management's estimate of what the consolidated revenue and consolidated profit for the year would have been is set out below. In determining these amounts, management has assumed that the fair value adjustments, subject to the one year remeasurement period referred to above, arising on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2025:

	<b>Year ended 31 December 2025</b>	
	<b>in millions</b>	
Revenue	£	295.1
Net profit	£	15.3

(a) Subject to the one year remeasurement period referred to above.

## (5) Segment Reporting

We have one reportable segment, consistent with the information reviewed by the Chief Operating Decision Maker (CODM), that provides mobile, broadband internet, video and fixed-line telephony services in the UK. Our revenue by major category is set forth below:

	Year ended 31 December			
	2025		2024	
	in millions			
<b>Mobile</b> <sup>(a)</sup>	<b>£</b>	<b>5,580.2</b>	<b>£</b>	<b>5,687.0</b>
Handset <sup>(a)</sup>		1,178.3		1,286.7
<b>Fixed</b>		<b>3,912.8</b>		<b>3,852.1</b>
Consumer fixed <sup>(b)</sup>		3,361.6		3,400.2
Subscription <sup>(c)</sup>		3,284.8		3,331.2
Other <sup>(d)</sup>		76.8		69.0
B2B fixed <sup>(e)</sup>		551.2		451.9
<b>Other</b> <sup>(f)</sup>		<b>620.1</b>		<b>1,141.4</b>
<b>Total</b>	<b>£</b>	<b>10,113.1</b>	<b>£</b>	<b>10,680.5</b>

(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 £106.8 million or 1.9% during 2025, as compared to 2024. This decrease is primarily due to a reduction in low margin handset 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. Consumer fixed revenue decreased £38.6 million or 1.1% during 2025, as compared to 2024. This decrease is primarily due to a lower customer base amid intense competition, as well as a decline in ARPU.

(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 increased £99.3 million or 22.0% during 2025, as compared to 2024. This increase is primarily due to the impact of the Daisy Group and an increased level of revenue related to long-term leases of a portion of the fixed network more than offsetting lower rental revenues.

(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, Smart Metering, the provision of Information and Communication Technology services, associated connectivity to O2 business customers and other services. Other revenue decreased £521.3 million or 45.7% during 2025, as compared to 2024. This decrease is primarily due to nexfibre construction revenue which decreased from £750.1 million in 2024 to £224.3 million in 2025, resulting from reduced nexfibre construction activity.

## Remaining Performance Obligations

The total future revenue from the remaining terms of our contracts with customers for performance obligations not yet delivered to those customers was estimated to be £7,654.3 million and £7,462.8 million at 31 December 2025 and 2024, respectively. Future revenue is expected to be substantially recognised within two years.

## (6) Group Operating Profit

The details of certain charges (credits) included in group operating profit are set forth below:

	Year ended 31 December			
	2025		2024	
	in millions			
Depreciation of property, plant and equipment (note 10)	£	1,781.5	£	1,632.5
of which depreciation of ROU assets (note 15)	£	184.5	£	187.0
Amortisation of intangible assets (note 9)	£	1,264.0	£	1,220.6
Gain on disposal of property, plant and equipment	£	(3.1)	£	(13.9)
Cost of inventories recognised within cost of sales	£	1,450.4	£	1,551.2
Net impairment losses on financial and contract assets	£	209.4	£	220.1
Goodwill impairment (note 9)	£	1,021.7	£	—

## (7) Auditor's Remuneration

We paid the following amounts to the Group auditor in respect of the audit of the Consolidated Financial Statements and for other services provided to the Group.

Fees paid to the auditor for audit and other services to the Company are not disclosed in the individual accounts, as the Group accounts are required to disclose such fees on a consolidated basis.

Fees payable to the Company's auditor and their associates for other services represent fees payable for services in relation to other statutory filings or engagements that are required to be carried out by the Group's auditor.

	Year ended 31 December			
	2025		2024	
	in millions			
Audit services:				
Audit of the parent Company and financial statements	£	5.4	£	5.3
Fees payable to the Company's auditor and their associates for other services:				
Statutory audit services — statutory accounts of the Company's subsidiaries		0.6		0.6
<b>Total</b>	<b>£</b>	<b>6.0</b>	<b>£</b>	<b>5.9</b>

## (8) Key Management Personnel Compensation

Key management personnel comprise the Board of Directors and key senior management of the Company and its main subsidiaries. Compensation of key management personnel for the indicated periods is as follows:

	Year ended 31 December			
	2025		2024	
	in millions			
Salaries and short-term benefits <sup>(a)</sup>	£	12.4	£	14.6
Share-based compensation <sup>(b)</sup>		12.0		4.7
Post-employment benefits		0.1		0.1
<b>Total</b>	<b>£</b>	<b>24.5</b>	<b>£</b>	<b>19.4</b>

(a) Salaries and short-term benefits include salaries, bonus, directors' fees and certain other cash and non-cash benefits.

(b) Share-based compensation includes charges for awards associated with ordinary shares of Liberty Global and Telefónica. In addition to the amounts in the table above, a payable of £6.7 million (2024: £7.9 million) related to the Joint Venture long-term incentive plan is due to key management personnel with vesting expected from 2026. For additional information, see note 21.

## (9) Intangible Assets

Changes in the carrying amounts of our goodwill and intangible assets subject to amortisation during 2025 and 2024 are as follows:

	Goodwill <sup>(a)</sup>	Customer relationships and brands	Mobile spectrum licences and other	Computer software	Intangible assets in progress	Total <sup>(a)</sup>
	in millions					
<b>Cost:</b>						
<b>1 January 2024 <sup>(a)</sup></b>	£ 12,847.9	£ 7,713.0	£ 1,461.7	£ 988.4	£ 171.9	£ 23,182.9
Additions	—	—	—	—	309.3	309.3
Retirements, disposals and other	—	—	—	(157.5)	—	(157.5)
Assets transferred into service	—	—	—	323.6	(323.6)	—
<b>31 December 2024 <sup>(a)</sup></b>	<b>12,847.9</b>	<b>7,713.0</b>	<b>1,461.7</b>	<b>1,154.5</b>	<b>157.6</b>	<b>23,334.7</b>
Additions <sup>(b)</sup>	—	15.4	142.4	2.6	394.9	555.3
Retirements, disposals and other	—	—	—	(276.8)	—	(276.8)
Assets transferred into service	—	—	—	398.3	(398.3)	—
Assets acquired through business combinations <sup>(c)</sup>	703.3	290.3	0.8	9.4	—	1,003.8
<b>31 December 2025</b>	<b>£ 13,551.2</b>	<b>£ 8,018.7</b>	<b>£ 1,604.9</b>	<b>£ 1,288.0</b>	<b>£ 154.2</b>	<b>£ 24,617.0</b>
<b>Accumulated impairment and amortisation:</b>						
<b>1 January 2024 <sup>(a)</sup></b>	£ (3,107.0)	£ (2,213.9)	£ (263.6)	£ (585.3)	£ —	£ (6,169.8)
Amortisation	—	(857.0)	(81.8)	(281.8)	—	(1,220.6)
Retirements, disposals and other	—	—	—	157.1	—	157.1
<b>31 December 2024 <sup>(a)</sup></b>	<b>(3,107.0)</b>	<b>(3,070.9)</b>	<b>(345.4)</b>	<b>(710.0)</b>	<b>—</b>	<b>(7,233.3)</b>
Amortisation	—	(875.7)	(94.3)	(294.0)	—	(1,264.0)
Impairment	(1,021.7)	—	—	—	—	(1,021.7)
Retirements, disposals and other	—	—	—	276.7	—	276.7
<b>31 December 2025</b>	<b>£ (4,128.7)</b>	<b>£ (3,946.6)</b>	<b>£ (439.7)</b>	<b>£ (727.3)</b>	<b>£ —</b>	<b>£ (9,242.3)</b>
<b>Intangible assets:</b>						
<b>31 December 2025</b>	<b>£ 9,422.5</b>	<b>£ 4,072.1</b>	<b>£ 1,165.2</b>	<b>£ 560.7</b>	<b>£ 154.2</b>	<b>£ 15,374.7</b>
<b>31 December 2024 <sup>(a)</sup></b>	<b>£ 9,740.9</b>	<b>£ 4,642.1</b>	<b>£ 1,116.3</b>	<b>£ 444.5</b>	<b>£ 157.6</b>	<b>£ 16,101.4</b>

(a) As of 31 December 2024, accumulated impairment was offset against the goodwill's cost. In the current year, the presentation has been revised to gross up the cost and accumulated impairment.

(b) Includes additions of £155.2 million for spectrum licences of which £142.2 million is classified as additions to mobile spectrum licences and £13.0 million within intangible assets in progress.

(c) Includes amounts related to the O2 Daisy Transaction, see note 4 for additional information.

Goodwill is not amortised, but is instead tested for impairment at least annually for our sole CGU. An impairment loss will be recognised when the recoverable amount of a CGU is less than the carrying amount at the date of testing.

The determination of our CGU is judgmental and involves an identification of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGU we use to evaluate goodwill for impairment is our sole reportable segment reflecting our mobile, broadband internet, video and fixed-line telephony business delivered across our fixed-line and mobile networks in the UK. Management considered that Virgin Media O2 as a whole, including O2 Daisy, is a single CGU as the same underlying asset base provides mobile, broadband internet, video and fixed-line telephony services in the UK. There is significant fixed-mobile convergence and interlinked business units that align with management's ongoing monitoring of the business. For additional information, see note 2.

The determination of recoverable amount, being the higher of the CGU's value-in-use and fair value less costs of disposal, is inherently judgmental and requires management to determine certain estimates, including management's expectations of future revenue and net cash flows, discount rates and terminal growth rates.

Future cash flows used in the value-in-use calculation are based on ten-year financial forecasts included as part of the business' ten-year plan. Given the capital-intensive nature of the plan in the initial years related to our fibre upgrade programme, and 5G deployment, the Group is not in a steady state. Using a ten-year period for the goodwill impairment analysis more accurately reflects the time horizon until the business reaches steady state.

The business plan takes into account past experience, current market conditions, competitive challenges, in the UK, the macroeconomic, regulatory and technological environment, and future growth opportunities. Management consider EBITDA margin (as defined in note 32), WACC, terminal growth rate and terminal value capital intensity ratio to be key assumptions.

The business plan underpinning the forecast cash flows is based on a series of detailed operating assumptions that collectively support an EBITDA margin ranging from 38.5% to 41.3% over the projection period. Forecast movements in ARPU and customer numbers are consistent with historical trends and planned pricing strategies, though they continue to be negatively affected by the ongoing deterioration of the fixed-line broadband market. Management has introduced a number of cost-efficiency initiatives aimed at mitigating these pressures and partially offsetting their impact on future cash flows. Based on our assessment, each of these granular assumptions do not give rise to significant estimation uncertainty that would reasonably be expected to materially affect the outcome of the impairment test.

Future cash flows are discounted using a post-tax WACC that reflects a market participant view of the weighted average cost of equity and debt. The discount rate comprises the base WACC plus an adjustment for specific risk premium factoring any risks in achieving those cash flows. The post-tax WACC applied in the value-in-use calculation decreased from 7.7% (8.3% pre-tax) at 31 December 2024 to 7.5% (8.1% pre-tax) at 31 December 2025, driven by a higher base WACC that was more than offset by a lower specific risk premium. The decrease in the specific risk premium is a result of moderating our cash flow projections to reflect adverse market developments in the UK market environment, which are expected to persist over the near-term horizon. Our forecasts assume more moderate long term capex, including reduced mid term spend following upfront spectrum purchases, thus reducing execution risk.

The terminal growth rate which forecasts the cash flows at year-10 into perpetuity reflects our long-term growth prospects, the growth and maturity of the industry we operate in and new technology developments. This is benchmarked against externally available data and analysts' estimates. The terminal growth rate used in the value-in-use calculation as of 31 December 2025 and 2024 is 1.0% at both year ends.

The capital intensity ratio used in determining the terminal value free cash flow is based on the strategic plan and reflects that planned network upgrades will be stepped down over time towards a normalised level that is based upon our future capital requirements. The capital intensity ratio applied to the cash flow projections decreased from 15.3% as of 31 December 2024 to 14.8% as of 31 December 2025, driven primarily by a reduction in forecast ROU asset additions.

As of 31 December 2025, the carrying value of £32.2 billion exceeded the value in use of £31.1 billion, resulting in a £1.0 billion goodwill impairment for the year ended 31 December 2025 as disclosed in the consolidated statements of profit or (loss). The goodwill balance reflects only our share of goodwill, and the impairment recorded represents our share of the related charge. No other asset class is impaired.

As of 31 December 2024, we had £0.8 billion in headroom and no impairment charge was recognised.

The impairment charge in 2025 is driven by the below indicators identified as part of the annual impairment test:

- (a) Decline in the projected cash flows resulting from effects of broader market environment in the UK;
- (b) Pressures impacting consumer disposable income and spending levels; and partially offset by
- (c) Decreases in the WACC<sup>(1)</sup>.

The significant estimates used in this year's goodwill calculation are sensitive to reasonably possible changes in key assumptions. The table below presents what the impairment charge would have been had each key estimate been adjusted for independently. The 'low' scenarios illustrate adverse movements in the respective assumptions, whereas the 'high' scenarios illustrate favourable movements.

	Low Scenario	High Scenario
Terminal value EBITDA margin +/- 1%	£1.7 billion impairment	£0.3 billion impairment
WACC <sup>(1)</sup> +/- 0.2%	£2.0 billion impairment	No impairment
Long-term growth rate +/- 0.1%	£1.3 billion impairment	£0.7 billion impairment
Terminal year capital intensity ratio +/- 0.25%	£1.2 billion impairment	£0.8 billion impairment

The additional goodwill of £0.7 billion recognised in 2025 is a result of the O2 Daisy Transaction. Details of which are included in note 4.

(1) Inclusive of both base WACC and specific risk premium adjustment; the reduction in the overall WACC year-over-year increased the value-in-use by £1.0 billion.

## (10) Property, Plant and Equipment

### Property, Plant and Equipment

Changes in the carrying amounts of our property, plant and equipment during 2025 and 2024 are as follows:

	Plant and machinery	Land and buildings	Computer equipment, tools and other items	Property, plant and equipment in progress	Total
	in millions				
<b>Cost:</b>					
<b>1 January 2024</b>	£ 10,772.9	£ 1,182.3	£ 1,779.1	£ 584.6	£ 14,318.9
Additions	135.2	321.0	—	1,875.1	2,331.3
Retirements, disposals and other	(182.7)	(148.5)	(215.5)	(6.8)	(553.5)
Assets transferred into service	1,174.4	37.7	262.0	(1,474.1)	—
<b>31 December 2024</b>	<b>11,899.8</b>	<b>1,392.5</b>	<b>1,825.6</b>	<b>978.8</b>	<b>16,096.7</b>
Additions	80.3	62.2	2.3	1,689.1	1,833.9
Additions through business combinations <sup>(a)</sup>	9.3	6.0	—	—	15.3
Retirements, disposals and other	(229.4)	(102.4)	(17.8)	(0.6)	(350.2)
Assets transferred into service	1,215.9	74.8	166.4	(1,457.1)	—
<b>31 December 2025</b>	<b>£ 12,975.9</b>	<b>£ 1,433.1</b>	<b>£ 1,976.5</b>	<b>£ 1,210.2</b>	<b>£ 17,595.7</b>
<b>Accumulated depreciation:</b>					
<b>1 January 2024</b>	£ (3,716.3)	£ (474.5)	£ (758.1)	£ —	£ (4,948.9)
Depreciation	(1,136.7)	(163.6)	(332.2)	—	(1,632.5)
Retirements, disposals and other	169.3	109.9	212.4	—	491.6
<b>31 December 2024</b>	<b>(4,683.7)</b>	<b>(528.2)</b>	<b>(877.9)</b>	<b>—</b>	<b>(6,089.8)</b>
Depreciation	(1,263.6)	(160.5)	(357.4)	—	(1,781.5)
Retirements, disposals and other	184.2	73.7	32.6	—	290.5
<b>31 December 2025</b>	<b>£ (5,763.1)</b>	<b>£ (615.0)</b>	<b>£ (1,202.7)</b>	<b>£ —</b>	<b>£ (7,580.8)</b>
<b>Property, plant and equipment:</b>					
<b>31 December 2025</b>	<b>£ 7,212.8</b>	<b>£ 818.1</b>	<b>£ 773.8</b>	<b>£ 1,210.2</b>	<b>£ 10,014.9</b>
<b>31 December 2024</b>	<b>£ 7,216.1</b>	<b>£ 864.3</b>	<b>£ 947.7</b>	<b>£ 978.8</b>	<b>£ 10,006.9</b>

(a) Includes amounts related to the O2 Daisy Transaction, see note 4 for additional information.

During 2025 and 2024, we recorded non-cash increases to our property, plant and equipment related to vendor financing arrangements of £853.7 million and £698.9 million, respectively, which exclude related VAT of £161.4 million and £131.4 million, respectively, that were also financed under these arrangements.

### (11) Trade Receivables and Other Assets

The details of our trade receivables and other non-current and current assets are set forth below:

	31 December	
	2025	2024
	in millions	
Trade receivables and other non-current assets:		
Contract assets	£ 78.9	£ 97.1
Contract-related costs	9.5	10.7
Net investment in lease	45.3	28.8
Prepayments	14.0	17.5
Restricted cash	7.5	29.4
Other	176.5	141.7
<b>Total</b>	<b>£ 331.7</b>	<b>£ 325.2</b>
Trade receivables and other current assets:		
Trade receivables	£ 703.4	£ 677.7
Contract assets	519.9	661.9
Contract-related costs	118.4	128.7
Net investment in lease	73.1	73.0
Prepayments	422.2	347.9
Unbilled revenue	182.6	138.7
Other	212.3	264.8
<b>Total</b>	<b>£ 2,231.9</b>	<b>£ 2,292.7</b>

#### 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. We amortised £161.5 million and £179.1 million during 2025 and 2024, respectively, to operating costs and expenses related to these assets.

#### Net Investment in Lease

Net investment in lease refers to a number of lease-out arrangements in respect of agreements with B2B customers for use of various network assets. For further information, see note 15.

The detailed ageing of our trade receivables and the related allowance for expected credit losses is set forth below:

	31 December 2025		31 December 2024	
	Trade receivables, gross	Allowance for expected credit losses	Trade receivables, gross	Allowance for expected credit losses
	in millions			
Not past due	£ 472.5	£ (6.8)	£ 421.3	£ (14.4)
1 - 90 days	286.3	(44.2)	268.5	(34.2)
90 - 360 days	129.0	(134.8)	132.9	(114.9)
Over 360 days	59.7	(58.3)	46.3	(26.0)
<b>Total trade receivables</b>	<b>£ 947.5</b>	<b>£ (244.1)</b>	<b>£ 869.0</b>	<b>£ (189.5)</b>

The development of our allowance for expected credit losses of trade receivables for the indicated periods is set forth below (in millions):

<b>Allowance at 1 January 2024</b>	<b>£</b>	<b>(96.4)</b>
Increase in allowance for expected credit losses <sup>(a)</sup>		(155.6)
Write-off of receivables		62.5
<b>Allowance at 31 December 2024</b>		<b>(189.5)</b>
Increase in allowance for expected credit losses <sup>(a)</sup>		(161.3)
Write-off of receivables		112.0
Expected credit losses acquired through business combinations acquisitions <sup>(b)</sup>		(5.3)
<b>Allowance at 31 December 2025</b>	<b>£</b>	<b>(244.1)</b>

(a) During 2025 and 2024, the net impairment losses on financial and contract assets of £209.4 million and £220.1 million, respectively in the consolidated statements of profit or (loss) include the increase in the allowance for expected credit losses and losses on sale of receivables (securitisation) of £112.0 million and £64.5 million, respectively.

(b) Includes amounts related to the O2 Daisy Transaction, see note 4 for additional information.

When a trade receivable is determined to be uncollectible, it is written off against the allowance for expected credit losses. The allowance for expected credit losses of trade receivables is included within other expenses in our consolidated statements of profit or (loss).

The allowance for expected credit losses is based upon our assessment of probable loss related to uncollectible trade receivables. We use a number of factors in determining the allowance, including, amongst other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

## (12) Trade Payables and Other Liabilities

Trade payables are non-interest bearing and generally repayable on terms of up to 60 days. The details of our trade payables and other non-current and current liabilities are set forth below:

	31 December	
	2025	2024
	in millions	
Trade payables and other non-current liabilities:		
Contract liabilities	£ 99.7	£ 95.3
Other	204.6	118.9
<b>Total</b>	<b>£ 304.3</b>	<b>£ 214.2</b>
Trade payables and other current liabilities:		
Trade payables	£ 1,498.6	£ 1,469.6
Contract liabilities	554.3	515.3
Other taxes payable	524.4	548.4
Accrued capital expenditures	325.5	369.2
Accrued expenses	355.1	268.8
Other	415.1	506.0
<b>Total</b>	<b>£ 3,673.0</b>	<b>£ 3,677.3</b>

During 2025 and 2024, we recognised revenue of £496.9 million and £485.3 million, respectively, that was included in our contract liabilities balances at 31 December 2025 and 2024, respectively.

As of 31 December 2025 and 2024, £385.8 million and £356.5 million of trade payables, respectively, are party to a supplier financing arrangement. Under this supplier financing arrangement, suppliers are paid in line with the invoice due date resulting in no amount due to suppliers at year end. Financial institutions are used to support this arrangement with the liability to these financial institutions recognised in accounts payables.

As of 31 December 2025 and 2024, £48.9 million and £164.1 million of trade payables, respectively, have been factored in a supply chain financing programme. Under this programme, suppliers are paid in line with the invoice due date resulting in no amount due to suppliers at year end. This programme is used for a limited number of suppliers.

The above supplier financing arrangements facilitate an extension of our payment terms from an average of 48 days to a period that exceeds 90 days but does not exceed 180 days.

The Group evaluates all supplier arrangements against a number of indicators to assess if payable continues to hold the characteristic of a trade payable or should it be debt; the most significant of which is whether the payment terms exceed 180 days.

### (13) Inventory

As of 31 December 2025 and 2024, our inventory was £173.3 million and £203.5 million, respectively. Our inventory primarily consists of mobile devices of £119.2 million (2024: £142.1 million) and inventory held for resale to nexfibre of £49.5 million (2024: £61.4 million) and is presented net of provisions for obsolescence. There is no material difference between the carrying value of inventory and its net realisable value.

### (14) Debt

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

	31 December 2025		Principal amount	
	Weighted average interest rate <sup>(a)</sup>	Unused borrowing capacity <sup>(b)</sup> in millions	31 December	
			2025	2024
in millions				
VMED O2 Credit Facilities <sup>(c)</sup>	6.38 %	£ 1,378.0	£ 6,331.7	£ 7,671.6
VMED O2 Senior Secured Notes	5.00 %	—	10,259.6	8,798.1
VMED O2 Senior Notes	4.51 %	—	1,123.8	1,152.2
Vendor financing <sup>(d)</sup>	6.26 %	—	3,037.2	2,984.2
Cornerstone Debt <sup>(e)</sup>	6.05 %	110.0	296.8	194.5
Other <sup>(f)</sup>	5.42 %	—	189.7	320.3
<b>Total third-party debt before deferred financing costs, discounts, premiums and accrued interest <sup>(g)</sup></b>	<b>5.58 %</b>	<b>£ 1,488.0</b>	<b>£ 21,238.8</b>	<b>£ 21,120.9</b>

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 December	
	2025	2024
in millions		
<b>Total third-party debt before deferred financing costs, discounts, premiums and accrued interest</b>	<b>£ 21,238.8</b>	<b>£ 21,120.9</b>
Deferred financing costs, discounts and premiums, net	(33.2)	(8.5)
<b>Total carrying amount of third-party debt</b>	<b>21,205.6</b>	<b>21,112.4</b>
Lease obligations (note 15)	878.6	950.8
<b>Total third-party debt and lease obligations</b>	<b>22,084.2</b>	<b>22,063.2</b>
Accrued interest	352.2	276.9
Related-party debt (note 25)	34.3	22.1
<b>Total debt including interest and lease obligations</b>	<b>£ 22,470.7</b>	<b>£ 22,362.2</b>
<b>Non-current portion of debt and lease obligations</b>	<b>£ 18,642.9</b>	<b>£ 18,569.1</b>
<b>Current portion of debt and lease obligations</b>	<b>£ 3,827.8</b>	<b>£ 3,793.1</b>

(a) Represents the weighted average interest rate in effect at 31 December 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 5.20% at 31 December 2025. For information regarding our derivative instruments, see note 18.

(b) Unused borrowing capacity under the VMED O2 Credit Facilities amounts to £1,378.0 million, comprising (i) £1,324.0 million under the Revolving Facility maturing in September 2029 and (ii) £54.0 million under the Revolving Credit Facility maturing in January 2026. Unused borrowing capacity represents the maximum availability under the VMED O2 Credit Facilities at 31 December 2025 without regard to covenant compliance calculations or other conditions precedent to borrowing. At 31 December 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 December 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 December 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 Debt (as defined and described in (e) below) include two revolving loan facilities with maximum borrowing capacity of £260.0 million. At 31 December 2025, our proportional share of the unused borrowing capacity of the Cornerstone Debt was £110.0 million.
- (c) As of 31 December 2025 and 2024, principal amounts include £94.0 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 footnotes (a) to (c) within our Maturities of Debt section 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 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 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 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 £2,531.9 million and £3,192.0 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 consolidated statements of cash flows.
- (e) Represents our proportional share of the third-party debt of Cornerstone, a £525.0 million term loan facility and two revolving loan credit facilities totalling £260.0 million, which bear interest at Sterling Overnight Index Average (SONIA) + 2.1% and mature on 12 May 2030, and a £14.3 million short-term loan, which bears interest at SONIA + 1.85% and matures on 1 December 2026 (collectively the **Cornerstone Debt**). The Cornerstone Debt were issued at par and are 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 and Telefonica UK (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 Debt), revenue, expenses and share of commitments have been recognised in proportion to VMED O2's contribution to the joint operation within our consolidated financial statements, see note 17 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 December 2025 and 2024, our debt had an estimated fair value of £20.7 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 19.

## General Information

**Credit Facilities.** We have entered into a senior secured credit facility agreement with certain financial and other institutions and senior credit facility agreements with certain non-consolidated special purpose financing entities (as described under *VMED O2 Credit Facilities* below) (the "**credit facilities**"). Certain of our credit facilities provide for adjustments to our borrowing rates based on the achievement, or otherwise, of certain Environmental, Social, Governance (**ESG**)-linked metrics. While these adjustments to our borrowing rates result in a reduction of our interest expense, the impact is not significant relative to our overall interest expense.

Our credit facilities contain certain covenants, the more notable of which are as follows:

- Our credit facilities contain certain consolidated net leverage ratios, as specified in the relevant credit facility, which are required to be complied with (i) on an incurrence basis and (ii) in respect of our senior secured credit facilities, when the associated revolving credit facilities have been drawn beyond a specified percentage of the total available revolving credit commitments on a maintenance basis;
- Subject to certain customary and agreed exceptions, our credit facilities contain certain restrictions which, among other things, restrict the ability of certain of our subsidiaries to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets and (iv) make certain restricted payments to their direct and indirect parent companies through dividends, loans or other distributions;
- Our credit facilities require that certain of our subsidiaries (i) guarantee the payment of all sums payable under the relevant credit facility and (ii) in respect of our senior secured credit facilities, grant first-ranking security over substantially all of their assets to secure the payment of all sums payable thereunder;
- In addition to certain mandatory prepayment events, the instructing group of lenders under our senior secured credit facilities, under certain circumstances, may cancel the lenders' commitments thereunder and declare the loan(s) thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the senior secured credit facilities);
- In addition to certain mandatory prepayment events, the individual lender under each of our senior credit facilities, under certain circumstances, may cancel its commitments thereunder and declare the loan(s) thereunder due and payable at a price of 101% after the applicable notice period following the occurrence of a change of control (as specified in the relevant senior credit facility);
- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions, materiality qualifications and cure rights, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) declare that all or part of the loans be payable on demand and (iii) accelerate all outstanding loans and terminate their commitments thereunder;
- Our credit facilities require that we observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions;
- In addition to customary default provisions, our senior secured credit facilities include cross-default provisions with respect to the other indebtedness of certain of our subsidiaries, subject to agreed minimum thresholds and other customary and agreed exceptions; and
- Our senior credit facilities provide that any failure to pay principal at its stated maturity (after the expiration of any applicable grace period) of, or any acceleration with respect to, other indebtedness of the borrower or certain subsidiaries over agreed minimum thresholds (as specified under the applicable senior credit facility), is an event of default under the respective senior credit facility.

From time to time, we create special purpose financing entities (**SPEs**). These SPEs are created for the primary purpose of facilitating the offering of Senior Secured Notes, which we collectively refer to as "**SPE Notes**".

The SPEs use the proceeds from the issuance of the SPE Notes to fund term loan facilities under the senior secured credit facilities, each a “**Funded Facility**” and collectively, the “**Funded Facilities**.” Each SPE is dependent on payments from the relevant borrowing entity under the applicable Funded Facility in order to service its payment obligations under each respective SPE Note. The SPEs are consolidated by VMED O2. As a result, the amounts outstanding under the Funded Facilities of the SPEs are eliminated in the Consolidated Financial Statements of VMED O2.

Pursuant to the respective indentures for the SPE Notes (the **SPE Indentures**) and the respective accession agreements for the Funded Facilities, the call provisions, maturity dates and applicable interest rates for each Funded Facility are the same as those of the related SPE Note. Each SPE, as lender under the relevant Funded Facility, is treated the same as the other lenders under the senior secured credit facilities, with benefits, rights and protections similar to those afforded to the other lenders. Through the covenants in the applicable SPE Indenture and the applicable security interests over the relevant SPE’s rights under the applicable Funded Facility granted to secure the relevant SPE’s obligations under the relevant SPE Notes, the holders of the SPE Notes are provided indirectly with the benefits, rights, protections and covenants granted to the SPE as lender under the applicable Funded Facility. The SPEs are prohibited from incurring any additional indebtedness, subject to certain exceptions under the SPE Indentures.

The SPE Notes are non-callable prior to their respective call date (as specified under the applicable SPE Indenture). If, however, at any time prior to the applicable call date, all or a portion of the loans under the related Funded Facility are voluntarily prepaid (a **SPE Early Redemption Event**), then the SPE will be required to redeem an aggregate principal amount of its respective SPE Notes equal to the aggregate principal amount of the loans prepaid under the relevant Funded Facility. In general, the redemption price payable will equal 100% of the principal amount of the applicable SPE Notes to be redeemed and a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the applicable call date using the discount rate as of the redemption date plus a premium (as specified in the applicable SPE Indenture). Upon the occurrence of a SPE Early Redemption Event on or after the applicable call date, the SPE will redeem an aggregate principal amount of its respective SPE Notes equal to the principal amount prepaid under the related Funded Facility at a redemption price (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable SPE Indenture), if any, to the applicable redemption date.

**Senior and Senior Secured Notes.** Virgin Media Finance plc, VMED O2 UK Financing I plc (**VMED O2 Financing I**) and Virgin Media Secured Finance plc (**Virgin Media Secured Finance**), each a wholly-owned subsidiary of VMED O2, have issued certain senior and Senior Secured Notes, respectively. In general, our senior and Senior Secured Notes (i) are senior obligations of the issuer of such notes that rank equally with all of the existing and future senior debt of such issuer and are senior to all existing and future subordinated debt of such issuer, (ii) contain, in most instances, certain guarantees from certain of our subsidiaries (as specified in the applicable indenture) and (iii) with respect to our Senior Secured Notes, are secured by certain pledges or liens over substantially all of the assets of certain of our subsidiaries. In addition, the indentures governing our senior and Senior Secured Notes contain certain covenants, the more notable of which are as follows:

- Our notes provide that any failure to pay principal at its stated maturity (after the expiration of any applicable grace period) of, or any acceleration with respect to, other indebtedness of the issuer or certain subsidiaries over agreed minimum thresholds (as specified under the applicable indenture), is an event of default under the respective notes;
- Subject to certain materiality qualifications and other customary and agreed exceptions, our notes contain (i) certain customary incurrence-based covenants and (ii) certain restrictions that, amongst other things, restrict our ability to (a) incur or guarantee certain financial indebtedness, (b) make certain disposals and acquisitions, (c) create certain security interests over our assets and (d) make certain restricted payments to our direct and indirect parent companies through dividends, loans or other distributions;
- If certain of our subsidiaries (as specified in the applicable indenture) sell certain assets, the issuer must, subject to certain materiality qualifications and other customary and agreed exceptions, offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, the issuer must offer to repurchase all of the relevant notes at a redemption price of 101%; and
- Our Senior Secured Notes contain certain early redemption provisions including the ability to, during each 12-month period commencing on the issue date for such notes until the applicable call date (**Call Date**), redeem up to 10% of the original principal amount of the notes at a redemption price equal to 103% of the principal amount of the notes to be redeemed plus accrued and unpaid interest.

## VMED O2 Notes

The details of the outstanding VMED O2 Notes as of 31 December 2025 are summarised in the following table:

VMED O2 Notes	Maturity	Interest rate	Original issue amount	Outstanding principal amount		Carrying value <sup>(a)</sup>
				Borrowing currency	Pound sterling equivalent	
in millions						
Senior Notes:						
2030 5.000% Dollar Senior Notes	15 July 2030	5.000 %	\$ 925.0	\$ 925.0	£ 687.6	£ 687.2
2030 3.750% Euro Senior Notes	15 July 2030	3.750 %	€ 500.0	€ 500.0	436.2	436.7
<b>Total Senior Notes</b>					<b>1,123.8</b>	<b>1,123.9</b>
Senior Secured Notes:						
2029 4.000% Sterling Senior Secured Notes <sup>(b)</sup>	31 January 2029	4.000 %	£ 600.0	£ 600.0	600.0	598.3
2029 5.500% Dollar Senior Secured Notes	15 May 2029	5.500 %	\$ 1,425.0	\$ 1,425.0	1,059.3	1,092.3
2029 5.250% Sterling Senior Secured Notes	15 May 2029	5.250 %	£ 340.0	£ 340.0	340.0	348.8
2030 4.250% Sterling Senior Secured Notes	15 January 2030	4.250 %	£ 635.0	£ 635.0	635.0	635.5
2030 4.500% Dollar Senior Secured Notes	15 August 2030	4.500 %	\$ 915.0	\$ 915.0	680.2	681.0
2030 4.125% Sterling Senior Secured Notes	15 August 2030	4.125 %	£ 480.0	£ 480.0	480.0	479.3
2031 3.250% Euro Senior Secured Notes <sup>(b)</sup>	31 January 2031	3.250 %	€ 950.0	€ 950.0	828.8	833.3
2031 4.250% Dollar Senior Secured Notes <sup>(b)</sup>	31 January 2031	4.250 %	\$ 1,350.0	\$ 1,350.0	1,003.5	990.4
2031 4.750% Dollar Senior Secured Notes <sup>(b)(c)</sup>	15 July 2031	4.750 %	\$ 1,400.0	\$ 1,400.0	1,040.7	1,038.7
2031 4.500% Sterling Senior Secured Notes <sup>(b)(c)</sup>	15 July 2031	4.500 %	£ 675.0	£ 675.0	675.0	672.9
2032 7.750% Dollar Senior Secured Notes <sup>(b)</sup>	15 April 2032	7.750 %	\$ 750.0	\$ 950.0	706.2	708.3
2032 5.625% Euro Senior Secured Notes <sup>(c)</sup>	15 April 2032	5.625 %	€ 600.0	€ 1,810.0	1,579.0	1,585.7
2033 6.750% Dollar Senior Secured Notes <sup>(c)</sup>	15 January 2033	6.750 %	\$ 850.0	\$ 850.0	631.9	628.0
<b>Total Senior Secured Notes</b>					<b>10,259.6</b>	<b>10,292.5</b>
<b>Total</b>					<b>£ 11,383.4</b>	<b>£ 11,416.4</b>

(a) Amounts are net of deferred financing costs, discounts, premiums and accrued interest, including amounts recorded in connection with acquisition accounting for the Joint Venture, where applicable.

(b) Respective Senior Secured Notes are SPE Notes that have been issued by VMED O2 Financing I.

(c) Respective Senior Secured Notes are VMED O2 Green Bonds that have been issued by VMED O2 Financing I.

The VMED O2 Notes are non-callable prior to the applicable Call Dates, as presented in the table below. At any time prior to the respective Call Date, the Company may redeem some or all of the applicable notes by paying a 'make-whole' premium, which is the present value of all remaining scheduled interest payments to the applicable Call Date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.



## VMED O2 Credit Facilities

The VMED O2 Credit Facilities are the senior and senior secured credit facilities of certain subsidiaries of VMED O2. The details of the borrowings under the VMED O2 Credit Facilities as of 31 December 2025 are summarised in the following table:

VMED O2 Credit Facilities	Maturity	Interest rate	Facility amount (in borrowing currency)	Outstanding principal amount	Unused borrowing capacity	Carrying value <sup>(a)</sup>
in millions						
Senior Secured Facilities:						
O <sup>(b)</sup>	31 January 2029	EURIBOR + 2.500%	€ 200.0	£ 174.5	£ —	£ 174.2
Q <sup>(c)</sup>	31 January 2029	Term SOFR + 3.250%	\$ 1,300.0	966.2	—	966.6
S <sup>(d)</sup>	31 January 2029	4.000%	£ 600.0	598.3	—	598.3
T <sup>(d)</sup>	31 January 2031	3.250%	€ 950.0	833.3	—	833.3
U <sup>(d)</sup>	31 January 2031	4.250%	\$ 1,350.0	990.4	—	990.4
V <sup>(d)(e)</sup>	15 July 2031	4.500%	£ 675.0	672.9	—	672.9
W <sup>(d)(e)</sup>	15 July 2031	4.750%	\$ 1,400.0	1,038.7	—	1,038.7
Y <sup>(c)(e)</sup>	31 March 2031	Term SOFR + 3.250%	\$ 2,080.2	1,546.4	—	1,530.1
Z <sup>(b)(e)</sup>	15 October 2031	EURIBOR + 3.500%	€ 720.0	628.1	—	620.4
AA <sup>(d)</sup>	15 April 2032	5.625%	€ 1,810.0	1,585.7	—	1,585.7
AB <sup>(d)</sup>	15 April 2032	7.750%	\$ 950.0	708.3	—	708.3
AC1 <sup>(e)</sup>	1 August 2030	SONIA + 3.250%	£ 925.0	925.0	—	908.7
AC2 <sup>(e)</sup>	1 August 2030	SONIA + 3.250%	£ 750.0	750.0	—	736.9
AE <sup>(e)</sup>	31 January 2033	EURIBOR + 3.250%	€ 1,430.0	1,247.5	—	1,238.6
Revolving Facility <sup>(f)</sup>	31 January 2026	SONIA + 2.750%	£ 54.0	—	54.0	—
Revolving Facility <sup>(f)</sup>	30 September 2029	SONIA + 2.750%	£ 1,324.0	—	1,324.0	—
Elimination of Facilities S, T, U, V, W AA and AB in consolidation <sup>(d)</sup>				(6,427.6)	—	(6,427.6)
<b>Total Senior Secured Facilities</b>				<b>6,237.7</b>	<b>1,378.0</b>	<b>6,175.5</b>
Senior Facilities:						
Financing Facility III <sup>(g)</sup>	15 July 2028	4.875%	£ 900.0	48.6	—	47.9
Financing Facility IV <sup>(g)</sup>	15 July 2028	5.000%	\$ 500.0	41.1	—	41.1
Financing Facility V <sup>(g)</sup>	15 March 2032	7.875%	£ 400.0	4.3	—	4.3
<b>Total Senior Facilities</b>				<b>94.0</b>	<b>—</b>	<b>93.3</b>
<b>Total</b>				<b>£ 6,331.7</b>	<b>£ 1,378.0</b>	<b>£ 6,268.8</b>

(a) Amounts are net of deferred financing costs and discounts, where applicable.

(b) Facility O, Z and AE are each subject to a Euro Interbank Offered Rate (EURIBOR), and any applicable credit adjustment spread, floor of 0.0%.

(c) Facility Q and Facility Y are each subject to a Term Secured Overnight Financing Rate (Term SOFR), and any applicable credit adjustment spread, floor of 0.0%. For details around the transition from London Interbank Offered Rate (LIBOR) to Term SOFR, see note 17.

(d) The amounts outstanding under Facilities S through W, AA and AB are eliminated in our Consolidated Financial Statements.

(e) Rates are subject to adjustment based on the achievement or otherwise of certain ESG metrics.

(f) The Revolving Facility has a fee on unused commitments of 1.1% per year.

(g) Amounts represent borrowings that are owed to certain non-consolidated SPEs 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. 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 these excess cash facilities under our senior credit facilities.

## 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.

In January 2025, we entered into a USD 500.0 million sustainability-linked term loan facility (Term Loan Y1). Term Loan Y1 matures on 31 March 2031 and bearing 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 ESG metrics). USD 495.0 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. In April 2025, Term Loan Y1 became fungible with Term Loan Y.

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

In April 2025, Cornerstone executed refinancing activities and repaid borrowings under their £575.0 million revolving loan facility such that the loan was extinguished. In its place, the Cornerstone Debt consist of the following three facilities: a £525.0 million term loan facility; a £160.0 million revolving credit facility; and a £100.0 million revolving credit facility. The Cornerstone Debt were issued at par, mature in May 2030 and bearing interest at a rate of SONIA + 2.1%, subject to a SONIA floor of 0.0%.

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 set to mature in 2030. In July 2025, the remaining £3.7 million of Term Loan X1 was refinanced into Term Loan AC2.

In July 2025, we completed a EUR 500.0 million private tap of the green EUR 5.625% 2032 Senior Secured Notes. The instrument matures in April 2032 and bearing a 5.625% annual coupon, with proceeds used to prepay USD 347.5 million of Term Loan N and purchase USD 173.5 million of Term Loan N for cash at par (such purchased amounts being automatically extinguished) pursuant to a tender and exchange offer relating to Term Loan N (**Tender and Exchange Offer**). USD 330.2 million of Term Loan N also exchanged into Term Loan Y due 2031 as part of the Tender and Exchange Offer.

In July 2025, we settled debt relating to our securitisation arrangements with a SPE, consolidated by VMED O2. The net borrowings settled was £110.0 million.

In August 2025, we completed a EUR 510.0 million private tap of the green EUR 5.625% 2032 Senior Secured Notes, with proceeds used to prepay USD 540.0 million of Term Loan N.

In August 2025, a £925.0 million principal amount term loan facility (**Term Loan AC1**) was issued in connection with the creation of O2 Daisy. Term Loan AC1 matures on 1 August 2030 and bearing interest at a rate of 3.25% + SONIA per annum, subject to adjustment based on the achievement or otherwise of certain ESG metrics, with proceeds used to refinance existing debt held by the Daisy Group upon acquisition.

In September 2025, we completed a EUR 200.0 million private tap of the green EUR 5.625% 2032 Senior Secured Notes and a USD 200.0 million private tap of the USD 7.750% 2032 Senior Secured Notes. The proceeds from these private taps of the EUR and USD 2032 Senior Secured Notes were used to prepay USD 423.3 million of Term Loan N.

In October 2025, we issued a USD 850.0 million principal amount of Senior Secured Notes at par, maturing on 15 January 2033 and bearing interest at a rate of 6.75%, with proceeds used to prepay USD 845.0 million of Term Loan N.

In December 2025, we issued a EUR 1,430.0 million term loan (**Term Loan AE**), maturing on 31 January 2033 and bearing interest at a rate of 3.25% + EURIBOR, subject to adjustment based on the achievement or otherwise of certain ESG metrics. Proceeds were used to (i) prepay USD 145.0 million of Term Loan N, (ii) prepay EUR 302.2 million of Term Loan R and prepay EUR 9.5 million of Term Loan O, and (iii) purchase EUR 447.8 million of Term Loan R and EUR 540.4 million of Term Loan O, which were subsequently exchanged in Term Loan AE.

## Maturities of Debt

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

	Third-party debt <sup>(a)</sup>	Related-party debt	Total
	in millions		
<b>Year ending 31 December:</b>			
2026 <sup>(b)</sup>	£ 3,266.0	£ 34.3	£ 3,300.3
2027	34.3	—	34.3
2028	19.2	—	19.2
2029	3,140.3	—	3,140.3
2030	4,890.8	—	4,890.8
Thereafter	9,888.2	—	9,888.2
<b>Total debt maturities <sup>(c)</sup></b>	<b>£ 21,238.8</b>	<b>£ 34.3</b>	<b>£ 21,273.1</b>
Accrued interest	352.2	—	352.2
Deferred financing costs, discounts and premiums, net	(33.2)	—	(33.2)
<b>Total debt</b>	<b>£ 21,557.8</b>	<b>£ 34.3</b>	<b>£ 21,592.1</b>
<b>Non-current portion</b>	<b>£ 17,939.9</b>	<b>£ —</b>	<b>£ 17,939.9</b>
<b>Current portion</b>	<b>£ 3,617.9</b>	<b>£ 34.3</b>	<b>£ 3,652.2</b>

a) Amounts include 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 vendor financing obligations of £3,071.5 million, as set forth below:

Year ending 31 December:

	in millions	
2026	£	3,022.9
2027		34.3
2028		14.1
2029		0.2
Total vendor financing maturities <sup>(a)(b)</sup>	£	3,071.5
Non-current portion	£	48.6
Current portion	£	3,022.9

(a) Virgin Media Vendor Financing Notes III Designated Activity Company and Virgin Media Vendor Financing Notes IV Designated Activity Company have issued an aggregate £1,271.7 million equivalent of notes maturing in July 2028 and Virgin Media O2 Vendor Financing Notes V have issued £575.0 million equivalent of notes maturing in March 2032 (together the **VM Financing Companies**). The net proceeds from these notes are used by the 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 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.

(b) Amount includes third-party debt of £3,037.2 million and related-party debt of £34.3 million.

As of 31 December 2025 and 2024, £3,022.9 million and £2,923.7 million, respectively, being the current portion of our vendor financing obligations, are party to a supplier financing arrangement. Under this supplier financing arrangement, suppliers are paid in line with the invoice due date resulting in no amount due to suppliers at year end. Financial institutions are used to support this arrangement with the liability to these financial institutions recognised in debt.

The above supplier financing arrangements facilitate an extension of our payment terms from an average of 41 days to an average period that exceeds 180 days but which is less than 365 days.

As of 31 December 2025 and 2024, £48.6 million and £60.5 million, respectively, being the non-current portion of our vendor financing obligations, are party to a supplier financing arrangement. Under this programme, suppliers are paid in line with the invoice due date resulting in no amount due to suppliers at year end. This programme is used for a limited number of suppliers.

The above supplier financing arrangements facilitate an extension of our payment terms from an average of 66 days to an average period that exceeds 365 days but which is less than 5 years.

### 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			
<b>Balance at 1 January</b>	£	2,984.2	£	2,991.2
Operating-related vendor financing additions		2,531.9		3,192.0
Capital-related vendor financing additions		1,015.1		830.3
Principal payments on operating-related vendor financing		(2,623.0)		(3,142.5)
Principal payments on capital-related vendor financing		(841.5)		(883.4)
Foreign currency and other		4.8		(3.4)
<b>Balance at 31 December <sup>(a)</sup></b>	£	3,071.5	£	2,984.2

(a) The balance as of 31 December 2025 includes third-party debt of £3,037.2 million and related-party debt of £34.3 million. The balance as of 31 December 2024 includes third-party debt of £2,984.2 million.

## (15) Leases

### General

We enter into leases for network equipment and real estate.

### ROU Assets

A summary of the changes in our ROU assets during 2025 and 2024 is set forth below:

	Plant and Machinery	Land and buildings	Total
	in millions		
<b>Cost:</b>			
<b>1 January 2024</b>	£ 240.5	£ 892.1	£ 1,132.6
Additions	135.2	321.0	456.2
Retirements and disposals	(34.7)	(141.1)	(175.8)
<b>31 December 2024</b>	<b>341.0</b>	<b>1,072.0</b>	<b>1,413.0</b>
Additions	82.6	62.2	144.8
Additions acquired through business combinations <sup>(a)</sup>	2.0	5.1	7.1
Retirements and disposals	(46.1)	(82.2)	(128.3)
<b>31 December 2025</b>	<b>£ 379.5</b>	<b>£ 1,057.1</b>	<b>£ 1,436.6</b>
<b>Accumulated depreciation:</b>			
<b>1 January 2024</b>	£ (125.7)	£ (329.8)	£ (455.5)
Depreciation	(60.7)	(126.3)	(187.0)
Retirements and disposals	19.8	105.6	125.4
<b>31 December 2024</b>	<b>(166.6)</b>	<b>(350.5)</b>	<b>(517.1)</b>
Depreciation	(70.3)	(114.2)	(184.5)
Retirements and disposals	25.9	52.1	78.0
<b>31 December 2025</b>	<b>£ (211.0)</b>	<b>£ (412.6)</b>	<b>£ (623.6)</b>
<b>ROU assets, net:</b>			
<b>31 December 2025</b>	<b>£ 168.5</b>	<b>£ 644.5</b>	<b>£ 813.0</b>
31 December 2024	£ 174.4	£ 721.5	£ 895.9

(a) Includes amounts related to the O2 Daisy Transaction, see note 4 for additional information.

Our ROU assets are included in property, plant and equipment, in our consolidated statements of financial position. During the year ended 31 December 2025 and 2024, we recorded non-cash additions to our ROU assets associated with leases of £144.8 million and £456.2 million, respectively. At 31 December 2025 and 2024, the weighted average remaining lease term of our ROU assets was 8.7 years and 9.0 years, respectively, and the weighted average discount rate was 6.0% and 5.8%, respectively.

### Lease Liabilities

Maturities of our lease liabilities are presented below:

	31 December	
	2025	2024
	in millions	
Not later than one year	£ 223.1	£ 213.4
Later than one year and not later than five years	523.7	593.0
Later than five years	427.4	467.4
<b>Total payments</b>	<b>1,174.2</b>	<b>1,273.8</b>
Less: present value discount	(295.6)	(323.0)
<b>Present value of lease payments</b>	<b>£ 878.6</b>	<b>£ 950.8</b>
<b>Non-current portion <sup>(a)</sup></b>	<b>£ 703.0</b>	<b>£ 787.5</b>
<b>Current portion <sup>(a)</sup></b>	<b>£ 175.6</b>	<b>£ 163.3</b>

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

## Lease Expense

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

	Year ended 31 December	
	2025	2024
	in millions	
Depreciation:		
Land and buildings	£ 114.2	£ 126.3
Plant and machinery	70.3	60.7
<b>Total depreciation</b>	<b>184.5</b>	<b>187.0</b>
Interest expense	49.2	43.6
<b>Total lease expense</b>	<b>£ 233.7</b>	<b>£ 230.6</b>

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 2025 and 2024 were £228.2 million and £240.8 million, respectively.

## Leases as a Lessor

We have entered into a number of lease-out arrangements in respect of agreements with B2B customers for use of various network assets. For these arrangements, we have derecognised the asset and recognised revenue arising from the lease component when control of the network asset is transferred to the customer. During 2025 and 2024, we recognised net gains of £56.5 million and £36.6 million, respectively, and interest income of £2.3 million and £3.7 million, respectively, related to these arrangements.

The non-current and current portions of our lease receivables are included within trade receivables and other non-current assets and trade receivables and other current assets, respectively, in our consolidated statements of financial position. Maturities of our lease receivables are presented below:

	31 December	
	2025	2024
	in millions	
Not later than one year	£ 76.2	£ 75.8
Later than one year and not later than five years	49.5	33.6
<b>Total undiscounted lease receivables</b>	<b>125.7</b>	<b>109.4</b>
Less: unearned finance income	(7.3)	(7.6)
<b>Net investment in leases</b>	<b>£ 118.4</b>	<b>£ 101.8</b>

## (16) Provisions

A summary of the changes in our provisions during the indicated periods is set forth below:

	Restructuring <sup>(a)</sup>		Asset retirement obligations <sup>(b)</sup>		Other		Total	
	in millions							
	£		£		£		£	
<b>Balance at 1 January 2024</b>	<b>48.0</b>		<b>141.5</b>		<b>4.8</b>		<b>194.3</b>	
Additions to property, plant and equipment and other	—		12.7		—		12.7	
Disposals of property, plant and equipment and other	—		(10.1)		—		(10.1)	
Net charges (credits) included in other expenses in the consolidated statements of profit or (loss)	51.0		(1.3)		(0.5)		49.2	
Cash payments	(83.0)		(2.6)		—		(85.6)	
<b>Balance at 31 December 2024</b>	<b>16.0</b>		<b>140.2</b>		<b>4.3</b>		<b>160.5</b>	
Additions to property, plant and equipment and other	—		8.7		—		8.7	
Disposals of property, plant and equipment and other	—		(2.4)		—		(2.4)	
Acquired through business combinations <sup>(c)</sup>	—		1.3		0.1		1.4	
Net charges (credits) included in other expenses in the consolidated statements of profit or (loss)	16.7		6.5		(1.2)		22.0	
Cash payments	(26.5)		(1.9)		(0.1)		(28.5)	
<b>Balance at 31 December 2025</b>	<b>6.2</b>		<b>152.4</b>		<b>3.1</b>		<b>161.7</b>	
Non-current	—		134.4		0.5		134.9	
Current	16.0		5.8		3.8		25.6	
<b>Balance at 31 December 2024</b>	<b>16.0</b>		<b>140.2</b>		<b>4.3</b>		<b>160.5</b>	
Non-current	—		138.2		0.4		138.6	
Current	6.2		14.2		2.7		23.1	
<b>Balance at 31 December 2025</b>	<b>6.2</b>		<b>152.4</b>		<b>3.1</b>		<b>161.7</b>	

(a) Restructuring provisions include the full cost of planned business restructuring programmes entered into during the year, 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 December 2025 and 2024, are anticipated to be over the next 20 and 21 years, respectively. The provision recognised represents the best estimate of the expenditure required to settle the present obligation at 31 December 2025. Such cost estimations, expressed at current price levels at the date of the estimate, are discounted using the weighted average rates at 31 December 2025 and 2024 of 4.7% and 4.7%, respectively. The initial discounted cost amount has been capitalised as part of property, plant and equipment and depreciated over the life of the assets.

(c) Includes amounts related to the O2 Daisy Transaction, see note 4 for additional information.

## (17) Financial Risk Management

### Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below.

### Credit Risk

Credit risk is the risk that we would experience financial loss if our customers or the counterparties to our financial instruments and cash investments were to default on their obligations to us.

We manage the credit risks associated with our trade receivables by performing credit verifications, following established dunning procedures and engaging collection agencies. We also manage this risk by disconnecting services to customers whose accounts are delinquent. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers. For information regarding the ageing of our trade receivables, see note 11.

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 December 2025, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £124.0 million, (ii) aggregate undrawn debt facilities of £1,488.0 million and (iii) cash and cash equivalents of £566.3 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.

## Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations. In addition to cash and cash equivalents, our primary sources of liquidity are cash provided by operations and access to the available borrowing capacity of our various debt facilities. For information regarding our borrowing availability, see note 14.

The ongoing cash needs of VMED O2 include corporate general and administrative expenses and fees associated with the JV Service Agreements (as defined in note 25). From time to time, we 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 or privately-negotiated transactions), (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 Shareholders Agreement (as defined in note 25), (iii) the satisfaction of contingent liabilities or (iv) acquisitions and other investment opportunities.

Our most significant financial obligations relate to our debt obligations, as described in note 14. The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Our sources of liquidity at the parent level include (i) our cash and cash equivalents and (ii) subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. For information regarding limitations imposed by our subsidiaries' debt instruments, see note 14. It is the intention of the Shareholders that the Joint Venture, and by extension VMED O2, will be a self-funding company capable of financing its activities on a stand-alone basis without recourse to either Shareholder.

Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our current sources of liquidity will be sufficient to fund our currently anticipated working capital needs, capital expenditures and other liquidity requirements during the next 12 months, although no assurance can be given that this will be the case. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. Our ability to access debt financing on favourable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties which could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution, and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity.

We use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We also maintain a liquidity reserve to provide for unanticipated cash outflows.

The following table shows the timing of expected cash payments or receipts based on the contractually agreed upon terms of our financial liabilities as of 31 December 2025:

	Payments (receipts) due during:						Total
	2026	2027	2028	2029	2030	Thereafter	
	in millions						
Debt:							
Principal – third-party	£ 3,266.0	£ 34.3	£ 19.2	£ 3,140.3	£ 4,890.8	£ 9,888.2	£ 21,238.8
Principal – related-party	34.3	—	—	—	—	—	34.3
Interest <sup>(a)</sup>	1,246.1	1,094.6	1,105.2	932.7	837.1	783.3	5,999.0
Leases <sup>(a)</sup>	223.1	183.8	163.3	100.9	75.7	427.4	1,174.2
Projected derivative cash payments (receipts), net <sup>(b)</sup>	14.1	30.3	(127.8)	(185.8)	(101.5)	(321.1)	(691.8)
<b>Total</b>	<b>£ 4,783.6</b>	<b>£ 1,343.0</b>	<b>£ 1,159.9</b>	<b>£ 3,988.1</b>	<b>£ 5,702.1</b>	<b>£ 10,777.8</b>	<b>£ 27,754.5</b>

(a) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of 31 December 2025. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. Amounts presented for leases include both principal and interest.

(b) The pound sterling equivalents of our net projected cash flows associated with our derivative instruments are based on interest rate projections and exchange rates as of 31 December 2025. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts required in future periods. For additional information regarding our derivative instruments, see note 18.

## Market Risk

### 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 SOFR-indexed and 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 18.

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 GBP LIBOR rates after 31 December 2021, and it ceased to publish USD LIBOR after 30 June 2023. The methodology for EURIBOR has been reformed and has been granted regulatory approval to continue to be used.

We have agreed amendments in respect of all of our debt and derivative instruments to replace the ceased rates. For GBP, these reference SONIA. For USD, these reference Term SOFR administered by CME Group Benchmark Administration Limited.

### Weighted Average Variable Interest Rate

At 31 December 2025, the outstanding principal amount of our variable-rate indebtedness aggregated £7.6 billion and the weighted average interest rate (including margin) on such variable-rate indebtedness was 6.4%, 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 £38.0 million. As discussed above and in note 18, 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 December 2025 amounted to £5.0 billion.

### 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 December 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 18.

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 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 18.

## Capital Management

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 the 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. For additional information regarding our debt obligations, see note 14.

### (18) 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 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 consolidated statements of profit or (loss).

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

	31 December 2025			31 December 2024		
	Non-current	Current	Total	Non-current	Current	Total
	in millions					
<b>Assets:</b>						
Cross-currency derivative contracts <sup>(a)</sup>	£ 155.3	£ 37.8	£ 193.1	£ 361.3	£ 188.2	£ 549.5
Interest rate derivative contracts <sup>(a)</sup>	236.3	193.1	429.4	446.9	274.5	721.4
Foreign currency forward and option contracts	—	0.6	0.6	—	0.9	0.9
<b>Total</b>	<b>£ 391.6</b>	<b>£ 231.5</b>	<b>£ 623.1</b>	<b>£ 808.2</b>	<b>£ 463.6</b>	<b>£ 1,271.8</b>
<b>Liabilities:</b>						
Cross-currency derivative contracts <sup>(a)</sup>	£ 496.9	£ 110.3	£ 607.2	£ 216.8	£ 152.7	£ 369.5
Interest rate derivative contracts <sup>(a)</sup>	26.8	83.6	110.4	51.9	337.3	389.2
Foreign currency forward and option contracts	—	3.2	3.2	—	1.6	1.6
<b>Total</b>	<b>£ 523.7</b>	<b>£ 197.1</b>	<b>£ 720.8</b>	<b>£ 268.7</b>	<b>£ 491.6</b>	<b>£ 760.3</b>

(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 £22.7 million and (£28.8 million) during 2025 and 2024, respectively. These amounts are included in net finance costs in our consolidated statements of profit or (loss). For additional information regarding our fair value measurements, see note 19.

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

	Year ended 31 December	
	2025	2024
	in millions	
Cross-currency derivative contracts	£ (670.9)	£ 171.6
Interest rate derivative contracts	(66.4)	223.9
Foreign currency forward and option contracts	4.9	(3.2)
<b>Total</b>	<b>£ (732.4)</b>	<b>£ 392.3</b>

The cash received or paid related to our derivative instruments is classified as an operating or financing activity in our 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 cash (outflows) inflows of our derivative instruments:

	Year ended 31 December	
	2025	2024
	in millions	
Operating activities:		
Derivative (payments) receipts	£ (22.5)	£ 210.9
Financing activities:		
Net cash (paid) received related to derivative instruments	(100.5)	4.1
<b>Total</b>	<b>£ (123.0)</b>	<b>£ 215.0</b>

### 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 consolidated statements of profit or (loss). Collateral is generally not posted by either party under the terms of our derivative instruments. At 31 December 2025 and 2024, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £124.0 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 December 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 December 2025			31 December 2024		
Notional amount due from counterparty in millions	Notional amount due to counterparty in millions	Weighted average remaining life in years	Notional amount due from counterparty in millions	Notional amount due to counterparty in millions	Weighted average remaining life in years
\$ 13,408.9	£ 10,557.4 <sup>(a)</sup>	3.3	\$ 16,502.9	£ 13,052.9 <sup>(a)</sup>	2.9
€ 7,060.0	£ 6,264.7 <sup>(a)</sup>	4.4	€ 4,420.0	£ 3,935.8 <sup>(a)</sup>	4.6
£ —	\$ —	0.0	£ 1,005.5	\$ 1,445.0 <sup>(b)</sup>	0.1
\$ —	£ —	0.0	\$ 500.0	£ 394.2	0.5
\$ 166.6	€ 150.0	2.5	\$ 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 the year end date. 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 <sup>(a)</sup>		Receive fixed rate	
	Notional amount in millions	Weighted average remaining life in years	Notional amount in millions	Weighted average remaining life in years
31 December 2025	£ 12,486.3	2.8	£ 3,648.7	0.9
31 December 2024	£ 12,779.5	2.8	£ 4,609.2	0.6

(a) Includes forward-starting derivative instruments.

### 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 December 2025 and 2024, the total pound sterling equivalent of the notional amounts due from the counterparty was £1.8 billion and £5.5 billion, respectively. The related weighted average remaining contractual life of our basis swap contracts at 31 December 2025 and 2024, was 0.6 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 December 2025, the pound sterling equivalent of the notional amounts of our purchased interest rate caps and floors were £1.3 billion and £5.2 billion, respectively. At 31 December 2024, 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.

### 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 54 basis points and 93 basis points to our borrowing costs at 31 December 2025 and 2024, respectively.

### Foreign Currency Forwards and Swaps

We enter into foreign currency forward and swap contracts with respect to non-functional currency exposure. As of 31 December 2025 and 2024, the total of the notional amounts of our foreign currency forward and swap contracts was £321.7 million and £271.7 million, respectively.

## (19) 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 December 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 18. 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 18.

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, property, plant and equipment (note 10), customer relationships, mobile spectrum licences and the implied value of goodwill (note 9). 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.

In 2025, additional non-recurring valuations were performed in connection with the acquisition of the Daisy Group as outlined in note 4, all of which fall under Level 3 of the fair value hierarchy. The following list sets forth the primary non-recurring valuations performed related to certain asserts and liabilities upon closing the transaction:

- **Enterprise value.** The valuation of the Daisy Group and VMBL is based on discounted cash flow and market approach analyses. With the exception of certain inputs of our weighted average cost of capital and discount rate calculations, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The discount rate used for the valuation of the Daisy Group is the internal rate of return (IRR) of 8.3% which takes into account the split of shareholding. This falls within the Daisy Group's WACC range of 7.9% to 9.1%. The discount rate used for the valuation of VMBL is WACC of 8.5%.
- **Customer relationships.** The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The multi-period excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer relationship, contributory asset charges and other factors. The discount rate used 7.6%, which is the IRR with a duration adjustment.

In 2025, additional non-recurring valuations were performed in connection with the goodwill impairment as outlined in note 9, all of which 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 14).

## (20) Investments

We account for investments over which we exercise significant influence under the equity method in our Consolidated Financial Statements.

Name	Country of incorporation principal place of business	Proportion of ownership interest held as of 31 December 2025
Tesco Mobile	United Kingdom	50%

The carrying amount of our equity method investment in the Tesco Mobile JV was £13.3 million and £14.4 million as of 31 December 2025 and 2024, respectively. During 2025 and 2024, we recognised comprehensive income of £0.2 million and £3.2 million, respectively, related to this investment.

In August 2025, Tesco Mobile declared and paid a dividend of £1.3 million to VMED O2.

## (21) Share-based Compensation

Our share-based compensation expense relates to (i) charges for share-based incentive awards associated with ordinary shares of Liberty Global and Telefónica held by certain employees of our subsidiaries and (ii) charges for incentive awards associated with the performance of the Joint Venture, under the Joint Venture's long-term incentive plan, held by certain employees of our subsidiaries.

Substantially all the outstanding share-based incentive awards from Liberty Global and Telefónica vested during 2024. Share-based compensation expense allocated to our Company by Liberty Global and Telefónica is reflected as an increase to the consolidated equity, offset by any amounts recharged to us, and is included as other expenses in our consolidated statements of profit and (loss).

All outstanding incentive awards for the Joint Venture long-term incentive plan will vest in 2026, 2027 and 2028. The total share-based compensation expense of £76.4 million and £40.8 million, for the years ended 31 December 2025 and 31 December 2024, respectively, is included within other expenses in our consolidated statements of profit or (loss). In addition, a liability of £120.3 million and £64.7 million, for the years ended 31 December 2025 and 31 December 2024, respectively, relating to the Joint Venture long-term incentive plan is included within trade payable and other non-current liabilities in our consolidated statements of financial position.

Long-term incentive payment amounts for each respective plan is calculated as a percentage of base salary and is linked to the performance of VMED O2 over three years. The amount paid will depend on the achievement of Adjusted EBITDA and Adjusted EBITDA less Capex performance measures in each of the three years and is intended to be settled by converting the amount into shares of Liberty Global and Telefónica at the end of the three-year period.

## (22) Employee Benefit Plans

VMED O2 maintains the following defined benefit and defined contribution plans for its employees:

### Defined Benefit Plans:

- The defined benefit section of the Telefonica UK Pension Plan;
- The National Transcommunications Limited Pension Plan (NLT);
- The NTL 1999 Pension Scheme (NLT 99);
- Unfunded pension promises to former Telefonica UK employees; and
- Unfunded pension promises to former NTL employees, known as the Annual Compensation Payments (ACP) Plan.

### Defined Contribution Plans:

- The Telefonica UK Pension Scheme;
- The Virgin Media Pension Plan; and
- The defined contribution section of the Telefonica UK Pension Plan.

All of the defined benefit plans are closed to new entrants and further benefit accrual. The Telefonica UK Pension Scheme and the Virgin Media Pension Plan remain open to new entrants and further contributions and the employer contributions are recognised as part of our staffing costs, which are included within personnel costs in our consolidated statement of profit or (loss).

### Defined Benefit Plans

The defined benefit plans provide benefits based on pensionable service and the member's final pensionable salary. There are different normal retirement ages across these plans.

The defined benefit plans are administered and managed by independent trustee boards on behalf of the members in accordance with the terms of the various trust deed and rules and relevant legislation (principally, the Pensions Acts of 1993, 1995, 2004 and 2021). The trustee boards all include independent professional trustee directors, as well as directors nominated by both the Company and the membership.

A valuation of our defined benefit plans was undertaken as of 31 December 2025 by suitably qualified independent actuaries. The majority of our defined benefit plan assets are invested in bulk annuity insurance policies that materially match all of the liabilities of these pension plans. Residual plan assets are invested in predominantly in cash or cash equivalents.

The actuarial risk that the assets invested in the plans will be insufficient to meet the expected benefits falls on the Company.

## Current Events

### Section 37 Court Ruling

In June 2023, the High Court made a ruling in the case *Virgin Media Ltd v NTL Pension Trustees II Limited* (and the ruling related to Section 37 of the 1993 Pensions Act and the correct interpretation of historic legislation governing the amendment of contracted-out DB schemes). In 2024, the Court of Appeal dismissed the appeal in the case made by the Company. NTL Pension Trustees II Limited have implemented amendments to the benefits of the NTL to reflect the ruling. The Trustees of the NTL 99 completed a similar detailed legal review of Scheme documentation and concluded there is no Section 37 issue. The Trustees of the Telefonica UK Pension Plan have yet to complete a detailed review of their Scheme documentation. The value of benefit increases in the NTL as a result of the rulings has been considered and accounted for within the pension scheme valuation for the prior year. There was no change in the position during 2025.

### Pension Buy-ins

On 25 November 2024 the Trustees of the Telefonica UK Pension Plan purchased a bulk purchase annuity policy with Pension Insurance Corporation (PIC) covering all liabilities of the defined benefit section of the Plan. On 26 November 2024 the Trustees of the NTL purchased a bulk purchase annuity policy with PIC covering all remaining liabilities of the Plan. This is in addition to annuity policies previously purchased with PIC in 2012 and 2017. These bulk purchase annuity policies (also known as buy-ins) will be held as investments of the respective plans and the Trustees retain financial responsibility for paying members' pensions from these plans. The purchase of these policies was an investment decision by the Trustees and no decision has been made to buy-out the plans. The buy-ins remove the material pension risk in respect of the pension plans while providing greater benefit security to the members of the plans. The buy-in premiums were funded from assets of the plans and an investment loss, based on the premium paid and the accounting valuation, has been recognised through other comprehensive loss and the majority of the total other comprehensive investment loss is due to the buy-in transactions.

The amounts included in our consolidated statements of financial position as of 31 December 2025 and 2024 arising from obligations related to our defined benefit plans under IAS 19 are as follows:

	31 December 2025		31 December 2024	
	Funded	Unfunded	Funded	Unfunded
	in millions			
Fair value of plan assets	£ 1,429.0	£ —	£ 1,429.3	£ —
Projected benefit obligation	(1,339.2)	(2.5)	(1,355.8)	(2.8)
<b>Net assets (liabilities) <sup>(a)</sup></b>	<b>£ 89.8</b>	<b>£ (2.5)</b>	<b>£ 73.5</b>	<b>£ (2.8)</b>

(a) VMED O2 is not required to limit any pension surplus, or recognise additional pension liabilities in individual plans as economic benefits are available in the form of future refunds.

Changes in the fair value of the plan assets associated with our various funded defined benefit plans for the indicated periods are set forth below (in millions):

<b>Balance at 1 January 2024</b>	<b>£ 1,801.3</b>
Return on assets (excluding interest income)	(381.3)
Employer contributions	1.4
Benefits paid	(66.2)
Interest income	79.8
Administration costs	(5.7)
<b>Balance at 31 December 2024</b>	<b>1,429.3</b>
Return on assets (excluding interest income)	(26.8)
Employer contributions	22.3
Benefits paid	(68.5)
Interest income	78.1
Administration costs	(5.4)
<b>Balance at 31 December 2025</b>	<b>£ 1,429.0</b>

We expect to contribute £1.0 million to our defined benefit plans during the year ending 31 December 2026, relating to the expected administration costs of the NTL plan. These funds are part of an escrow arrangement, whereby we have joint control of these funds with the Trustees of the NTL Plan. Both parties must agree to release any money into the Plan, and the Trustees must give their approval if any funds are released but not paid directly into the NTL Plan.

Changes in the present value of the projected benefit obligations associated with our various funded and unfunded defined benefit plans during the indicated periods are set forth below:

	Funded		Unfunded	
	in millions			
<b>Balance at 1 January 2024</b>	£	<b>(1,516.6)</b>	£	<b>(3.1)</b>
Past service cost		(7.4)		—
Actuarial gain on financial assumptions		173.4		0.3
Benefits paid		66.2		0.2
Actuarial gain on demographic assumptions		43.9		0.1
Interest cost		(67.1)		(0.1)
Actuarial loss on experience adjustments		(48.2)		(0.2)
<b>Balance at 31 December 2024</b>		<b>(1,355.8)</b>		<b>(2.8)</b>
Actuarial gain on financial assumptions		38.7		0.1
Benefits paid		68.5		0.2
Actuarial gain on demographic assumptions		0.6		—
Interest cost		(72.8)		0.1
Actuarial loss on experience adjustments		(18.4)		(0.1)
<b>Balance at 31 December 2025</b>	£	<b>(1,339.2)</b>	£	<b>(2.5)</b>

Our defined benefit plan assets as of 31 December 2025 comprise the following:

	L1		L2		L3		Total
	Unlisted		Listed		Unlisted		
	in millions						
Cash and cash equivalents	£	40.6	£	54.2	£	—	£ 94.8
Derivatives		—		0.1		—	0.1
Bonds		—		0.5		—	0.5
Insurance policies		—		—		1,333.3	1,333.3
Property		—		0.3		—	0.3
<b>Total</b>	£	<b>40.6</b>	£	<b>55.1</b>	£	<b>1,333.3</b>	£ 1,429.0

#### Valuation of L3 assets

Insurance policies are valued using the same methodology as the associated liability based on the census data included in the most recent triennial valuation, adjusted for movements in actuarial assumptions and inflation experience.

The details of the (loss) gain related to our defined benefit plans and recognised in the consolidated statements of comprehensive (loss) income are set forth below:

	Year ended 31 December			
	2025		2024	
	Funded	Unfunded	Funded	Unfunded
	in millions			
Return on plan assets in excess of interest income	£	(26.8)	£	—
Actuarial gain on demographic assumptions		0.6		43.9
Actuarial gain on financial assumptions		38.7		173.4
Actuarial loss on experience adjustments		(18.4)		(48.2)
<b>Total (loss) gain in other comprehensive (loss) income</b>	£	<b>(5.9)</b>	£	<b>—</b>

The main assumptions, shown as a range, as adopted under IAS 19, Employee Benefits for our defined benefit plans (funded and unfunded) as of 31 December 2025 are as follows:

	Telefonica UK funded and unfunded pension plans	NTL and unfunded ACP	NTL 99
Life expectancy (male currently aged 60/40) (in years)	86.0 / 87.1	86.9 / 88.1	86.4 / 87.6
Life expectancy (female currently aged 60/40) (in years)	88.7 / 89.7	88.8 / 89.9	88.4 / 89.6
Discount rate	5.6 %	5.4 %	5.6 %
Inflation assumptions:			
Retail Prices Index inflation	2.9 %	2.8 %	2.8 %
Consumer Prices Index inflation	2.4 %	2.3 %	2.3 %
Mortality base table	110% / 110% (M/F) S3NA	93% / 102% (M/F) S3PA	99% / 107% (M/F) S3PA
Mortality future improvements	Continuous Mortality Investigation (CMI)_2024 projections with long-term rate of improvement of 1.00% per annum and an initial addition of 0.25% for each of the plans.		

As of 31 December 2025, the weighted average duration of the defined benefit obligation of our Telefonica UK funded and unfunded pension plans, our NTL and NTL 99 funded pension plans and our unfunded ACP pension plan were 14, 9 and 13 years, respectively.

A reduction in the discount rate and an increase in the inflation rate will result in an increase in the assessed value of liabilities as a higher value is placed on benefits expected to be paid in the future. A rise in the discount rate and an increase in the inflation rate will result in the opposite effect of similar magnitude. There is also uncertainty around the future life expectancy of the UK population. The value of current and future pension benefits will depend on how long these pensions are assumed to be in payment.

Any sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. In presenting the sensitivity analyses, the change in present value of defined benefit obligations has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation liability recognised in our consolidated statement of financial position. The rate of inflation assumption sensitivity factors in the impact of changes to all assumptions relating to inflation, including the associated pension increase assumption. The following sensitivity analysis table summarises how a reasonably possible change in particular assumptions would, in isolation, result in an increase to the gross defined benefit obligation as of 31 December 2025 (in millions):

Decrease discount rate by 0.25%	£	42.4
Increase inflation rate by 0.25%	£	36.4
Increase life expectancy by 1 year	£	33.7

The pension buy-in policies materially remove the risk associated with changes in the gross defined benefit obligation.

As of 31 December 2025, the expected future benefit payments from the plans are as follows:

	Funded		Unfunded	
	in millions			
<b>Year ending 31 December:</b>				
2026	£	70.3	£	0.2
2027		72.1		0.2
2028		73.9		0.2
2029		75.7		0.2
2030		77.6		0.2
Thereafter		2,877.3		4.8
<b>Total</b>	<b>£</b>	<b>3,246.9</b>	<b>£</b>	<b>5.8</b>

### Defined Contribution Plans

The defined contribution plans provide post-employment benefits. Individual accounts are set up for each member and benefits are based on the fund value held in the account, which is based on the amounts paid into a member's account (both employer and employee contributions) as well as any investment return earned on these contributions. Under defined contribution plans the Company's legal or constructive obligation is limited to the amount that it agrees to contribute to the plan.

The expense related to defined contribution plans is equal to the contributions payable for the corresponding period. The expense included in our consolidated statements of comprehensive (loss) income for 2025 and 2024 was £62.4 million and £59.3 million, respectively.

The Telefonica UK Pension Scheme and the defined contribution section of the Telefonica UK Pension Plan are administered and managed by independent trustee boards on behalf of the members in accordance with these plans governing documentation and relevant legislation.

The Virgin Media Pension Plan is a contract based scheme and we have appointed Fidelity to administer and manage the plan, which is regulated by the Financial Conduct Authority. The Company has established its own governance committee which meets at least twice a year to review the performance of Fidelity across a number of measures including administration and investment performance.

### (23) 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:

	Year ended 31 December	
	2025	2024
	in millions	
Finance costs:		
Interest expense	£ (1,291.4)	£ (1,343.0)
Realised and unrealised losses on derivative instruments	(732.4)	—
Foreign currency transaction losses	(265.8)	(734.1)
Losses on debt extinguishment	(4.2)	(0.8)
Other financial expenses	(0.4)	—
<b>Total finance costs</b>	<b>(2,294.2)</b>	<b>(2,077.9)</b>
Finance income:		
Interest income	894.7	862.2
Realised and unrealised gains on derivative instruments	—	392.3
Foreign currency transaction gains	779.1	705.7
Gains on debt extinguishment	—	3.0
<b>Total finance income</b>	<b>1,673.8</b>	<b>1,963.2</b>
<b>Net finance costs</b>	<b>£ (620.4)</b>	<b>£ (114.7)</b>

## (24) Income Taxes

VMED O2 files its primary income tax return in the UK and our subsidiaries file income tax returns in the UK and the US. The major components of our income tax benefit (expense) are as follows:

	Year ended 31 December	
	2025	2024
	in millions	
Current tax benefit (expense):		
Current year	£ (26.5)	£ (16.1)
Adjustments for previous years	5.4	(1.2)
<b>Total current year expense</b>	<b>(21.1)</b>	<b>(17.3)</b>
Deferred tax benefit (expense):		
Origination and reversal of temporary differences and tax losses	153.8	(16.5)
Adjustments for previous years	3.8	15.3
<b>Total deferred tax benefit (expense)</b>	<b>157.6</b>	<b>(1.2)</b>
<b>Total income tax benefit (expense)</b>	<b>£ 136.5</b>	<b>£ (18.5)</b>

During 2025 and 2024, deferred tax (expense) benefits of (£0.4 million) and £54.2 million respectively, were recorded in other comprehensive loss, net of taxes.

Income tax benefit (expense) attributable to our (loss) profit before income taxes differs from the amount computed using the UK corporate income tax rate as a result of the following factors:

	Year ended 31 December	
	2025	2024
	in millions	
<b>(Loss) profit before income taxes</b>	<b>£ (900.1)</b>	<b>£ 821.9</b>
<b>Computed "expected" tax benefit (expense) <sup>(a)</sup></b>	<b>£ 225.0</b>	<b>£ (205.5)</b>
Group relief claimed for nil consideration <sup>(b)</sup>	213.5	205.0
Non-deductible goodwill impairment	(255.4)	—
Adjustment relating to prior years	9.2	14.1
Foreign taxes	(17.8)	(13.9)
Expenses not deductible for tax purposes	(18.7)	(10.4)
Fixed asset differences	(13.9)	(7.7)
Other	(5.4)	(0.1)
<b>Total income tax benefit (expense)</b>	<b>£ 136.5</b>	<b>£ (18.5)</b>

(a) The statutory or "expected" tax rates are the UK statutory rate of 25.0% for 2025 and 2024.

(b) Group relief for no consideration relates to group relief claimed from VMED O2 UK Limited.

The tax effects of temporary differences that give rise to significant portions of our deferred tax assets and liabilities are presented in the tables below:

	1 January 2025		Recognised in other comprehensive income or (loss)		31 December 2025	
	Recognised in profit or (loss)	Recognised in other comprehensive income or (loss)	Recognised in profit or (loss)	Recognised in other comprehensive income or (loss)	Acquired in business combinations <sup>(a)</sup>	31 December 2025
	in millions					
Property, plant and equipment	£ 1,381.3	£ (152.8)	£ —	£ 1.7	£ 1.7	£ 1,230.2
Intangible assets	(1,168.3)	220.0	—	(63.9)	(63.9)	(1,012.2)
Tax losses	213.5	2.5	—	—	—	216.0
Pensions	(15.2)	(5.6)	1.2	—	—	(19.6)
Other	(40.1)	93.5	(1.6)	19.4	19.4	71.2
<b>Net deferred tax asset</b>	<b>£ 371.2</b>	<b>£ 157.6</b>	<b>£ (0.4)</b>	<b>£ (42.8)</b>	<b>£ (42.8)</b>	<b>£ 485.6</b>

(a) Includes amounts related to the O2 Daisy Transaction, see note 4 for additional information.

	1 January 2024	Recognised in profit or (loss)	Recognised in other comprehensive income or (loss)	31 December 2024
in millions				
Property, plant and equipment	£ 1,570.8	£ (189.5)	£ —	£ 1,381.3
Intangible assets	(1,388.1)	219.8	—	(1,168.3)
Tax losses	223.3	(9.8)	—	213.5
Pensions	(68.6)	(0.4)	53.8	(15.2)
Other	(19.2)	(21.3)	0.4	(40.1)
<b>Deferred tax asset</b>	<b>£ 318.2</b>	<b>£ (1.2)</b>	<b>£ 54.2</b>	<b>£ 371.2</b>

Our recognised deferred tax balances as of 31 December 2025 and 2024 are set forth below:

	31 December 2025		31 December 2024	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
in millions				
Property, plant and equipment	£ 1,230.2	£ —	£ 1,381.3	£ —
Intangible assets	—	(1,012.2)	—	(1,168.3)
Tax losses	216.0	—	213.5	—
Pensions	—	(19.6)	—	(15.2)
Other	122.4	(51.2)	79.2	(119.3)
<b>Deferred tax asset (liability)</b>	<b>£ 1,568.6</b>	<b>£ (1,083.0)</b>	<b>£ 1,674.0</b>	<b>£ (1,302.8)</b>
Offset between deferred tax assets and liabilities	(1,081.6)	1,081.6	(1,302.8)	1,302.8
<b>Net deferred tax asset (liability)</b>	<b>£ 487.0</b>	<b>£ (1.4)</b>	<b>£ 371.2</b>	<b>£ —</b>

Where there is a right and ability to offset deferred tax balances, the position is presented net in our consolidated statements of financial position.

We have recognised a total net deferred tax asset (DTA) of £485.6 million for the year ended 31 December 2025 (2024: £371.2 million). Of this, the largest component relates to property, plant and equipment arising from historically claiming tax deductions (capital allowances) at a lower rate than the accounting depreciation on the assets, offset by a liability on purchase price acquisition intangible assets. We have reviewed the financial forecasts as described in note 9 and based on these and our expectations of the business we believe it is probable that the DTA will be fully utilised. We forecast that the DTA arising from property, plant and equipment will have substantially all unwound within 15 years. This relatively long unwind period is the result of limitations on the maximum annual utilisation of capital allowances in the UK. We forecast that the business will have generated cumulative taxable profits that would, in the absence of these limitations, fully absorb the DTA within 11 years.

Our gross unrecognised deferred tax assets and tax loss carryforwards as of 31 December 2025 and 2024 are as follows:

	31 December	
	2025	2024
in millions		
Capital losses	£ 12,101.6	£ 12,101.6
Tax losses	191.0	29.4
Deductible temporary differences	138.9	117.3
<b>Total</b>	<b>£ 12,431.5</b>	<b>£ 12,248.3</b>

These deductible temporary differences and tax loss carry forwards are not subject to expiration. The use of the items above is highly restricted and they may only be offset against certain limited types of gains or profits. It is not regarded as probable that such gains or profits will arise.

We have taxable temporary differences on certain investments in subsidiaries. No additional income taxes have been provided for unremitted earnings, or any additional temporary differences associated with investments in subsidiaries, because the Company is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. It is not practicable to estimate the amount of unrecognised deferred tax liabilities in respect of these temporary differences.

In the normal course of business, our income tax filings are subject to review by UK and US taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in these tax jurisdictions. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities.

As of 31 December 2025 and 2024, we recorded provisions for uncertain tax positions of £8.5 million and £7.5 million, respectively. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the Company's tax computations.

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 Consolidated Financial Statements as of 31 December 2025. We will continue to monitor additional guidance as it is issued to assess the impact to our tax position.

On 4 July 2025, the One Big Beautiful Bill Act was enacted in the US. This legislation did not have an impact on our financial statements as of 31 December 2025. We are evaluating certain international provisions that are effective for tax years beginning after 31 December 2025.

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 an impact on our Consolidated Financial Statements as of 31 December 2025. We will continue to monitor future legislation and any additional guidance that is issued.

## (25) 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 target 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 network in the UK under the brand name "nexfibre". As of 31 December 2025, the nexfibre network reaches 2.6 million premises, all of which are greenfield to VMED O2'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.

### O2 Daisy

The O2 Daisy Transaction, as detailed in note 4, was effective on 1 August 2025. VMED O2 holds a 70% controlling interest in O2 Daisy, while Daisy Pikco retains the remaining 30% NCI. Daisy Pikco became a related-party to VMED O2 at that date. In September 2025, O2 Daisy declared and paid a dividend of £28.6 million to Daisy Pikco. Preference share dividend liabilities of £0.25 million and £0.35 million were paid to Daisy Pikco in September 2025 and December 2025 respectively, relating to the five months following the Acquisition Date. In December 2025, O2 Daisy declared and paid a dividend of £20.4 million to VMED O2.

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:

	Year ended 31 December			
	2025		2024	
	in millions			
Credits (charges) included in:				
Revenue <sup>(a)</sup>	£	552.1	£	1,054.6
Cost of sales <sup>(b)</sup>		(57.0)		(1.5)
Other expenses <sup>(c)</sup>		(221.3)		(173.2)
Share-based compensation expense <sup>(d)</sup>		(0.1)		(2.1)
<b>Included in operating (loss) profit</b>	<b>£</b>	<b>273.7</b>	<b>£</b>	<b>877.8</b>
Interest income <sup>(e)</sup>		858.2		831.6
Interest expense <sup>(f)</sup>		(9.3)		(8.9)
<b>Included in net (loss) profit</b>	<b>£</b>	<b>1,122.6</b>	<b>£</b>	<b>1,700.5</b>
<b>Property, plant and equipment transfers <sup>(g)</sup></b>	<b>£</b>	<b>52.8</b>	<b>£</b>	<b>50.7</b>

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

(b) 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. Amounts also include nexfibre wholesale charges.

(c) 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.

(d) 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 consolidated statements of profit or (loss).

(e) Amounts primarily represent interest accrued on the VMED O2 UK Limited Receivable, as further described below.

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

(g) 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 December			
	2025		2024	
	in millions			
Assets:				
Non-current receivables <sup>(a)</sup>	£	15,776.2	£	15,072.7
Trade receivables <sup>(b)</sup>		26.8		46.2
Contract assets <sup>(c)</sup>		37.4		114.0
Other current assets <sup>(d)</sup>		250.5		115.3
<b>Total</b>	<b>£</b>	<b>16,090.9</b>	<b>£</b>	<b>15,348.2</b>
Liabilities:				
Lease obligations <sup>(e)</sup>	£	107.2	£	108.1
Other non-current liabilities <sup>(f)</sup>		192.1		117.8
Current portion of debt <sup>(g)</sup>		34.3		22.1
Trade payables <sup>(f)</sup>		228.2		199.7
Other current liabilities <sup>(f)</sup>		35.7		29.9
<b>Total</b>	<b>£</b>	<b>597.5</b>	<b>£</b>	<b>477.6</b>

(a) Amounts represent interest-bearing loan receivables due from VMED O2 UK Limited which, as of 31 December 2025 and 2024, accrues interest at a weighted average rate of 5.4% and 6.2%, respectively. These loans have a maturity that ranges from 16 July 2027 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 Telefónica subsidiaries. Expected credit losses in relation to trade receivable balances with related-parties is considered to be immaterial.

(c) Amounts primarily relate to accrued income from nexfibre.

(d) Amounts primarily relate to non-interest bearing receivables due from VMED O2 UK Limited and from certain Liberty Global and Telefónica subsidiaries, with an interest-bearing loan receivable due from VMED O2 UK Limited which accrues interest at 6.2% and matures 10 June 2026. Tesco Mobile debtors and nexfibre sales type lease are included in this amount.

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

(f) 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.

(g) Amounts relate to the value associated with Telefónica Factoring España, S.A., bearing interest at a rate of 5.7%.

## (26) Reconciliation of Movements in Liabilities to Cash Flows from Financing Activities

	Debt and lease obligations	Derivative (assets) liabilities	Other	Total
	in millions			
	£	£	£	£
<b>1 January 2025</b>	<b>22,085.3</b>	<b>(511.5)</b>	<b>—</b>	<b>21,573.8</b>
Cash flows from financing activities:				
Repayments of third-party debt and lease obligations:				
Principal payments on operating-related vendor financing	(2,623.0)	—	—	(2,623.0)
Debt (excluding vendor financing)	(4,326.6)	—	—	(4,326.6)
Principal payments on capital-related vendor financing	(841.5)	—	—	(841.5)
Principal payments on leases	(175.5)	—	—	(175.5)
Borrowings of third-party debt	4,100.3	—	—	4,100.3
Operating-related vendor financing additions	2,531.9	—	—	2,531.9
Payment of financing costs and debt premiums	(45.1)	—	—	(45.1)
Net cash paid related to derivative instruments	—	(100.5)	—	(100.5)
Dividend paid to non-controlling shareholders	—	—	(105.3)	(105.3)
Other financing activities	0.3	—	21.9	22.2
<b>Total cash flows from financing activities</b>	<b>(1,379.2)</b>	<b>(100.5)</b>	<b>(83.4)</b>	<b>(1,563.1)</b>
Losses on debt extinguishment	4.2	—	—	4.2
Realised and unrealised losses on derivative instruments	—	732.4	—	732.4
Debt and lease obligations interest accruals <sup>(a)</sup>	42.1	—	—	42.1
Assets acquired under vendor financing arrangements, including VAT	1,015.1	—	—	1,015.1
Assets acquired under leases	151.9	—	—	151.9
Effect of changes in foreign exchange rates	(485.7)	—	—	(485.7)
Proceeds from interest-related derivatives	—	(22.5)	—	(22.5)
Debt acquired as part of the O2 Daisy Transaction	836.9	—	—	836.9
Other liability-related changes	(152.3)	(0.2)	—	(152.5)
<b>31 December 2025</b>	<b>22,118.3</b>	<b>97.7</b>	<b>(83.4)</b>	<b>22,132.6</b>

(a) Amounts include debt and lease obligations interest accruals that relate to financing activities only.

## (27) Capital and Reserves

### Share Capital

	31 December	
	2025	2024
Called up, allotted and fully paid:		
Ordinary shares of £1 each	3	3

### APIC

APIC includes £0.2 billion merger reserves. APIC previously included share premium (£28.7 billion) adjusted for group reconstruction relief (£7.9 billion), resulting from the transaction whereby VMED O2 UK Limited made a contribution to VMED O2 UK Holdings Limited comprising VMED O2 UK Limited's then ownership interests in (i) Virgin Media and (ii) certain other entities, including O2 Holdings Limited (the parent company of Telefonica UK), in return for two £1 ordinary shares of VMED O2 UK Holdings Limited, issued at a premium of £14.4 billion each. In 2024, VMED O2 implemented a capital reduction to reduce the share premium reserve to nil and increase the accumulated profit by £20.6 billion.

### Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss includes the pension reserve and translation reserve. The translation reserve is used to record cumulative translation differences on the net assets of foreign operations. The cumulative translation differences will be recycled to the consolidated statements of profit or (loss) upon disposal of the foreign operations.

### Accumulated Profit

Accumulated profit records the Group's retained profit or loss.

### Other Reserves

The other reserves balance includes £338.9 million excess consideration over NBV for the year ended 31 December 2025 resulting from the consolidation of O2 Daisy, being 30% of the difference between fair value less the carrying value of VMBL's net assets contributed as the consideration transferred. See note 4 for more information. The remaining amount of £322.7 million consists of excess considerations over NBV resulting from the sales of minority stakes in Cornerstone, including £110.2 million in December 2024. For additional information, see note 28.

## (28) NCI

VMED O2 has NCI arising from its ownership of Granstone Group (as defined below), and O2 Daisy, as set forth below.

### Granstone Group

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

In 2024, VMED O2 sold 16.66% in Granstone (representing 8.33% of Cornerstone). This gave rise to £110.2 million excess consideration over net book value for the year ended 31 December 2024, which is included within Other Reserves. There was no changes to the 50% shareholding that O2 Networks holds in Cornerstone and VMED O2 retained joint control over Cornerstone.

In March 2025, Cornerstone declared a dividend of £110.0 million, of which O2 Networks was entitled to £55.0 million. Subsequently, O2 Networks declared a £55.0 million dividend to Granstone and then Granstone declared a £55.0 million dividend to its shareholders in the proportion of their shareholdings, with VMED O2's retained portion being £27.5 million. The various cash movements were settled in March 2025.

In June 2025, Cornerstone declared a dividend of £112.0 million, of which O2 Networks was entitled to £56.0 million. Subsequently, O2 Networks declared a £56.0 million dividend to Granstone and then Granstone declared a £56.0 million dividend to its shareholders in the proportion of their shareholdings, with VMED O2's retained portion being £28.0 million. The various cash movements were settled in July 2025.

In December 2025, Cornerstone declared a dividend of £85.0 million, of which O2 Networks received £42.5 million. O2 Networks in turn, declared a dividend of £42.5 million to Granstone. Subsequently, Granstone declared a dividend of £42.5 million to its shareholders in the proportion of their shareholdings at the time, with VMED O2's portion being £21.3 million. The various cash movements were settled in December 2025.

Cornerstone remains a critical supplier to VMED O2 and these transaction 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 tables summarise financial information about Granstone and NCI recognised by VMED O2:

	31 December	
	2025	2024
	In millions	
Non-current assets	£ 1,030.9	£ 1,051.7
Current assets	76.6	199.0
Non-current liabilities	(572.0)	(534.0)
Current liabilities	(253.4)	(298.3)
<b>Net assets</b>	<b>£ 282.1</b>	<b>£ 418.4</b>
Net assets attributable to NCI	£ 141.1	£ 209.2

  

	Year ended 31 December	
	2025	2024
	In millions	
Revenue	£ 266.4	£ 293.1
Net profit	£ 17.3	£ 37.8
Net profit attributable to NCI	£ 8.6	£ 16.5

### O2 Daisy Group

On 1 August 2025, VMED O2 acquired 70% of O2 Daisy. VMED O2 is the 70% majority shareholder of O2 Daisy and Daisy Pikco is the non-controlling shareholder for the remaining 30%. For additional information regarding the O2 Daisy Transaction, see note 4.

The net loss attributable to NCI that arose at the Acquisition Date amounted to £242.9 million.

In September 2025, O2 Daisy declared and paid a dividend of £28.6 million to Daisy Pikco. VMED O2 waived their right to the dividend. In December 2025, O2 Daisy declared and paid a dividend of £20.4 million to VMED O2. Daisy Pikco waived their right to the dividend.

The following table summarises financial information about O2 Daisy and NCI recognised by VMED O2:

	31 December	1 August
	2025	2025
	In millions	
Non-current assets	£ 2,796.0	£ 2,834.3
Current assets	527.7	333.3
Non-current liabilities	(1,714.5)	(1,565.4)
Current liabilities	(439.5)	(276.1)
<b>Net assets<sup>(a)</sup></b>	<b>£ 1,169.7</b>	<b>£ 1,326.1</b>
Share attributable to NCI <sup>(b)</sup>	£ (287.3)	£ (242.9)

(a) The net assets outlined in this table represents the assets and liabilities of O2 Daisy measured at fair value on the date of acquisition.

(b) The share attributable to NCI is measured based on the O2 Daisy results consolidated into the Group. We have applied the VMED O2 accounting policies set out in Note 2 for both the basis of consolidation as well as accounting for the business combination.

	Five months ended 31 December	
	2025	2024
	In millions	
Revenue	£ 528.5	£ —
Net loss	£ (52.8)	£ —
Net loss attributable to NCI	£ (15.8)	£ —

## (29) 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, purchases of customer premises and other equipment and services, other items, network and connectivity commitments and the JV Service Agreements. The following table sets forth the pound sterling equivalents of such commitments as of 31 December 2025. The commitments included in this table do not reflect any liabilities that are included in our 31 December 2025 consolidated statement of financial position.

	Payments due during:						Total
	2026	2027	2028	2029	2030	Thereafter	
	in millions						
Programming commitments <sup>(a)</sup>	£ 628.5	£ 524.9	£ 214.7	£ 1.2	£ —	£ —	£ 1,369.3
Purchase and other commitments <sup>(b)</sup>	614.5	177.1	99.1	51.5	39.3	63.8	1,045.3
Network and connectivity commitments <sup>(c)</sup>	555.1	66.9	61.0	53.8	48.8	232.5	1,018.1
JV Service Agreements <sup>(d)</sup>	203.6	171.0	151.2	155.3	64.9	—	746.0
<b>Total</b>	<b>£ 2,001.7</b>	<b>£ 939.9</b>	<b>£ 526.0</b>	<b>£ 261.8</b>	<b>£ 153.0</b>	<b>£ 296.3</b>	<b>£ 4,178.7</b>

(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) Purchase and other commitments include unconditional and legally binding obligations related to (i) the purchase of CPE and other equipment, (ii) certain service-related commitments, including call centre, IT and maintenance services, and (iii) long-term Power Purchase Agreements.

(c) Network and connectivity commitments include (i) service commitments associated with the next fibre construction programme, (ii) commitments associated with VMED O2's full fibre upgrade, (iii) mobile infrastructure investment and (iv) commitments associated with spectrum additions.

(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 18.

### 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

*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 (MNO) 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 originally assessed the value of the claim against Telefonica UK at £256.0 million and as against the four MNOs (Vodafone, EE, Three and O2) at £3.3 billion. Before the claim could progress, it required certification (i.e. to be approved by the Tribunal to proceed as a collective action). On 14 November 2025, the Tribunal handed down its judgment in which the claim was certified and so the case will proceed to a substantive trial. At the same time, following an application by us, the Tribunal found that the time period of the claim prior to October 2015 was time-barred which means that the majority of the claim against Telefonica UK has no basis to be brought and which significantly reduces the size of the claim. The claimant has reassessed the value of the claim against Telefonica UK at £79.0 million and against the four MNOs at £1.4 billion. Any final determination of the claim is unlikely for several years. We intend to continue 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. During Q4 2025, Ofcom concluded an investigation into a VMED O2 subsidiary, imposing a fine of £23.8 million. Ofcom currently has an open investigation into a VMED O2 subsidiary and we are cooperating with Ofcom on this matter. No assurance can be given that the resolution of this contingency will not result in a material impact on our results of operations, cash flows or financial position in any given period. In general, due to the complexity of the issues involved and 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 at this time.

### (30) Principal Subsidiary Undertakings

Investments in which the Group held at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows. All companies are registered in England and Wales, unless otherwise noted.

#### Direct Shareholdings

Name of company	Company number	Holdings	Proportion held
Upp Corporation Limited	12442219	Ordinary	100 %
Virgin Media Inc.	N/A <sup>(a)</sup>	Common Stock	100 %
VMED O2 UK 9 Limited	15545906	Ordinary	100 %
VMED O2 UK Financing 1 Plc	12800739	Ordinary	100 %
VMED O2 UK Holdco 1 Limited	12800546	Ordinary	100 %
VMED O2 UK Holdco 6 Limited	16236372	Ordinary	100 %

#### Indirect Shareholdings

Name of company	Company number	Holdings	Proportion held
4Com Capital Limited	6472878	Ordinary	70 %
4Com Group Limited	10844874	Ordinary	70 %
4Com Network Services Limited	6472696	Ordinary	70 %
4Com Technologies Limited	6472837	Ordinary	70 %
Alternative Networks Limited	3571046	Ordinary	70 %
Birmingham Cable Limited	2244565	Ordinary-A	100 %
Bitbuzz UK Limited	8178308	Ordinary	100 %
CableTel Herts and Beds Limited	1785533	Ordinary	100 %
CableTel Northern Ireland Limited	NI029131 <sup>(b)</sup>	Ordinary	100 %
CableTel Surrey and Hampshire Limited	2740651	Ordinary	100 %
Campfire Equipment Rentals Limited	12831439	Ordinary	70 %
Cellular Radio Limited	1612599	Ordinary	100 %
Communicate Better Holdings Limited	6538108	Ordinary-A Ordinary-B	70 %
Communicate Better Limited	4743770	Ordinary	70 %
Daisy Bidco Limited	13835168	Ordinary-A	70 %
Daisy Communications Holdings Limited	11698468	Ordinary	70 %
Daisy Communications Ltd <sup>(1)</sup>	4145329	Ordinary	70 %
Daisy Corporate Services Limited	8205265	Ordinary	70 %
Daisy Finco Limited	9203989	Ordinary	70 %
Daisy Group Limited	9203980	Ordinary	70 %
Daisy Local Business Limited	9127507	Ordinary-A	70 %
Daisy Midco Limited	9265705	Ordinary	70 %
Daisy Telecoms Limited	3561536	Ordinary	70 %
DX Communications Limited (Scotland)	SC133682 <sup>(c)</sup>	Ordinary	100 %
Eurobell (Holdings) Limited	2904215	Ordinary	100 %
Flextech Limited	2688411	Ordinary	100 %
General Cable Limited	4925679	Ordinary	100 %
giffgaff Limited	4196996	Ordinary	100 %

Name of company	Company number	Holdings	Proportion held
Granstone Holdco Limited	14907010	Ordinary	50.01 %
Hihi Limited	07590894	Ordinary	70 %
ntl (B) Limited	2735732	Ordinary	100 %
ntl (BCM Plan) Pension Trustees Limited	4342230	Ordinary	100 %
ntl (South East) Limited	1870928	Ordinary	100 %
ntl (V)	2719474	Ordinary	100 %
ntl Business Limited	03076222	Ordinary	100 %
ntl CableComms Group Limited	3024703	Ordinary	100 %
NTL CableComms Group LLC	2478255 <sup>(d)</sup>	Common Interest Unit	100 %
ntl Communications Services Limited	3403985	New Ordinary	100 %
ntl Glasgow	SC075177 <sup>(e)</sup>	Ordinary Ordinary-B	100 %
ntl Glasgow Holdings Limited	4170072	Ordinary	100 %
ntl Kirklees	2495460	Ordinary	100 %
ntl Kirklees Holdings Limited	4169826	Ordinary	100 %
ntl Midlands Limited	2357645	Ordinary	100 %
ntl Pension Trustees II Limited	11258264	Ordinary	100 %
ntl Pension Trustees Limited	3771014	Ordinary	100 %
ntl Rectangle Limited	4329656	Ordinary	100 %
ntl South Central Limited	2387692	Ordinary	100 %
ntl Telecom Services Limited	2937788	Ordinary	100 %
ntl Trustees Limited	2702219	Ordinary	100 %
O2 Cedar Limited	4678681	Ordinary	100 %
O2 Communications Limited	4271548	Ordinary	100 %
O2 Daisy Limited	16335794	Ordinary	70 %
O2 Holdings Limited	2604354	Ordinary	100 %
O2 Networks Limited	2604351	Ordinary	50 %
O2 Redwood Limited	2383186	Ordinary	100 %
O2 Unify Limited	7999361	Ordinary	100 %
OneBillTelecom Limited	4037897	Ordinary	70 %
Pioneer Business Systems Limited	8380630	Ordinary	70 %
Premier Choice Communications Limited	6769735	Ordinary	70 %
Reach Digital Telecoms Limited	9375466	Ordinary	70 %
Southern Business Communications Limited	2529115	Ordinary-A Ordinary-B	70 %
Spiritel Mobile Limited	4232789	Ordinary	70 %
Statiq Limited	8702435	Ordinary	100 %
Telefonica Cybersecurity Tech UK Limited	12490724	Ordinary	100 %
Telefonica UK Limited	1743099	Ordinary-A Ordinary-B	100 %
Telefonica UK Pension Trustee Limited	4267552	Ordinary	100 %
Telewest Communications (Scotland) Limited	SC080891	Ordinary	100 %
Telewest Communications Cable Limited	2883742	Ordinary	100 %
Telewest Communications Networks Limited	3071086	Ordinary	100 %
Telewest Limited	3291383	Ordinary	100 %
The Mobile Phone Store Limited	2837875	Ordinary	100 %
Theseus No 1 Limited	2994027	Ordinary	100 %
Theseus No 2 Limited	2994061	Ordinary	100 %
Virgin Media Bristol LLC	5319040	Common Stock	100 %
Virgin Media Business Limited	1785381	Ordinary	70 %
Virgin Media Business Limited (Ireland branch)	906427 <sup>(f)</sup>	N/A	N/A

Name of company	Company number	Holdings	Proportion held
Virgin Media Communications Limited	3521915	Ordinary	100 %
Virgin Media Finance Holdings Inc.	N/A <sup>(a)</sup>	Common Stock	100 %
Virgin Media Finance Plc	5061787	Ordinary	100 %
Virgin Media Finco 2 Limited	12581419	Ordinary	100 %
Virgin Media Finco Limited	8045612	Ordinary	100 %
Virgin Media Intermediary Purchaser Limited	13047371	Ordinary	100 %
Virgin Media Investment Holdings Limited	3173552	Ordinary	100 %
Virgin Media Investments Limited	7108297	Ordinary	100 %
Virgin Media Limited	2591237	Ordinary New Ordinary (USD)	100 %
Virgin Media Mobile Finance Limited	09058868	Ordinary	100 %
Virgin Media National Networks Limited	5174655	Ordinary	100 %
Virgin Media O2 Employee Medical Trust Limited	5993968	Ordinary	100 %
Virgin Media Operations Limited	11118162	Ordinary	100 %
Virgin Media Payments Limited	6024812	Ordinary	100 %
Virgin Media PCHC Limited	1733724	Ordinary-A	100 %
Virgin Media Secretaries Limited	2857052	Ordinary	100 %
Virgin Media Secured Finance Plc	7108352	Ordinary	100 %
Virgin Media Senior Investments Limited	10362628	Ordinary	100 %
Virgin Media SFA Finance Limited	7176280	Ordinary	100 %
Virgin Media Trade Receivables Intermediary Financing Limited	12552094	Ordinary	100 %
Virgin Media Wholesale Limited	2514287	Ordinary	100 %
Virgin Media Wholesale Limited (Ireland branch)	905669 <sup>(f)</sup>	N/A	N/A
Virgin Mobile Telecoms Limited	3707664	Ordinary	100 %
Virgin WiFi Limited	04414701	Ordinary	100 %
VM Transfers (No 4) Limited	2369824	Ordinary	100 %
VMED O2 Secretaries Limited	4272689	Ordinary	100 %
VMED O2 UK 6 Limited	16039118	Ordinary	70 %
VMED O2 UK 7 Limited	16039310	Ordinary	70 %
VMED O2 UK 8 Limited	15550938	Ordinary	100 %
VMED O2 UK Financing II Limited	12804417	Ordinary	100 %
VMED O2 UK Holdco 3 Limited	12807077	Ordinary	100 %
VMED O2 UK Holdco 4 Limited	12809596	Ordinary	100 %
VMED O2 UK Holdco 5 Limited	15016818	Ordinary	100 %
VMED O2 UK Intermediary Handset Financing Limited	16507897	Ordinary	100 %
Voice Mobile Limited	4112330	Ordinary-A Ordinary-B	70 %
Weve Limited	8178832	B Shares Telefonica A Shares	100 %
XLN Energy Limited	9200327	Ordinary	70 %
XLN Limited	9091934	Ordinary	70 %
XLN Pay Limited	6436327	Ordinary	70 %
XLN Telecom Ltd.	3902543	Ordinary	70 %
Yorkshire Cable Communications Limited	2490136	Ordinary	100 %

## Investments in Joint Ventures and Associates

Name of company	Company number	Holdings	Proportion held
Cornerstone Telecommunications Infrastructure Limited	8087551 <sup>(g)</sup>	Ordinary	25.01 %
Digital Mobile Spectrum Limited	8247385 <sup>(h)</sup>	Ordinary	25 %
Internet Matters Limited <sup>(2)</sup>	8822801 <sup>(i)</sup>	Limited by guarantee	25 %
Tesco Mobile Limited	4780736 <sup>(j)</sup>	Ordinary	50 %

(1) Daisy Communications Ltd, has non-voting preferences shares of more than 75% ownership held by Jet Holdco Limited (formerly Daisy Topco Limited).

(2) Investment carrying values are nil and thus excluded from note 20.

All companies are registered at 500 Brook Drive, Reading, RG2 6UU, unless otherwise noted below.

- (a) 1550 Wewatta Street, Suite 1000, Denver, CO 80202
- (b) Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP
- (c) The Ca'D'Ore, 45 Gordon Street, Glasgow, G1 3PE
- (d) Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808
- (e) 1 South Gyle Crescent Lane, Edinburgh, EH12 9EG
- (f) Macken House, 39/40 Mayor Street Upper, Dublin 1, D01 C9W8, Ireland
- (g) Hive 2, 1530 Arlington Business Park, Theale, Berkshire, RG7 4SA
- (h) 24 - 25 The Shard, 32 London Bridge Street, London SE1 9SG
- (i) One London Wall, 6th Floor, London EC2Y 5EB
- (j) Shire Park, Welwyn Garden City, Hertfordshire, AL7 1GA

The following transactions are also relevant for the subsidiary undertakings listed above:

- (1) In January 2025, Virgin Media Business Limited sold our minority stake in Travel Technology Initiative Limited for a consideration of £840.
- (2) In January 2025, we acquired the following dormant, non-trading companies at the nominal value of the respective share capital: VMED O2 UK 8 Limited; VMED O2 UK 9 Limited.
- (3) In February 2025, VMED O2 UK Holdco 6 Limited was incorporated and VMED O2 UK Financing II plc was re-registered as a private limited company VMED O2 UK Financing II Limited.
- (4) In March 2025, VMED O2 UK Holdings Limited sold VMED O2 UK 8 Limited to O2 Holdings Limited at the nominal value of the share capital.
- (5) In May 2025, VMED O2 and Daisy Pikco entered into a contribution agreement to create a new joint B2B telecommunications entity, O2 Daisy, with VMED O2 holds a 70% controlling interest, while Daisy Pikco retains the remaining 30% NCI, as of the Acquisition Date of the O2 Daisy Transaction.
- (6) In November 2025, Telefonica Europe People Services Limited was dissolved.

### (31) Parent Undertaking and Controlling Party

The Company's immediate and ultimate parent undertaking is VMED O2 UK Limited.

### (32) Alternative Performance Measures

VMED O2 uses non-IFRS financial measures to evaluate growth trends, assess operational performance and monitor cash performance. We consider that these measures enable investors to understand the ongoing operations of the business. They are used by management to monitor financial performance as it is considered to aid comparability of the financial performance from year to year.

These alternative performance measures should not be viewed as a complete picture of VMED O2's financial performance, which is presented in the reported results. The exclusion of certain items may result in a more favourable view when costs such as depreciation and amortisation, restructuring and other operating expenses are excluded. These measures may not be comparable when reviewing similar measures reported by other companies.

### Adjusted EBITDA

Adjusted EBITDA is the primary measure used by our Chief Executive Officer, determined to be our CODM, 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 the purposes of annual and other incentive compensation plans. 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 purposes of calculating Adjusted EBITDA also includes awards granted to VMED O2 employees that are settled with Liberty Global or Telefónica shares. See below for a reconciliation to the statutory measure, net (loss) profit.

### Adjusted EBITDA margin

Adjusted EBITDA margin is also used as an alternative performance measure and is calculated as the Adjusted EBITDA divided by revenue. Effective from Q1 2025 reporting, the definition of Adjusted EBITDA includes Opex Costs to Capture.

	Year ended 31 December	
	2025	2024
	in millions	
<b>Net (loss) profit</b>	<b>£ (763.6)</b>	<b>£ 803.4</b>
Income tax (benefit) expense	(136.5)	18.5
Other income	(37.0)	(5.2)
Share of results of investments accounted for by the equity method	(0.2)	(3.2)
Finance costs	2,294.2	2,077.9
Finance income	(1,673.8)	(1,963.2)
<b>Operating (loss) profit</b>	<b>(316.9)</b>	<b>928.2</b>
Restructuring and other operating expenses	52.8	74.5
Goodwill impairment	1,021.7	—
Share-based compensation expense	76.4	40.8
Depreciation and amortisation	3,045.5	2,853.1
<b>Adjusted EBITDA</b>	<b>£ 3,879.5</b>	<b>£ 3,896.6</b>

### Adjusted EBITDA less Capex

Adjusted EBITDA less property and equipment additions (excluding spectrum licence additions) 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 expenditures, 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.

	Year ended 31 December	
	2025	2024
	in millions	
<b>Adjusted EBITDA</b>	<b>£ 3,879.5</b>	<b>£ 3,896.6</b>
Property and equipment additions	2,089.2	2,184.4
ROU asset additions	144.8	456.2
<b>Adjusted EBITDA less Capex</b>	<b>£ 1,645.5</b>	<b>£ 1,256.0</b>

### (33) Subsequent Events

In January 2026, Virgin Media O2 Vendor Financing Notes V Designated Activity Company (**Virgin Media O2 Financing V Company**), a third-party SPE that is outside of the Group issued £175.0 million aggregate principal amount of 7.875% Vendor Financing Notes due 2032 (the **Additional Notes**) as an add on to its existing £400.0 million aggregate principal amount of 7.875% Vendor Financing Notes due 2032 (the **Original Notes** and together with the Additional Notes, the **2032 Vendor Financing Notes**). The proceeds from the Additional Notes, together with the proceeds from the Original Notes, are to be used to (i) purchase eligible payment obligations and accounts receivable of Virgin Media Investment Holdings Limited (**VMIH**) and certain other Virgin Media O2 subsidiaries, and (ii) to the extent that the proceeds from the 2032 Vendor Financing Notes exceed the amount of vendor financed receivables available for purchase, the excess proceeds are used to fund excess cash facilities to VMIH.

In January 2026, Virgin Media O2 Vendor Financing Notes VI Designated Activity Company (**Virgin Media O2 Financing VI Company**), a third-party SPE that is outside of the Group issued \$500.0 million principal amount of 8.500% vendor financing notes at par due 15 March 2033.

In January 2026, Virgin Media O2 Vendor Financing Notes VII Designated Activity Company (**Virgin Media O2 Financing VII Company**), a third-party SPE that is outside of the Group issued €550.0 million principal amount of 7.500% vendor financing notes at par due 15 March 2033.

In January 2026, Virgin Media O2 Vendor Financing Notes VIII Designated Activity Company (**Virgin Media O2 Financing VIII Company**), a third-party SPE that is outside of the Group issued £250.0 million principal amount of 8.875% vendor financing notes at par due 15 March 2033.

The proceeds of the Vendor Financing Notes due 15 March 2033 (collectively, the **2033 Vendor Financing Notes**) are to be used to (i) purchase eligible payment obligations and accounts receivable of VMIH and certain other Virgin Media O2 subsidiaries, and (ii) to the extent that the proceeds from the 2033 Vendor Financing Notes exceed the amount of vendor financed receivables available for purchase, the excess proceeds are used to fund excess cash facilities to VMIH.

In January 2026, Virgin Media O2 issued a EUR 920.0 million term loan (**Term Loan AF**), maturing on 15 October 2031 and bearing interest at a rate of EURIBOR + 3.000%, subject to adjustment based on the achievement or otherwise of certain ESG metrics. Proceeds were used to (i) prepay EUR 74.6 million of Term Loan Z and EUR 151.1 million of Term Loan O and (ii) purchase EUR 645.4 million of Term Loan Z and EUR 48.9 million of Term Loan O which were subsequently exchanged into Term Loan AF.

In January 2026, £925.0 million of Term Loan AC1 and £750.0 million of Term Loan AC2 were consolidated into a single tranche, Term Loan AC, maturing on 1 August 2030 and bearing an interest at a rate of SONIA + 3.250% per annum, subject to adjustment based on the achievement or otherwise of certain ESG metrics.

In January 2026 and February 2026 we drew £200.0 million and £215.0 million, respectively, from the Revolving Credit Facility. As of the date of this report, £415.0 million remains drawn from the Revolving Credit Facility.

In February 2026, InfraVia Capital Partners, Liberty Global and Telefónica announced an agreement to acquire Substantial Group (including the "YouFibre" and "Brsk" brands) for £2.0 billion through their existing joint venture, nexfibre (a related-party for Virgin Media O2). As part of the transaction, Virgin Media O2 will (i) enter into an extended wholesale agreement, a fibre construction agreement, and various other commercial agreements with nexfibre and receive cash proceeds, and an indirect minority stake in the holding company through which Telefónica, InfraVia Capital Partners and Liberty Global currently invest in nexfibre, in consideration for its exclusivity commitment (ii) sell certain fibre network assets to nexfibre, (iii) acquire Substantial Group's retail customers and the "YouFibre" and "Brsk" brands from nexfibre. Completion of the transaction is subject to customary regulatory approvals.

