Annual Report and Consolidated Financial Statements

VMED O2 UK Limited
For the year ended 31 December 2024

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Find out more:

Corporate Website

Investors

Responsible Business

2024 Highlights

Revenue

FY 2024	£10,680.5 million
FY 2023	£10,912.7 million
FY 2022	£10,360.0 million

Adjusted EBITDA[1]

FY 2024	£3,946.2 million
FY 2023	£4,096.0 million
FY 2022	£3,931.6 million

Property and Equipment (P&E) additions[1]

FY 2024	£2,102.7 million
FY 2023	£1,993.4 million
FY 2022	£2,061.3 million

Adjusted Free Cash Flow (AFCF)[1]

FY 2024	£494.5 million
FY 2023	£722.1 million
FY 2022	£666.0 million

Total Mobile Connections

FY 2024	45,701 thousand
FY 2023	44,861 thousand
FY 2022	44,650 thousand

Fixed-Line Customer Relationships

FY 2024	5,836 thousand
FY 2023	5,827 thousand
FY 2022	5,796 thousand

1 The Alternative Performance Measures (**APMs**), including 'Adjusted', are applied consistently throughout the Annual Report. The APMs are defined in full and reconciled to the reported statutory measure in note 33 of the Notes to the Consolidated Financial Statements.

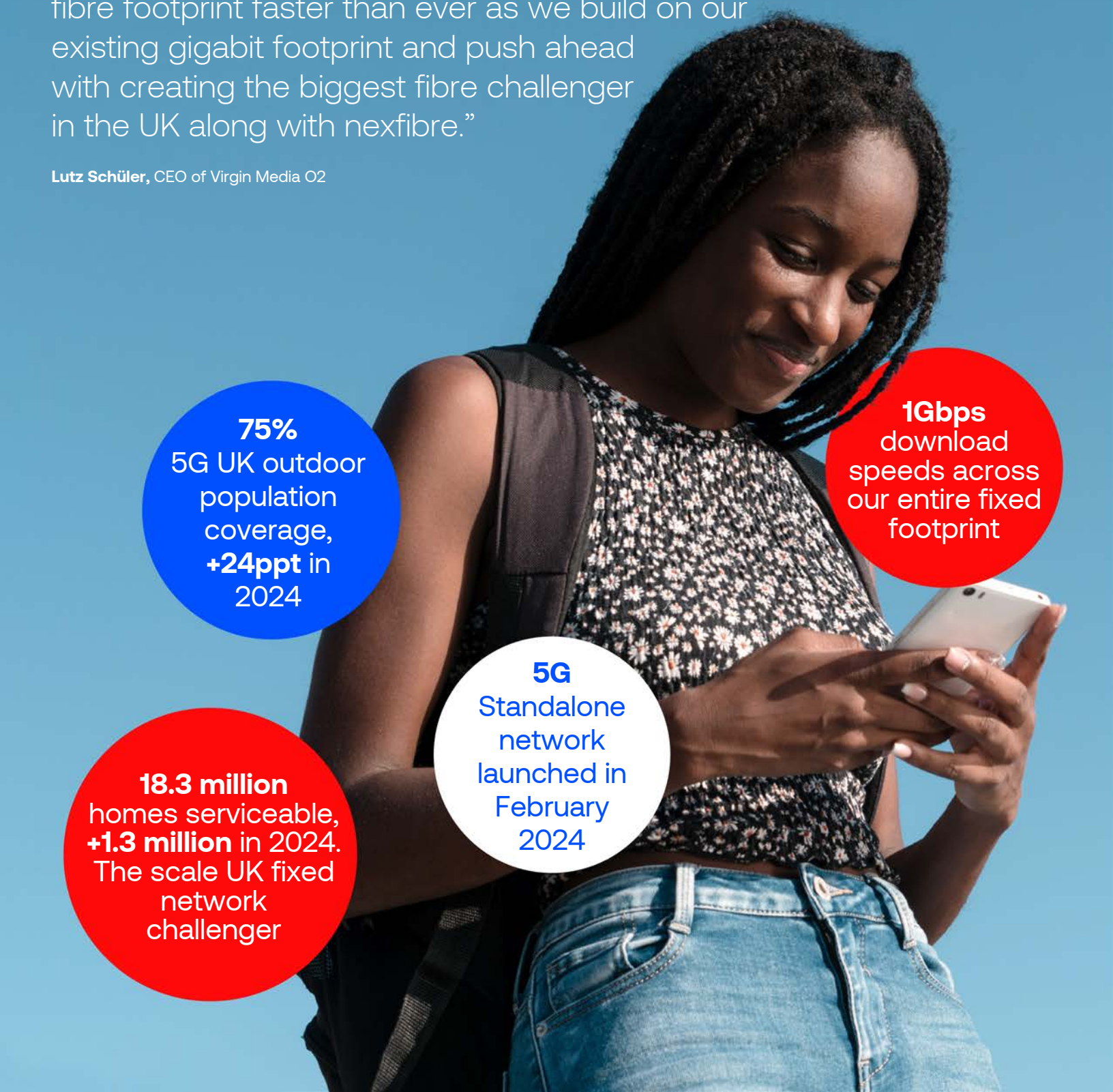
"We said 2024 was a year of investing to support our long-term growth and these results reflect that. We close the first chapter of Virgin Media O2 having delivered our full year guidance and hitting our Joint Venture synergy targets 18 months ahead of schedule, meaning we are well set for the future."

Lutz Schüler
Chief Executive Officer (**CEO**) of Virgin Media O2

2024 Highlights continued

"Our investments of more than £2 billion across the year helped us to significantly boost our 5G coverage, improve mobile network quality and enhance rural connectivity. We also expanded our fibre footprint faster than ever as we build on our existing gigabit footprint and push ahead with creating the biggest fibre challenger in the UK along with nexfibre."

Lutz Schüler, CEO of Virgin Media O2



75%
5G UK outdoor population coverage, **+24ppt** in 2024

1Gbps
download speeds across our entire fixed footprint

5G
Standalone network launched in February 2024

18.3 million
homes serviceable, **+1.3 million** in 2024. The scale UK fixed network challenger

Strategic report

Chief Executive Officer's Message

Throughout 2024, we've consistently executed our core strategy, maintained strong momentum and made strategic investments that will support future growth as we start our next chapter.

The past 12 months have seen us focused on fixing the fundamentals, including a renewed emphasis on delivering a brilliant customer experience with compelling propositions that help differentiate us in a competitive market.

Demand for our services continues to grow, with 2024 proving to be yet another record year for data consumption on our fixed and mobile networks. Customers are using their services more, at the same time as we're growing our total fixed and mobile bases. Our industry leading gigabit broadband availability and expanding footprint helped us grow our fixed customer base, while strong mobile wholesale and IoT growth was partially offset by mobile contract and prepaid customer losses, leading to total mobile base growth of 850,300 in 2024. We ended the year with a total of 45.7 million mobile connections and 5.8 million fixed-line customers across our networks.

This was a strong year for network development, underpinned by the over £2 billion investment we made in our mobile and fixed networks and services. Additionally, as the anchor tenant of the nexfibre network, we benefitted from their investment as they expanded their fibre network to achieve the milestone of 2.0 million premises.

We laid fibre faster than ever before, rolling out to 2.3 million additional premises in 2024 alone. Network expansion, predominantly on behalf of the nexfibre joint venture[1], alongside cost-effective upgrade works to future-proof our services for the years ahead, means our fibre footprint stands at 6.4 million premises as we maintain our path towards becoming the biggest fibre challenger in the market. This included the successful integration of the altnet Upp, which we acquired on behalf of nexfibre in 2023.

Our mobile network continues to go from strength to strength, and this year, focused investments delivered widespread improvements for customers. We completed the first phase of the Shared Rural Network programme, building more shared sites than any other operator to bring mobile coverage to 227 partial not-spot areas across the UK. We've further extended 5G availability with 75% of the UK population now able to access services outdoors, and we took a major step in continuing to evolve our mobile network by switching on next generation 5G Standalone services for our customers.

Throughout the year, we've continued to drive positive environmental and social change. We've been awarded a "leadership" level A-rating from CDP for our climate action; launched an O2 mobile social tariff; rolled out the National Databank to all O2 stores; reached the milestone of 20,000 rehomed smartphones to those who need them; and recycled 4 million devices, paying £350 million to consumers via O2 Recycle since it began in 2009.

We've also progressed key strategic initiatives, including preparatory work to create a fixed network company, and agreeing a new long-term network sharing deal with Vodafone which includes an anticipated acquisition of spectrum from Vodafone-Three post completion of the proposed merger. These moves will enhance and expand our networks, helping to further strengthen our position as the scaled challenger in the UK telecoms market in both fixed and mobile.

Since day one of the Joint Venture, we've been working to integrate at pace and I'm proud to close our first chapter by hitting our £540 million synergy targets around a year and a half ahead of schedule. Key milestones in 2024 include connecting 1,000 mobile masts to our 10Gbps fibre backhaul network for the first time.

Reflecting on our financial performance, 2024 was a year where we focused on setting ourselves up for future success. Revenue decreased, as was expected, with the largest driver being a decline in mobile handset revenues as customers hold on to devices for longer. More positively was our performance in consumer fixed revenue, which delivered positive growth in every quarter of 2024.

We increased investment in the year to provide solid foundations for future growth, including in targeted IT efficiency programmes and scaling sales and marketing on the nexfibre footprint to drive customer growth. These investments in future growth drivers, alongside the capital we've deployed to evolve our networks and services, demonstrate a strong vote of confidence in our business.

Looking to the year ahead, we're well positioned and are targeting a return to growth in core revenues and profitability, alongside continuing to invest in our networks and services. By executing on our core strategy, evolving our networks and remaining relentlessly focused on providing a brilliant experience for customers, we enter the second chapter of Virgin Media O2 with strong foundations.

1 nexfibre is a joint venture between our shareholders, Liberty Global and Telefónica, and InfraVia Capital Partners, building a Fibre to the Home (**FTTH**) network targeting 5 million premises not covered by our existing network. We are the anchor wholesale client of nexfibre, in addition to providing a range of construction and other services to nexfibre.

Who We Are

We are the convergence champion in UK telecoms; improving our customers' lives by providing next generation connectivity underpinned by our fixed and mobile networks.

What we do

Our connectivity empowers lives and is a key enabler of the UK economy, we focus our products and services to meet the evolving needs of our large and diverse customer base.

45.7 million
mobile connections

5.8 million
fixed-line customers

Consumer products and services:

- Broadband
- TV
- Home phone
- Mobile connectivity
- Devices
- Converged bundles

Business and Wholesale products and services:

- Connectivity
- Mobility
- Security
- Cloud
- Data and analytics
- Services to nexfibre

Our portfolio of brands each hold unique strength in the UK market, and we utilise them to address different market segments. In addition to our brands we hold selected wholesale partnerships which provide economic value to us:

Virgin media O2 | Virgin media | O2 | giffgaff

Who We Are continued

Our comprehensive and diverse distribution and service channels have both physical and a growing digital focus:

- Over 300 stores
- Online and digital applications
- Telesales and customer care
- Face-to-face, indirect and other sales channels

Our commercial offering is underpinned by our networks. We are the scale fixed challenger in the UK with a fully gigabit network and the largest mobile operator in the UK with significant spectrum and infrastructure access:

18.3 million
serviceable fixed homes

6.4 million
fibre network footprint

75%
5G outdoor population coverage

Over 99%
4G outdoor population coverage

We are guided by extensive experience in telecoms in the UK and across Europe, including pioneering fibre and 5G deployment:

Approximately
16,000
employees

Experienced
management team

LIBERTY GLOBAL

Telefónica

The impact of our connectivity on modern society enables us to create significant value for our range of stakeholders:

- Investors
- Customers
- People
- Society and environment

Key Trends That Influence Us

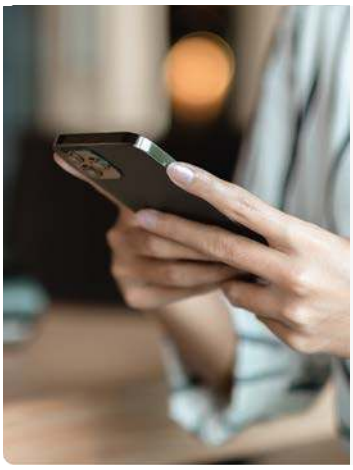
We operate in a continually evolving environment, and by staying informed on crucial trends, we can seize opportunities and address potential challenges.

Demand for connectivity continues to grow

Data usage across both fixed and mobile networks continues to increase, as high quality and reliable connectivity continues to be central in daily lives. However, against an uncertain macroeconomic backdrop, consumers and businesses are optimising spend, notably on handsets.

Rollout of the latest network technology

Continued rollout of FTTH and 5G technologies enabling faster and more reliable broadband and mobile services over a growing UK footprint. These technologies are at the heart of the upgrade of the UK's digital infrastructure.



Fixed and mobile markets remain competitive

Price discounting is common in the UK telecoms market, notably from fixed alternative networks (**altnets**) and mobile virtual network operators (**MVNOs**), however annual price increases remain the norm across fixed and mobile, supporting investment in UK connectivity.

Data and Artificial Intelligence (AI) application developments

As with most sectors, the telecoms industry continues to explore the potential capability of AI. Opportunities are found in utilising our significant data assets to meet customers' needs while ensuring customer data is protected, in addition to improving automation and efficiency.

Evolving fixed wholesale market

Demand by consumers, and consequently operators, for high-speed broadband, coupled with significant investment in FTTH, including from nexfibre and our own fibre upgrade, creates increased challenge to the incumbent in becoming a major wholesale supplier increasing network utilisation.

Focus on Environmental, Social and Governance (ESG) matters

Stakeholders including customers, colleagues, suppliers, and investors, are frequently encouraging businesses to act sustainability and behave responsibly.

Our Group Strategy and 2024 Progress

Our sizeable fixed and mobile scale position us to become the national convergence champion, while we evolve our networks to meet customers future demand and be the scale UK telecommunications challenger.

Customer	**Consumer** We put the customer at the heart of what we do by understanding and meeting their needs through four pillars: • Connect Me • Make My Life Easy • Build a Relationship with Me • Entertain and Inspire Me For further see the "Consumer" section on page 11.	**Business and Wholesale** Virgin Media O2 Business understands the importance of connectivity to Enterprise, Public Sector and Government organisations. This operates across five pillars:	• Go To Market Right • Sell It Right • Deliver It Right • Service It Right • Fit For the Future For further see the "Business and Wholesale" section on page 14.
Networks	Outstanding connectivity is a core part of our strategy. We are investing in our networks to ensure we can meet customers growing demand for today and tomorrow, with key programmes including:	• Fibre Upgrade • Network Footprint Expansion in partnership with nexfibre • Evolution to 5G • The Shared Rural Network (**SRN**)	For further see the "Networks" section on page 16.
People	Our purpose "See What You Can Do" is delivered by our people. Our People Plan is structured around creating a supportive, inclusive culture while driving clarity and focus on transformation through four pillars:	• Belonging • Clarity • Development • Recognition	For further see the "People" section on page 21.
ESG	Using connectivity to make our business better for people and the planet, our Better Connections Plan focuses on four pillars:	• Zero Carbon Future • Driving the Circular Economy • Connected Communities • A Better Way to do Business	For further see the "Non-Financial and Sustainability Information Statement" section on page 35.
Results	It's all about execution, and we measure our performance on a balanced range of key performance indicators (**KPIs**) ensuring we track and drive progress across our strategy. Focusing on:	• Operational • Financial • Non-financial	For further on our results see the "Key Performance Indicators" section on page 24.

Our Group Strategy and 2024 Progress continued

Consumer

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

1. **Connect Me**: providing high quality and reliable connectivity at home and on the move.
2. **Make My Life Easy**: ensuring that our interactions with customers are seamless.
3. **Build a Relationship with Me**: building a connection with customers to make them feel valued.
4. **Entertain and Inspire Me**: offering customers access to the best entertainment and experiences.

Progress against our consumer strategic pillars in 2024

Connect Me

Consumers' demand for date is ever-increasing and they want to stay connected no matter where they are – whether that's at home or on the move. In 2024, we have continued to place heavy focus on the quality and reach of our connectivity in the services we offer and investments in our networks.

We offer gigabit broadband services across our entire fixed network, providing ample speeds for households today, but we've continued progress, and in February 2024 we launched our first 2 gigabit per second (**Gbps**) download speed package "Gig2". The service was initially available to the growing nexfibre footprint where, throughout 2024, we have ramped up customer connections onto this next-generation fibre network. We also announced that customers in full fibre areas will be able to boost their connectivity with a major upload speed add-on, providing them with symmetrical speeds so they can upload as fast as they can download.

In mobile, we have focused on ensuring customers have connectivity when they need and want it most. This included utilising portable cells to provide coverage at events including the F1 British Grand Prix, Wimbledon, and the Goodwood Festival of Speed. Additionally, we rolled out significant improvements on transport links such as the M5, M11 and M60 motorways, and some of the UK's busiest railway stations, including Manchester Piccadilly and London's Fenchurch Street.

For further on our investment in networks that meet customers' needs both today and in the future, see the "Networks" section on page 16.

While our primary Connect Me focus is on our network quality and reach, we are also committed to a range of comprehensive measures to help people on low incomes to get online. In August 2024, we launched our "O2 Essential Plan", a social tariff designed to provide low-cost mobile connectivity to those who receive certain government support payments such as Universal Credit.

Our O2 Essential Plan was launched to complement our existing support, including our "Essential Broadband" tariffs. For further on our work to connect communities see "Social" within the "Non-Financial and Sustainability Information Statement" on page 44.

Make My Life Easy

We commit to treating our customers fairly, providing clear and transparent information about the products and services we offer, including associated fees and charges. Customer satisfaction is essential to our long-term success and putting our customers first is a foundational strategic priority for the organisation. Our large customer bases have a broad set of needs and expectations, we understand customers' needs more than ever through research and data analytics, and we remain absolutely focused on meeting and exceeding expectations.

A key priority of 2024 was our customer service transformation, while we know we can always improve further, we have made strides in enhancing customer experience. Our ambition is centred around a four-point blueprint:

1. Making targeted investments to modernise our systems and ensure the right people are in the right place to help our customers.
2. Simplifying our customer services function so our teams can resolve any issues at the first time of asking, without a customer being passed between teams.
3. Upskilling our people and investing in digital tools to help them better meet customers' needs.
4. Listening to our customers and improving our processes to remove persistent customer pain points.

We have made considerable progress in improving customer service, while still acknowledging we can improve further. By the end of 2024 we reduced the number of Ofcom complaints by 48% compared with the average monthly run rate in 2023. In December 2024, complaints relating to Virgin Media were at the lowest levels since 2017, while complaints associated with O2 hadn't been lower for two years.

Making our customers lives easy also includes trying to protect UK consumers from increasing complex fraud attempts from professional fraud gangs. In 2024, we have campaigned to educate and protect our customers from the risk of fraud. Initiatives that we have delivered include:

- We have provided customers with advice on how to detect attempted fraud and protect sensitive information from fraudsters and phone thieves.
- We have rolled out AI-powered scam and spam call detection and caller identification services to mobile customers for free to help protect them from fraud. These features allow companies to add identity information to their calls with their company name and will alert customers if we suspect a call could be a potential scam.
- To help customers keep their connected devices safe, Virgin Media includes Essential Security, a cyber security protection service, within all broadband packages as standard and at no extra cost. The free Essential Security service automatically protects all devices connected to a customer's home network, helping to keep them safe and secure.

Our Group Strategy and 2024 Progress continued

In November 2024, we raised awareness of the fraud risk by unveiling "Daisy", a human-like AI software that's been answering calls from fraudsters in real time. The aim is to waste as much of the scammers' time as possible to keep them away from customers for as long as possible. This activation reminds consumers to be mindful to report suspicious calls and texts to 7726.

Over 1,000
scam calls averted

Build a Relationship with Me

We believe that a key element of maintaining and growing a premium average revenue per unit (**ARPU**), is for customers to feel rewarded and to have a good relationship with their providers. We aim to give customers the flexibility to tailor their services to meet their needs and provide increased benefits to them as they take increased levels of services from us.

Our converged "Volt" bundles are a key mechanism in how we try to reward customers relationships. Fixed-mobile convergence (**FMC**) remains low in the UK in comparison to other European markets, and our fixed and mobile network ownership combined with leading brands and propositions, place us well to drive growth in convergence. Volt customers, who take both Virgin Media fixed and O2 mobile services, benefit from faster broadband speeds, double mobile data, "WiFi Guarantee" at no extra cost, WiFi pods to boost connectivity and roaming with O2 Travel. Supported by these benefits, Volt customers show lower churn rates and higher customer satisfaction scores. As a result, we continue to promote Volt, for example through cross-selling Virgin Media broadband as part of a Volt bundle in O2 stores.

In addition to our Volt bundles, we continue to offer a range of other benefits to our customers through our brands, with notable progress in the year including:

- In April 2024, we began the rollout of a new smart support service to automatically identify network issues and boost broadband reliability. The "Smart Support" service uses always-on monitoring to detect issues and attempt to automatically resolve the issue overnight. Where the issue cannot be resolved remotely, the customer is sent personalised advice on how resolve the issue themselves or invited to book a free engineer appointment.
- In June 2024, O2 launched an "Ultimate Plan" offering a range of benefits including same-day replacement and a three-year warranty via O2 Insure – Ultimate cover, O2 Switch Up offering a handset upgrade every 90 days, an Extra from O2 such as Disney+, McAfee Mobile Security Plus and O2 Inclusive roaming in 123 destinations worldwide.

These actions were part of a wider strategy to drive value into our premium Virgin Media and O2 brands, building on their rich history and success in the UK fixed and mobile telecoms markets. Notable success was made in fixed, where we ended the year with a Q4 2024 monthly ARPU per fixed-line customer relationship of £47.74, an increase of 2.0% compared to the same period of the prior year.

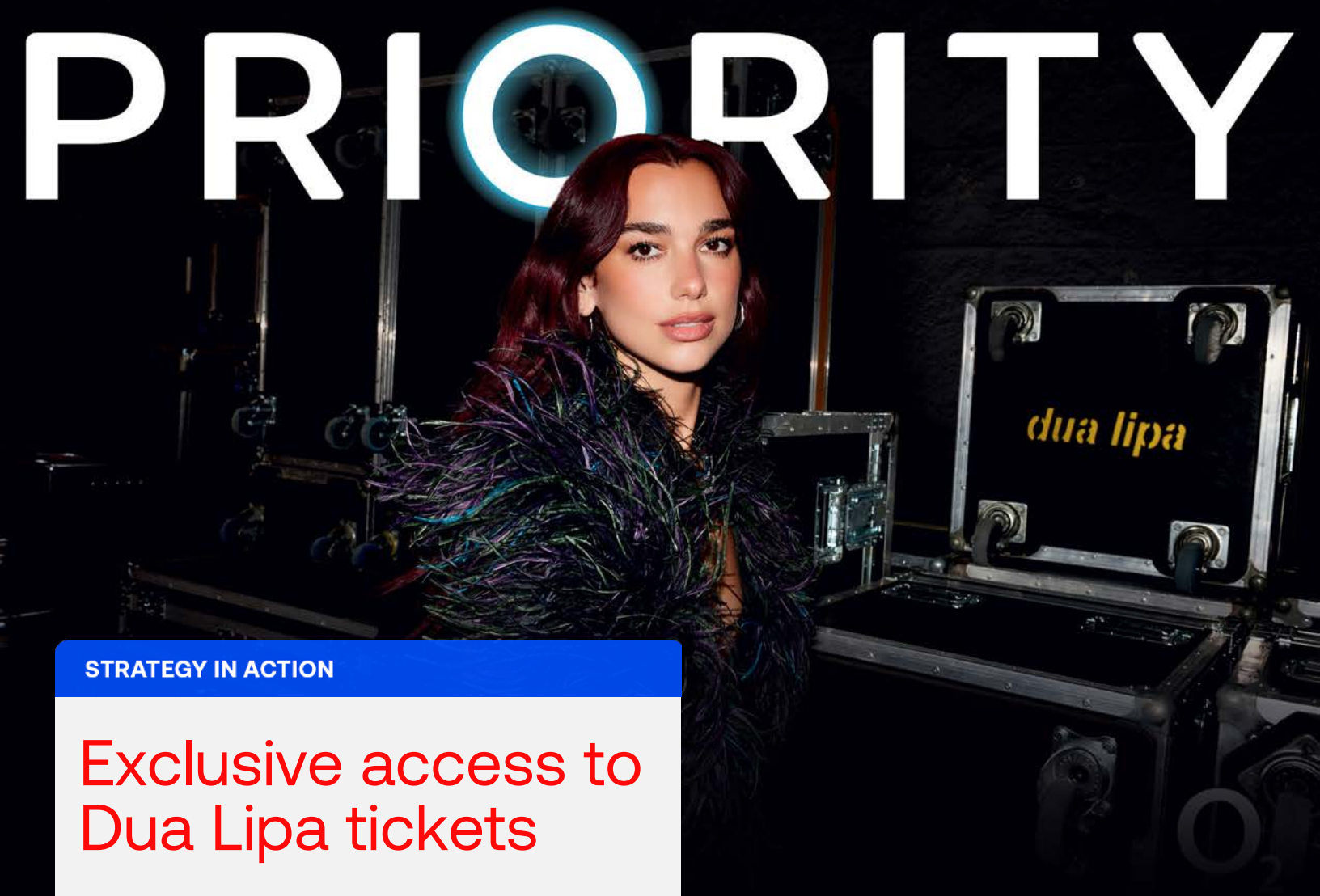
Entertain and Inspire Me

We operate a portfolio of brands including O2, Virgin Media and giffgaff, and believe that our ability to entertain and inspire customers through these brands will help to increase brand strength.

Our TV strategy continues to ensure we entertain our customers by offering the leading TV content, with customers able to personalise and swap in and swap out content based upon their interests. We offer access to linear TV and streaming services such as Amazon's Prime Video, Disney+, Apple TV+, Netflix, and Paramount+. We also offer Sky Sports and TNT Sports under long-term arrangements, and in 2024 we extended our arrangement with TNT Sports.

Priority has a long-standing history as a leading UK rewards programme, offering exclusive rewards with high street brands and early access to gig tickets and experiences for O2 and Virgin Media customers. The O2 brand has a strong association with music in the UK through sponsorship of The O2 and O2 Academy venues, and in 2024 we have furthered this relationship utilising Priority. Customers have had the exclusive opportunity to access free tickets to concerts with artists including RAYE, Girls Aloud, and D-Block Europe at 'Priority gigs'.

Our Group Strategy and 2024 Progress continued



STRATEGY IN ACTION

Exclusive access to Dua Lipa tickets

In July 2024, Priority users had exclusive access to tickets for Dua Lipa at Wembley Stadium on 20 June 2025. To celebrate the pre-sale O2 brought back its renowned 'Walk Ad' featuring pop icon, Dua Lipa, for the first time in six years. Through Priority, O2 offers members a range of exclusive benefits and rewards, including early access to the most sought-after events in entertainment.

1.6 million
Priority tickets sold in 2024

Our Group Strategy and 2024 Progress continued

Business and Wholesale

Virgin Media O2 Business continues to put the customer at the heart of everything we do, understanding the importance of connectivity and technology from an enterprise, public sector and government standpoint. Our vision is to become a UK leader for fixed and mobile convergence, by digitally transforming UK businesses.

Business and Wholesale strategy

The Business and Wholesale operating plan is aligned to the Group's "See What You Can Do" purpose, which is founded upon our company values of 'Brave', 'Real' and 'Together'. This operates across five strategic pillars delivering on convergence, accelerating digital and delivering organisational transformation:

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

We also remain committed to our ambitious ESG strategy and goals, both in our strive to help our customers achieve their own ESG outcomes, but also internally enabling our Better Connections Plan. Our Connect More and Tech Donation digital inclusion programmes have continued traction in 2024 and in May, we launched 'Care-ready Connectivity' an integrated connectivity package including digital explore workshops and mobile health checks for UK National Health Service (**NHS**) Trusts to help close the UK's digital health gap.

Our product portfolio

As a key provider of business-to-business (**B2B**) communication services in the UK, through our converged offering, we provide flexibility and choice with connectivity solutions across our award-winning fixed and mobile networks, as well as integrated voice, mobility, security, and cloud solutions. Recognising the challenges of the current economic backdrop, our products and services are designed to drive efficiencies and help our customers gain their competitive edge. We are focused on demonstrating value creation and return on investment wherever possible and have uniquely positioned Data, AI, 5G Private Networks (**5GPN**) and Network as a Service (**NaaS**) propositions as important growth drivers for the business through our powerful networks. In May 2024, we announced our partnership with Accenture to further enhance our 5GPN solutions for UK businesses, helping our customers to realise the potential of 5G with a broad set of applications for multiple industry segments. In July 2024, we were recognised as 'Leaders' in ISG's 'Provider Lens for SD-WAN and SASE' solutions, demonstrating our commitment to providing our customers with the best-in-class digital services.

Delivering for our customers

We know that our customer segments have fundamentally different needs and buying behaviours and as a committed customer-centric organisation, our dedicated teams are focused on delivering a range of relevant solutions.

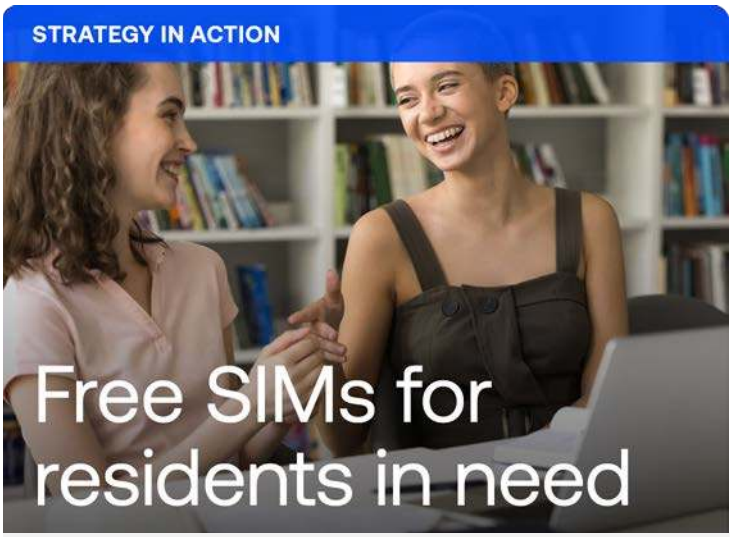
Enterprise and public sector

Our enterprise business continues to work with organisations nationwide to navigate the ever-changing digital landscape supporting customer experience, delivering increased productivity through better use of technology and improving employee engagement. Across the Retail sector, we have launched our 'Retail Retold' proposition, which helps retailers of all sizes independently change their sales narrative through connectivity. Additional solutions within this proposition helps to maximise return on operational investment and unlock potential savings. In 2024, we also launched our people manifesto 'Power the Humans' always-on programme to demonstrate how our technology solutions give B2B customers the power to make things happen.

For our public sector customers, we launched our 'Police-Ready' connectivity initiative working with South Staffordshire Police to help inform and support their sector with future and police-ready connectivity. From a Healthcare standpoint, we helped Norfolk Community Health and Care NHS Trust revolutionise public health by transforming digital infrastructure, replacing outdated technology with a cloud-based supported system to improve network performance, which in turn frees up clinicians' time and boosts patient care.

As organisations continue to face challenges to keep up with rapid technological advancements, we know that they are struggling to fully leverage digital solutions. In response, we are redefining our approach to measuring return on investment by expanding it beyond financial metrics to encompass the benefits realised by employees, customers, and society at large.

Our Group Strategy and 2024 Progress continued



In February 2024, we announced that our initiative with Lancashire County Council had allowed them to better engage with their communities, delivering social value initiatives that support the local community. This included providing the council's 66 libraries with over 1,200 free Subscriber Identification Module (**SIM**) cards to distribute to local residents at risk of data poverty through the National Databank.

1,200
free SIMs for Lancashire residents in need

Furthermore, throughout 2024, we have continued our sustainability commitment, whether it's using our Carbon Calculator, Tech Donation Programme, Mobile Recycling Scheme, or the rollout of our Connect More digital skills programme to another seven locations across the UK – we know how important it is to empower our customers to help them achieve their sustainability goals.

Small and medium enterprise (**SME**)

We have actively supported a growing digital-first mindset with our SME customers. Many SMEs are striving for a digital-first culture, allowing them to streamline operations, enhance customer experiences and improve decision-making through technology. By adopting our cloud solutions and mobile tools, we know that this will help businesses boost productivity, cut costs, and quickly adapt to customer needs. Our approach supports better collaboration in hybrid work environments and helps users scale efficiently whilst meeting the demand for tech-enabled interactions. Additionally, the offering of selected digital overlays, especially with collaboration tools, allows operational efficiency enhancement and improved customer interactions. Our integrated approach ensures that we meet their evolving technological needs whilst positioning ourselves as a critical partner in the SME digital transformation journey.

Wholesale

Our wholesale business remains a key part of our wider company strategy, with our scale and investment in our networks enabling us to provide high quality connectivity in selected partnerships which provide economic value.

In wholesale fixed, 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 telecommunications carriers, mobile network operators (**MNOs**), altnets, data centre operators, hyperscalers and others use our connectivity services within their own network infrastructure. We continue to explore optionality on providing third-party wholesale retail internet service providers (**ISPs**) with access to our fixed network, to then onward provide services to consumers.

In May 2024, we connected Equinix Manchester MA5 data centre with new fibre routes and high bandwidth services. This development marked an important phase of our ongoing high bandwidth upgrade programme, which is delivering faster and more accurate provisioning at strategic sites throughout the UK. The new site is a significant addition to what is considered the UK's most important network ecosystem and interconnection hub outside of London. This development will enable more fast-growth businesses, especially those based in Manchester and the North, to take advantage of high-capacity infrastructure.

Up to 100Gbps
bandwidth available

Utilising our mobile network, we have strong partnerships with selected MVNOs. In January 2024, we agreed a 10-year renewal with Tesco Mobile, a 50:50 joint venture between certain subsidiaries of Tesco and Virgin Media O2. Tesco Mobile has grown to be the UK's largest MVNO, with more than 5.5 million customers. This renewal reconfirms our position as the network of choice among the largest mobile providers, with both Tesco Mobile and Sky Mobile's millions of customers benefitting from our mobile network.

Our Group Strategy and 2024 Progress continued

Networks

High quality connectivity is a core part of our goal to meet customers' needs, and we continue to future-proof ourselves through evolution of our fixed and mobile networks. We have strong network ownership economics as one of four leading UK MNOs and one of two fixed network owners covering over half of UK homes. Our fixed network footprint covers 18.3 million homes serviceable as of 31 December 2024, over 16 million of these are passed by us, with the remainder primarily owned by nexfibre. Our mobile network provides 2G, 3G, 4G and 5G mobile services, through our own brands and to MVNO operators. Our 5G network provides 75% UK outdoor population coverage as of 31 December 2024.

Fixed network strategy

Our fixed network footprint can already service over half of the country with gigabit broadband internet, video and fixed-line telephony services. We believe that download speeds of up to 1.1Gbps are ample for the vast majority of consumers today; even on full fibre networks only 17% of UK consumers take-up services with an advertised download speed of 900Mbps or faster (source Ofcom Connected Nations 2024). However, through our key fibre programmes we continue to future-proof our fixed network as we advance our position as the scale challenger to the incumbent in the UK market.

Fibre upgrade

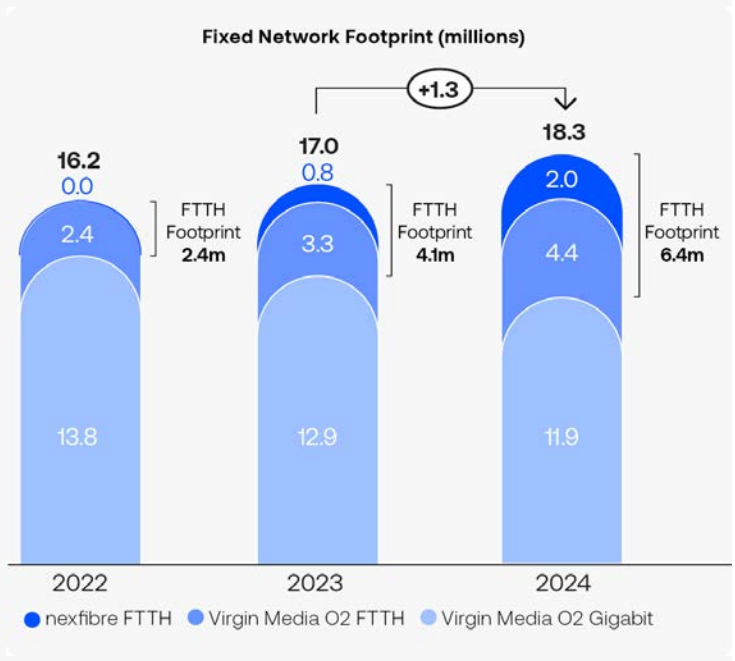
To future-proof the fixed network we are upgrading existing Gigabit speed technology to FTTH technology. This focuses on utilising 10 gigabit symmetrical passive optical network (**XGS-PON**) technology, which is capable of symmetrical upload and download speeds, with potential speeds of up to 10Gbps. In addition to this, XGS-PON fibre networks are easier to maintain, more reliable and, because we're using a passive optical network, the rates of energy consumption will be lower than on our hybrid-fibre-coax (**HFC**) network. This will help us towards our net zero plan to make things better for customers, communities and the planet. The cost of the fibre upgrade is kept low compared to other fibre network rollouts driven by utilising our existing ducted network.

Network footprint expansion in partnership with nexfibre

nexfibre is a joint venture between our shareholders, Liberty Global and Telefónica, with InfraVia Capital Partners, creating a fibre network in the UK targeting 5 million 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 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.

Fibre rollout in 2024

Progress in nexfibre rollout creates the immediate opportunity to provide services to premises not previously addressable, while our fibre upgrade supports the long-term future of fixed network enabling new commercial value creation and efficiency benefits. We have already made significant progress in these two programmes.



In 2024, fibre rollout continued at pace with over 2 million new fibre premises, bringing the total fibre footprint to 6.4 million. Rollout into new areas continued at pace as build, primarily on behalf of nexfibre, reached 1.3 million new premises in 2024, representing a 50.8% increase in build rate compared to 2023. We also continued the upgrade of the existing network to fibre, as the Virgin Media O2 FTTH footprint (excluding nexfibre) now stands at 4.4 million, comprising of fibre upgrade FTTH premises and FTTH premises delivered through the previous Project Lightning.

Following the acquisition of the altnet Upp in 2023, Virgin Media O2 successfully completed work to integrate its full fibre network of approximately 175,000 premises in 2024. The vast majority of these premises were transferred to nexfibre in 2024, with the remaining to be transferred in 2025.

Our Group Strategy and 2024 Progress continued

Locations across the UK have benefitted from access to gigabit speeds for the first time as a result of our rollout on behalf of nexfibre. One location added to the nexfibre footprint was Horsham, West Sussex where Virgin Media gigabit broadband was made available to 18,000 homes for the first time in October 2024. These homes were able to access our "Gig2" full fibre broadband service with maximum download speeds of 2Gbps. Access to high-speed and reliable broadband brings a range of indirect benefits including the ability to participate in the local economy and connect with the community.

Record
1.3 million
additional homes serviceable in 2024

Fixed Network Company (**NetCo**)

In February 2024, together with our shareholders, Liberty Global and Telefónica, we announced that we had initiated plans to create a distinct national fixed network company that will underpin full fibre take up and rollout. Aligned with our current network strategy, NetCo will focus on completing our ongoing fibre upgrade programme which sees the existing cable network overlaid with full fibre. NetCo also gives optionality and flexibility for future in terms of financing and playing a role in potential altnet consolidation alongside pursuing wholesale opportunities as a scaled network alternative. In 2024, we focused detailed planning for NetCo, ensuring we learn from best practice of other NetCo examples.

Utilising the fibre footprint

In 2024, significant operational progress was made in utilising our fibre network. In February, we launched the "Gig2" broadband service on the nexfibre footprint, utilising 2Gbps symmetrical download and upload speeds. Customers on the "Gig2" service receive Virgin Media's Hub 5x router – our first to support XGS-PON technology and our most energy efficient router to date, made from 100% recycled plastic.

Additionally, we continue to explore optionality on providing third-party retail ISPs with wholesale access to the combined Virgin Media O2 and nexfibre network. In 2024, we made notable progress in development of a wholesale provisional system that can provide seamless access across the combined fibre footprint.

Our Group Strategy and 2024 Progress continued

Mobile network strategy

Our mobile network supports more connections than any other in the UK and is a key component in the social and economic fabric of the UK. We operate a mobile access network based on 2G, 3G, 4G and 5G standards, and continue to invest in our mobile network to meet growing data usage. The evolution of the mobile network will be delivered through a number of methods, with the primary goal to ensure reliable connectivity for as much of the country as possible. Two key programmes to help support this are:

Evolution to 5G

We see 5G as the next step in our mobile network to meet customers' needs and provide new revenue opportunities. We are targeting 5G coverage in all populated areas by 2030, in line with the UK Government's Wireless Infrastructure Strategy.

Our evolution to 5G is focused on 5G Standalone, offering increased network capacity, reduced latency, and a sizeable increase in the number of connected devices. 5G Standalone will unlock many of the innovative use cases associated with 5G, including autonomous transport solutions, augmented reality, advanced robotics and other business use cases that can help boost UK productivity and competitiveness. The 5G Standalone network also uses more energy efficient technology, helping us to cut energy usage and emissions in line with our Better Connections Plan targets.

Through the year we made significant progress with the evolution of our 5G network, with the key milestone being the switch on of the 5G Standalone network in 14 cities across the UK in February 2024. Unlike some 5G services which have relied on parts of the 4G network to send and receive data, our 5G Standalone network is a completely new network built using the newest future-proofed radio infrastructure and a totally cloud-based core.

In November 2024, we became the first UK operator to switch on 5G Standalone small cells in a major connectivity boost for customers. By successfully installing small cells in central Birmingham, we boosted mobile connectivity for customers in some of the city's busiest areas. Performance data, captured shortly after the cells were installed, shows 5G Standalone is delivering a better mobile internet experience, ensuring a smoother service for customers, whether they're browsing, streaming, or working on the go.

Roll out of the 5G Standalone network continued throughout 2024 and by the end of the year, it was live in 521 towns and cities. The introduction of 5G Standalone to our network was a key driver in our boost to 5G outdoor population coverage, ending 2024 at 75%, an increase of 24 percentage points compared to 2023.

Shared Rural Network (**SRN**)

The SRN is a £1 billion joint initiative between mobile network operators and the UK Government to extend 4G connectivity to 95% of the UK's landmass by the end of 2025. The upgrades provide customers with faster and more reliable mobile data and higher quality voice calls, transforming coverage in areas that previously suffered from patchy or slow services. Access to connectivity is vital in tackling the urban-rural digital divide that exists in the UK, and The SRN will be a key enabler in reducing that divide.

In 2024, we completed the first phase of the programme in line with Government targets and also became the first mobile operator to successfully build a Total Not Spot (**TNS**) site as part of the Government-funded second phase of the SRN programme.

STRATEGY IN ACTION

Glencoe Mountain Resort became the 227th site to benefit from improved 4G coverage, as part of delivery of the first phase of The SRN in time for the 30 June deadline. The mountainous site is over a kilometre above sea level, making it the highest mobile mast standing in the UK today.

Glencoe benefitted from improved mobile connectivity after Virgin Media O2 used helicopters to deliver a new 4G mast to the top of the mountain, standing 1,108 metres above sea level. The new mast will deliver reliable mobile coverage to Glencoe Mountain Resort, Scotland's oldest ski centre, greatly improving safety and convenience for its many visitors.

We faced significant challenges building the remote site, with extreme weather conditions making delivery exceptionally difficult. On top of this, Glencoe is a National Nature Reserve and home to endangered species, including golden eagles and ptarmigans. Working closely with our build partner, WHP Telecoms, these challenges were overcome, and the site was built within five weeks.

227
partial not-spot areas with improved 4G coverage

Our Group Strategy and 2024 Progress continued

Other operational progress in the mobile network

In addition to our 5G rollout, we have also continued to focus on network reliability and providing a consistent 4G connectivity experience for our customers. To keep pace with our customers' demands, we have added additional 4G capacity to over 272,000 separate UK postcodes during 2024. We have primarily achieved this through spectrum refarming which is reusing our 2G and 3G spectrum on our 4G network, providing customers with faster speeds utilising 4G technology, while reducing our reliance on the older 2G and 3G technologies.

Following our announcement in 2023 that we will phase out 3G services in 2025, we have successfully completed switch off trials in multiple areas across the UK. We remain on track to switch off the service in 2025, a move that will enable us to further expand and upgrade 4G and 5G connectivity, reduce energy consumption to support our net zero targets and deliver enhanced speeds and reliability for customers. The move to switch off 3G follows the Government and industry's joint statement in December 2021 that all UK MNOs will switch off 2G and 3G by 2033 at the latest, with our 3G switch off taking place in phases across 2025.

A key focus throughout 2024 has been on strategically optimising our network in the places where customers need it most. This includes tackling congestion and boosting performance in 27 major towns and cities, as well as 18 high-demand areas across London. We have also been enhancing connectivity along key transport routes, including major motorways and railway stations, to keep our customers connected wherever they go.

We have been improving the in-building performance of our network with distributed antenna systems (**DAS**) rolled out to key transport hubs and sites across the country including Manchester, Stansted, Edinburgh and Luton airports as well as Manchester Piccadilly station and Fenchurch Street station in London.

Network sharing arrangement with Vodafone

We have a long-standing network sharing arrangement with Vodafone under which we share our collective mobile sites to form a single, national grid across the whole of the UK and active equipment, such as radio antennae, on joint network sites in certain parts of the UK. The network sharing arrangement has two distinct elements: an active radio access network (**RAN**) share and a passive infrastructure share.

The active RAN share component involves sharing of our and Vodafone's 2G, 3G, 4G and 5G networks (except in London and certain other major cities). The shared network is managed by each party separately based on a geographical split: we are primarily responsible for managing the active component of the shared network in the Eastern half of the UK, Northern Ireland, and most of Scotland, and Vodafone is primarily responsible for managing the active component of the shared network in the Western half of the UK (including Wales).

We are able to access a wide footprint of mobile network infrastructure, primarily through our joint operation Cornerstone Telecommunications Infrastructure Limited (**Cornerstone**). As of 31 December 2024, we had access to a network of over 20,000 macro mobile sites, approximately 18,000 of these were through Cornerstone, with the majority included in the network sharing partnership with Vodafone. This includes base stations (connecting handsets to our mobile network using available spectrum), backhaul, the core network (composed of data centres which store customer information and location and switching sites which route voice calls and data to their intended destination) and a service layer (which provides messaging and voicemail capabilities).

There have been several areas of strategic progress in network sharing with Vodafone in 2024.

In July 2024, we announced with Vodafone a new network sharing agreement to extend the current agreement between Virgin Media O2 and Vodafone UK for more than a decade. Subject to the final completion of the merger between Vodafone UK and Three UK (**MergeCo**), the agreement provides a stable basis for MergeCo's enlarged network to participate in the network sharing agreement. Additionally, subject to the final completion of the merger and approval from Ofcom, we will acquire spectrum from the newly created MergeCo, allowing us to provide increased capacity, speeds and greater coverage for our customers.

The UK's Competition and Markets Authority (the **CMA**) provided approval for the Vodafone UK and Three UK merger on 5 December 2024, highlighting "material network improvements" for us a result of the merger, supported by a notable increase in our spectrum holding and the benefits we expect from enlarged network sharing. As of 31 December 2024, final completion of the merger had not taken place. The acquisition of spectrum is expected to begin in 2025, with spectrum deployment to happen in earnest over the medium term.

In August 2024, Cellnex UK (**Cellnex**), Vodafone and Virgin Media O2 signed a new long-term agreement for Cellnex to provide tower infrastructure and associated services. This new agreement replaced a prior agreement that Cornerstone held directly with Cellnex. The partnership will help us maintain and upgrade our existing sites across the country and ensure we continue to provide our customers with the fast and reliable mobile connectivity they increasingly rely on.

In November 2024, we sold an additional 16.66% minority stake in Granstone, (representing 8.33% of Cornerstone), this follows on from, and is along equivalent terms to, the previous sale which completed in November 2023. This allowed us to successfully monetise our infrastructure while retaining joint control of our interest in the joint operation of an important asset. Cornerstone remains a critical supplier to us and this transaction has not impacted the existing commercial network sharing agreement between Vodafone and Virgin Media O2. For further on this transaction please see note 30 in the Notes to the Consolidated Financial Statements on page 154.

Our Group Strategy and 2024 Progress continued

Summary of Virgin Media O2's spectrum holding as of 31 December 2024, excluding the potential acquisition from MergeCo described previously:

Frequency Band Megahertz (MHz)	Spectrum Amount Held (MHz)
700 Frequency Division Duplex	20
800 Frequency Division Duplex	20
900 Frequency Division Duplex	34.8
1,800 Frequency Division Duplex	11.6
2,100 Frequency Division Duplex	20
2,300 Time Division Duplex	40
2,600 Time Division Duplex*	20
3,400 Time Division Duplex	40
3,600 Time Division Duplex	40

*Excludes 5 MHz of spectrum not useable for macro purposes.

Integrating our networks

The primary fixed and mobile network integration synergies were achieved in prior years however, we have continued to deliver efficiencies through combining our networks. A key example of this has been utilising our fixed fibre network to support out mobile network. As of December 2024, we had successfully connected 1,000 mobile masts to the proprietary 10Gbps fibre backhaul network, enabling faster data speeds, lower latency and a more reliable mobile network experience for customers. The upgraded sites benefit from an increase in capacity and throughput, translating to faster response times and a more reliable network performance for customers. These upgrades are made possible by Virgin Media O2's converged interconnect network (**CIN**), a new network that carries both mobile and fixed traffic.

Network reliability is a key pillar to our network strategy. In 2024, we made significant strides in reducing customer lost hours, which were 71% lower than 2023, and reduced major incidences on our network by 17%. This has been achieved through process improvement allowing us to become better at diagnosing faults, proactively address network risks, and use of automation to perform resilience tests and improve mobilisation.

Network awards

In 2024, we continued to win awards for both our fixed and mobile networks. The speed and quality of our fixed network was recognised by Global Wireless Solution (**GWS**) who awarded us as having the 'Best Broadband Experience'. We were also awarded the 'Best Combined Connectivity Experience' by GWS for our converged performance across both our fixed and mobile networks.

Our Group Strategy and 2024 Progress continued

People

At the start of 2024, we re-aligned our core values and behaviours and refreshed the 'Can Do' company initiative, underpinned by our People Plan. This plan focuses on four key priorities: Belonging, Clarity, Development, and Recognition, each designed to meet our people's need to empower them to reach their potential.

Our vision is to build a Team Virgin Media O2 where every voice matters, contribution is celebrated, and growth is accelerated. The People Plan is structured around creating a supportive, inclusive culture while driving clarity and focus through ongoing transformation across four pillars:

Belonging

We are committed to moving towards becoming an organisation where everyone feels included and supported. The core of our belonging strategy is that employees feel safe to be themselves and take calculated risks, knowing they are valued. Our aim is to foster an environment where every individual feels they belong and can contribute authentically.

Clarity

We are ensuring that every employee has a clear understanding of their role, responsibilities, and objectives. By aligning our people around shared priorities, we will help them navigate ambiguity and remain focused on driving results.

Development

We believe in developing an exceptional and diverse workforce by investing in skills for the future. The People Plan is designed to motivate employees to achieve their full potential, equipping them with the tools and opportunities they need to grow and succeed. Our commitment to development will ensure that our people are empowered to face new challenges and thrive in their careers.

Recognition

Recognising our people's contributions is a core part of our culture. In 2024, we are strengthening our culture of appreciation by ensuring that every employee is recognised for the impact they have. This priority is about celebrating successes, reinforcing positive behaviours, and making sure that contributions are valued throughout the organisation.

We'll continue to embed and evolve our People Plan to meet the needs of our people, whilst enabling the organisation to evolve and advance.

How we measure success

We monitor progress against each of our four key pillars of Belonging, Clarity, Development and Recognition, utilising a range of methods supporting an "Always on Listening" strategy. We aim to frequently gather employee feedback through methods including:

a. **Pulse surveys:** all employees are encouraged to participate in pulse surveys, they cover timely and relevant topics for Virgin Media O2 while maintaining consistency in certain questions to track trends. Survey insights are regularly shared with the Executive team, and the Chief People & Transformation Officer provides ongoing updates to the CEO.
b. **Lifecycle surveys:** such as onboarding (30 and 90 days) and exit surveys, which provide valuable insights into the employee journey.
c. **Employee feedback channels:** employee groups with representatives from across the organisation provide regular feedback, ensuring that concerns are addressed, and actions are followed up in a timely manner.

Our primary measure of success is employee engagement, which we measure through our pulse surveys. In 2024, in line with our Always on Listening approach, we increased the number of pulse surveys to three. Employee engagement increased in each survey, with an engagement score of 66 in January, 71 in May, and 76 in November. The final engagement score of 76 in 2024 was a +4 point improvement compared to the final survey in 2023 which scored 72.

The survey results have highlighted strengths and opportunities, helping us shape an environment that supports our people, culture, and ambitions. Insights gained from these surveys have been instrumental in updating our people strategy, focusing on culture underpinned by Belonging, Clarity, Development and Recognition as key drivers of success.

Fair treatment in the workplace

We aim to put Diversity, Equity and Inclusion (**DE&I**) at the heart of how we do business and have ambitious targets. See "Non-Financial and Sustainability Information Statement" on page 35 for further information. We continue to champion our DE&I agenda through a wide range of activities within our business and the communities we serve.

Virgin Media O2 employment decisions are based on individual merit and business needs, irrespective of race, colour, ethnic, cultural, community or national origin, nationality, religion, or belief (including lack of belief), sex, sexual orientation, gender reassignment, marriage and civil partnership, pregnancy and maternity, disability, age or neurodiversity. However, we may take positive action to overcome under-representation or disadvantages of employees with protected characteristics when necessary.

We take a zero-tolerance stance against discrimination, bullying and harassment. In September 2024, we launched our "That's Not Okay" campaign with four new people policies: (i) Belonging, (ii) Grievance, (iii) Anti-Discrimination, Bullying and Harassment, and (iv) Disciplinary. Together, they set out high standards and clear procedures to protect everyone in Virgin Media O2. We also made it easier for our people to flag unacceptable behaviour with our Zero-Tolerance bot and updated reporting form which launched in 2024.

This commitment extends to all aspects of our employment including recruitment, hiring, evaluation, promotion, compensation, training, development and termination.

We support the health and wellbeing of our employees through providing a range of benefits, occupational health and employee support services.

Our Group Strategy and 2024 Progress continued

Our people policies and line manager guidance support the fair treatment of people with disabilities in relation to their recruitment, training, and development, for example:

a. Reasonable adjustments and practical considerations relating to disabilities, including an adjustment passport which enables employees to log their adjustments while providing line managers with a built-in review period to ensure ongoing support.
b. Increasing the accessibility of our employee services making them more inclusive for disabled people.
c. Importance of diversity and ensuring that discrimination does not occur.
d. Importance of focusing on what people can do rather than what they cannot and challenging stereotypes about people with disabilities.
e. E-learning which is available to all our employees to highlight the legal and behavioural aspects of DE&I.

Growth and Contribution (G&C)

In 2024, Virgin Media O2 introduced G&C, our new approach to performance management, with a more dynamic, employee-led approach, rather than the traditional top-down management of performance. The G&C framework empowers employees to set personal goals that align with both their ambitions and the wider organisational objectives. Managers support this process by providing feedback, ensuring alignment with divisional goals, and creating development opportunities.

Talent and leadership development

In 2024, we continued to focus on developing leadership and talent to support our digital, network, and commercial transformation goals. Our programmes are designed to equip employees with essential skills to thrive in a rapidly changing environment.

Core Learning Journeys

Core Learning Journeys were designed to help employees develop their core human skills and adapt to evolving work practices. These 10 journeys combine self-led digital learning pathways with live instructor-led 'immersion' sessions. Whilst enrolment has been optional, over 10% of employees took part in an 'immersion' session, with Generative AI gaining the most interest.

Leadership development programmes

Our leadership programmes focus on empowering leaders to drive team performance, foster collaboration, and promote inclusivity across all levels of the organisation. We offer leadership courses which are targeted at different cohorts of our organisation, in addition to courses intended for all of our people leaders including a mandated "Inclusive Leader" course which focuses on educating leaders about the importance of inclusion.

Virgin Media O2 induction

The Virgin Media O2 induction programme provides new employees with a structured and welcoming introduction to the business, linking to our Can Do Plan and People priorities. This induction complements role-specific onboarding and ensures new joiners quickly feel integrated, informed, and supported.

Talent acquisition and retention

Our talent acquisition and retention processes are underpinned by our People Plan including fair treatment in the workplace and DE&I policies.

Driving DE&I

Talent acquisition continues to play a crucial role in supporting our DE&I goals. The team worked closely with initiatives such as the charity 20/20 Levels, focused on recruiting individuals from underrepresented Global Majority backgrounds. In 2024, a redesigned reasonable adjustments process, coupled with a partnership with Even Break, further ensured recruitment was inclusive and accessible for candidates with disabilities.

STRATEGY IN ACTION

Future Careers schemes enable us to build a talent pipeline for future leadership and technical specialist positions. Attracting diverse talent is crucial in this competitive industry, and we actively participate in specialist and diversity events while using targeted media channels to engage underrepresented groups. We have been recognised by The Job Crowd as one of the top 50 UK employers for graduates and apprentices to work for.

Over 250 apprentices, interns and graduates

Voluntary and involuntary leavers

We continued to monitor both voluntary and involuntary leavers to assess workforce trends and inform our retention strategies, ensuring that we remain competitive and responsive to employee needs.

	Year ended 31 December		Increase (decrease)
	2024	2023	%
	Number of employees		
Voluntary leavers	1,919	2,070	(7.3) %
Involuntary leavers	963	1,964	(51.0) %
Total leavers	**2,882**	**4,034**	**(28.6)%**

Our Group Strategy and 2024 Progress continued

Involuntary leavers primarily relate to the ongoing transformation of Virgin Media O2. All outgoing employees are offered a minimum of two-months support covering career coaching, access to workshops covering a range of topics, and online resources.

Employee wellbeing

Employee wellbeing is impacted not only by internal change but also by the macroeconomic climate, including the ongoing cost-of-living challenges, political instability, and international humanitarian crises. To better support our people, we have utilised Thrive, a 'one stop shop' for all our wellbeing tools, providing holistic support from mental to financial wellbeing.

We continue to support our employees with caring and parental responsibilities by providing paid leave and flexibility to take time away for moments that matter. Additionally, with the launch of the new Flexible Working Policy in April 2024, we now offer clearer guidance on flexible working options, distinguishing between informal, temporary, and formal flexibility, and ensuring an equitable process for flexible working requests across the business.

Employee representatives

Some of our employees 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 forum, Employee Voice, the representatives of which are employees elected to provide feedback and representation to the rest of the organisation.

Fair pay

We are proud to be a leading UK employer and are committed to ensure our employees are paid fairly and appropriately for their contribution. We ensure our reward strategy is aligned to our business strategy; helping our business attract, engage and retain high performing people at all levels of the organisation and encourage the behaviours that drive success.

See our Fair Pay Statement for further information.

Health and safety (H&S)

Keeping everyone safe and well is a vitally important part of the way we work. We are committed to provide and maintain, so far as is reasonably practicable, a safe and healthy working environment, compliant with legislation, and safe systems of work to ensure the health, safety and wellbeing of all our employees, contract partners, visitors, customers and members of the public. It includes those who work on or visit our premises or who may be affected by our products, activities or services.

As part of our team, continual improvement of health and safety performance and promotion of health and safety measures is seen as a mutual objective for management and employees, with every person within Virgin Media O2 empowered to work safely and stop unsafe acts or conditions where they see them. Quarterly governance reviews take place with senior safety leaders across the organisation, chaired by a member of the Executive Management Team (**EMT**), during which performance is reviewed, alongside opportunities for improvement, utilising both leading and lagging indicators.

2024 has seen further embedding of our vision to ensure 'Everyone Home Safe and Well' and reinforcing our three key safety behaviours; (i) Take care; (ii) Think it, say it; and (iii) Do the right thing. This has been further supported by development of our strategy on a page, providing information regarding our four strategic pillars:

a. Health and Safety Awareness and Governance: looking at the Virgin Media O2 risk profile, governance in our supply chain, inspection and auditing programmes, and management review.
b. Management System: overarching training needs analysis for the business, our storage and availability of relevant documentation to all of our people, maintaining certification to ISO 45001 and proactive data analysis.
c. Operational Performance: collaboration with partners in our supply chain, 'right first time' handbook to provide consistency across our operations and Construction, Design and Management 'playlist'.
d. Health and Safety Team Resilience: ensuring consistency, competence, contribution, connection and control within our H&S team to ensure the best support and advice is delivered to our ever-changing business.

These have been the messages communicated throughout the business during Health and Safety Week 2024 with the aim of encouraging every person in our organisation to work towards our vision to ensure Everyone Home Safe and Well. 2024 has also seen a focus on our onwards supply chain through development of collaborative working with our strategic build partners. We have worked together during face-to-face sessions, with the aim of talking about positive safety behaviours, looking at utility strike avoidance and launching our new 2024/25 strike reduction campaign 'Saving Lives, Saving Money'.

i. Health and safety absentee rate

Total number of working days lost due to absenteeism of any cause against the total available annual workdays, definition aligned to International Labour Office reporting.

	Year ended 31 December		Increase (decrease)
	2024	2023	%
Health and safety absentee rate	0.029	0.029	— %

ii. Injury rate

Total number of occupational accidents with sick leave against the total hours worked annually, multiplied by 200,000, definition aligned to International Labour Office reporting.

	Year ended 31 December		Increase (decrease)
	2024	2023	%
Injury rate	0.81	0.51	58.8 %

iii. Occupational disease rate

Total number of illnesses against the total hours worked annually, multiplied by 200,000, definition aligned to International Labour Office reporting.

	Year ended 31 December		Increase (decrease)
	2024	2023	%
Occupational disease rate	18.2	16.9	7.7 %

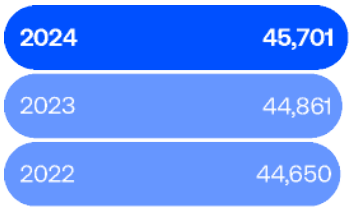
Key Performance Indicators

We measure our progress through a number of operational, financial and non-financial Key Performance Indicators (**KPIs**).

Operational

Total Mobile Connections (thousands)

1.9% ▲



a) Definition
The number of active SIM cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a tablet would be counted as two mobile subscribers.

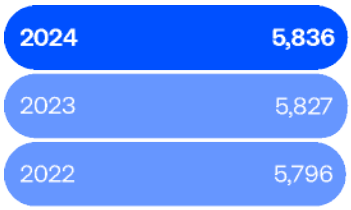
Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity of three calendar months. Total number of mobile connections includes consumer, SME, enterprise, IoT (comprising machine-to-machine (**M2M**) and Smart Metering Implementation Programme (**SMIP**)) and mobile wholesale connections.

b) Development in 2024
Total mobile connections increased 1.9% to 45.7 million (FY 2023: 44.9 million) driven by growth in IoT and wholesale connections, partially offset by a decrease in mobile contract and prepaid connections. IoT growth was driven by SMIP additions more than offsetting the expected loss of very low value IoT connections after introducing a minimum charge mechanism.

Our diversified mobile portfolio, meant that losses in the contract and prepaid base were partially offset by gains in wholesale connections.

Fixed-Line Customer Relationships (thousands)

0.2% ▲



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

b) Development in 2024
Fixed-Line Customer Relationships increased 0.2% to 5.8 million (FY 2023: 5.8 million). The key driver of growth was improving performance on the nexfibre footprint, where quarterly net additions sequentially increased through 2024, supported by build momentum and investment in sales and marketing.

O2 Monthly Contract Churn (%)

+10 BPS ▲

a) Definition
The rate at which contract subscribers relinquish their subscriptions. This is calculated by dividing the proportion of postpaid contract mobile connections who have terminated their contract (consumer, SME, enterprise and mobile broadband) for the period by the average base.

b) Development in 2024
O2's monthly contract churn increased 10 basis points (**bps**) to 1.1% (FY 2023: 1.0%) with a key driver being the churn of prior Virgin Mobile customers who had been migrated to O2. Our continued customer-first decisions, such as not reintroducing EU roaming charges, have led to O2's churn remaining broadly stable and low.

Key Performance Indicators continued

Financial

Revenue (£ millions)

(2.1)% ▼

2024	10,680.5
2023	10,912.7
2022	10,360.0

a) Definition
We derive our revenue from residential and B2B communications services, including mobile, broadband internet, video and fixed-line telephony services. Where multiple products and services are provided in a proposition, 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, this is on transfer of the asset, for connectivity services over the contract period as the service is used by the customer.

b) Development in 2024
Total Revenue decreased by 2.1% to £10,680.5 million (FY 2023: £10,912.7 million). The reduction was driven by total mobile revenue which primarily decreased due to a reduction in low margin handset revenue, and B2B fixed where there was a reduced level of long-term leases being entered into compared to 2023. This was partially offset by consumer fixed revenue growth, supported by year-over-year ARPU growth, while other revenue increased due to higher nexfibre construction revenue.

Adjusted EBITDA[1] (£ millions)

(3.7)% ▼

2024	3,946.2
2023	4,096.0
2022	3,931.6

a) Definition
Adjusted EBITDA is a measure used by our chief operating decision maker to evaluate operating performance and is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. For further detail, see note 33 of the Notes to the Consolidated Financial Statements.

b) Development in 2024
Adjusted EBITDA decreased 3.7% to £3,946.2 million (FY 2023: £4,096.0 million). This was driven by expenditure in IT and digital efficiency programmes and scaling sales on the nexfibre footprint, reduced contribution from B2B fixed, and the year-over-year impact of a £38 million related-party contract change in Q3 2023. A related-party contract change in Q1 2024 also impacted growth, with approximately £48.3 million of Customer Premises Equipment (**CPE**) hardware and essential software costs capitalised in the year, improving Adjusted EBITDA with a corresponding increase in P&E additions.

P&E Additions[1] (£ millions)

5.5% ▲

2024	2,102.7
2023	1,993.4
2022	2,061.3

a) Definition
Includes capital expenditure (**capex**) on an accrual basis, amounts financed under vendor financing or lease arrangements and other non-cash additions, but excludes capex costs to capture (**CTC**).

b) Development in 2024
P&E additions increased 5.5% to £2,102.7 million (FY 2023: £1,993.4 million), as we accelerated the pace of the upgrade of our existing gigabit network to fibre, while also increasing investment in the mobile network, as we continue our evolution to 5G. A related-party contract change in Q1 2024 also impacted P&E additions, with approximately £48.3 million of CPE hardware and essential software costs capitalised in the year.

Adjusted Free Cash Flow[1] (AFCF) (£ millions)

(31.5)% ▼

2024	494.5
2023	722.1
2022	666.0

a) Definition
Net cash provided by our operating activities, plus expenses financed by an intermediary, less (i) capital expenditures, as reported in our consolidated statements of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries, and (iii) principal payments on certain finance leases. We believe that our presentation of AFCF, provides useful information to our investors because this measure can be used to gauge our ability to service debt and fund new investment opportunities.

b) Development in 2024
AFCF decreased 31.5% to £494.5 million (FY 2023: £722.1 million), this was primarily driven by the aforementioned reduction in Adjusted EBITDA and increase in P&E Additions, with cash flow generation supported by an improvement in working capital.

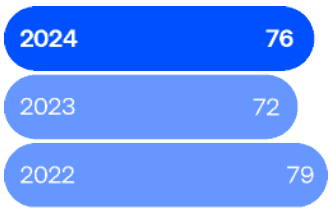
1 The APMs, including 'Adjusted', are applied consistently throughout the Annual Report. The APMs are defined in full and reconciled to the reported statutory measure in note 33 of the Notes to the Consolidated Financial Statements.

Key Performance Indicators continued

Non-financial

Employee Engagement

+4



a) Definition
Our primary metric of employee engagement is sustainable engagement collected by anonymous employee surveys. Sustainable engagement focuses on three key areas; (i) Engagement: people are engaged, they are proud to work here, go the extra mile, and believe in the organisational goals and objectives, (ii) Enablement: the organisation provides the support employees need to do their work, and (iii) Energy: the organisation creates a healthy work environment, and supports employees physical, social, and emotional wellbeing.

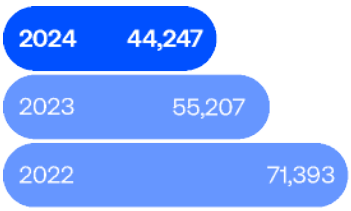
Employee Engagement is measured on a scale of 0 – 100.

b) Development in 2024
Employee Engagement increased by +4 to 76 in 2024 (2023: 72). The survey results showed positive momentum in many areas and highlighted key strengths along with opportunities for development. The People Plan, underpinned by Belonging, Clarity, Development, and Recognition continues to be the crucial driver of our success.

See "People" on page 21 for further information.

Direct Emissions – Scope 1 and 2 (Carbon Dioxide emissions tonnes (tCO_2e))

(19.9)%



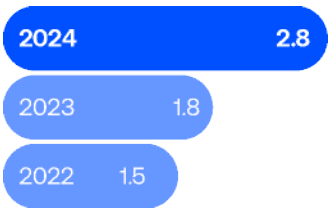
a) Definition
Metric tons of Carbon Dioxide emissions (**tCO_2e**). Direct emissions (Scope 1) from fuel consumption and leakage of refrigerant gases in our operations, as well as indirect emissions from secondary energy sources (Scope 2).

b) Development in 2024
We remain on a science-based target pathway and on course for our 2025 target to reduce operational (Scope 1 and 2) emissions by 60%. Significant progress was made in 2024 with a 19.9% reduction in emissions compared to 2023, and a reduction of 56% against our 2020 baseline. This was supported by increased third-party mobile masts operating using renewable energy, reduced fleet and static fuel usage, and other energy efficiency initiatives.

See "Streamlined Energy and Carbon Report" on page 42 for further information.

Number of People Benefitting from Programmes in Digital Skills (millions)

55.6%



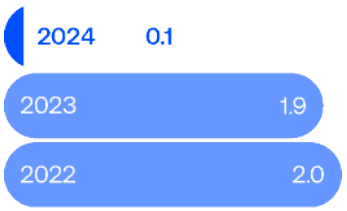
a) Definition
Through the Virgin Media O2 partnerships with Internet Matters and Good Things Foundation, the calculation is based on the volume of people who have accessed support and training each month via the Internet Matters website and registrations on the Learn My Way website.

b) Development in 2024
Our three-year partnership with the Good Things Foundation has continued its drive to help disadvantaged people across the UK get online and gain digital skills.

See "Non-Financial and Sustainability Information Statement" on page 35 for further information as part of the Better Connections Plan.

Gender Pay Gap (%)

(180) BPS



a) Definition
The gender pay gap is an equality measure that shows the difference in mean hourly earnings between all male and female employees who were employed by us as at 5 April of each year.

b) Development in 2024
We have effectively closed our mean gender pay gap, with a very narrow gap of 0.1% in favour of men. This was an improvement of 180 BPS compared to 2023, supported by an increase in the proportion of women in our upper quartile of pay. Our ambition is to increase gender representation as part of our DE&I strategy, including having gender parity in our leadership population by the end of 2027.

See "DE&I" on page 49 for further information.

Financial Review

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:

- **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 2024 and 2023.
- **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.

Unless otherwise indicated, convenience translations into pound sterling are calculated as of 31 December 2024. 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.

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 2024 and 2023. Our results are set forth below.

Revenue reconciliation

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

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

	Year ended 31 December		Increase (decrease)	
	2024	2023	£	%
	in millions, except percentages			
Mobile [(a)]	**£ 5,687.0**	**£ 5,949.3**	**£ (262.3)**	**(4.4)%**
Handset [(a)]	1,286.7	1,521.1	(234.4)	(15.4) %
Fixed	**3,852.1**	**3,872.7**	**(20.6)**	**(0.5)%**
Consumer fixed [(b)]	3,400.2	3,325.2	75.0	2.3 %
Subscription [(c)]	3,331.2	3,266.6	64.6	2.0 %
Other [(d)]	69.0	58.6	10.4	17.7 %
B2B fixed [(e)]	451.9	547.5	(95.6)	(17.5) %
Other [(f)]	**1,141.4**	**1,090.7**	**50.7**	**4.6 %**
Total	**£ 10,680.5**	**£ 10,912.7**	**£ (232.2)**	**(2.1)%**

For further explanation on the revenue streams, please see note 5 to our 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 £262.3 million or 4.4% during 2024, as compared to 2023. 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 increased £75.0 million or 2.3% during 2024, as compared to 2023. This increase is primarily due to the growth in monthly ARPU per fixed-line customer relationship.

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

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

(e) B2B fixed revenue includes (i) revenue from business broadband internet, video and fixed-line telephony services offered to medium to large enterprises and, on a wholesale basis, to other operators and (ii) revenue from long-term leases of portions of our network. B2B fixed revenue decreased £95.6 million or 17.5% during 2024, as compared to 2023. This decrease is primarily due to a reduced level of long-term leases being entered into compared to 2023.

(f) Other revenue primarily includes revenue from construction management activities provided to nexfibre, amongst other items, such as corporate activities provided to nexfibre, the sale of handset insurance policies, SMIP, the provision of information and communication technology (**ICT**) services, associated connectivity to O2 business customers and other services. Other revenue increased £50.7 million or 4.6% during 2024, as compared to 2023. This increase is primarily due to nexfibre construction revenue which increased from £579.4 million in 2023 to £750.1 million in 2024 partially offset by the year-over-year impact of approximately £38 million of revenue recognised from a change in terms of a related-party contract in Q3 2023.

Financial Review continued

Profit reconciliation

Most of our revenue is subject to VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our Adjusted EBITDA and Adjusted EBITDA margin (Adjusted EBITDA divided by revenue) to the extent of any such tax increases. As we use the term, "Adjusted EBITDA" is defined as profit (loss) from continuing operations before net income tax benefit (expense), other non-operating income or expenses, share of results of investments accounted for by the equity method, net finance income (costs), depreciation and amortisation, share-based compensation, impairment, restructuring and other operating items and operating expense costs to capture (**Opex CTC**). 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. Opex CTC generally include incremental, third-party operating costs that are directly associated with integration activities, restructuring activities and certain other costs associated with aligning our business processes to derive synergies.

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)	
	2024	2023	£	%
	in millions, except percentages			
Revenue	£ 10,680.5	£ 10,912.7	£ (232.2)	(2.1) %
Cost of sales	3,685.9	3,734.5	(48.6)	(1.3) %
Personnel expenses	740.4	697.1	43.3	6.2 %
Other expenses	2,357.6	2,469.0	(111.4)	(4.5) %
Opex CTC included in personnel expenses and other expenses above	(49.6)	(83.9)	(34.3)	(40.9) %
Adjusted EBITDA[1]	**3,946.2**	**4,096.0**	**(149.8)**	**(3.7)%**
Opex CTC	49.6	83.9	(34.3)	(40.9) %
Depreciation and amortisation	2,853.1	3,205.2	(352.1)	(11.0) %
Share-based compensation expense	40.8	24.9	15.9	63.9 %
Goodwill impairment	—	3,107.0	(3,107.0)	(100.0) %
Restructuring and other operating	74.5	132.9	(58.4)	(43.9) %
Operating profit (loss)	**928.2**	**(2,457.9)**	**3,386.1**	**137.8 %**
Finance costs [(a)]	(2,078.4)	(2,494.6)	(416.2)	(16.7) %
Finance income [(a)]	1,143.8	1,065.0	78.8	7.4 %
Share of results of equity method investments	3.2	1.6	1.6	100.0 %
Other income, net	5.2	13.9	(8.7)	(62.6) %
Income tax (expense) benefit	(18.5)	229.8	(248.3)	(108.1) %
Net loss	**£ (16.5)**	**£ (3,642.2)**	**£ 3,625.7**	**99.5 %**

(a) Prior year amounts have been restated to align with current year presentation. See note 25 for details.

1 The APMs are applied consistently throughout the Annual Report. The APMs are defined in full and reconciled to the reported statutory measure in note 33 of the Notes to the Consolidated Financial Statements.

Financial Review continued

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 £48.6 million or 1.3% during 2024, as compared to 2023, primarily due to:

- A decrease in mobile handset and other device costs of £222.9 million or 12.6%, primarily driven by a reduction in handset sales partially offset by a handset inventory-related adjustment increasing cost of sales by approximately £21 million; and
- An increase in other direct costs of £181.6 million or 24.2%, primarily driven by an increase in nexfibre construction volumes resulting in higher construction costs.

Personnel expenses

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

Our personnel expenses increased £43.3 million or 6.2% during 2024, as compared to 2023. This increase is primarily due to increase in headcount.

Other expenses

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

Our other expenses (exclusive of share-based compensation expense and depreciation and amortisation) decreased £111.4 million or 4.5% during 2024, as compared to 2023, primarily due to the net effect of:

- A decrease in sales costs of £70.8 million or 18.5%, primarily due to a decrease in franchise commissions expenses;
- A decrease in business service costs of £28.8 million or 4.6%, primarily due to a decrease in consultancy costs;
- A decrease in costs of £48.3 million in 2024 resulting from a related-party contract change. Specifically, during the first quarter of 2024, we changed the terms such that we now procure and capitalise the combined cost of CPE and embedded essential software as property, plant and equipment. These embedded essential software costs were previously reflected within business service costs, resulting in a decrease when considering the comparative period; and
- An increase in marketing expenses of £49.8 million or 19.6%, primarily due to higher mobile advertising costs and targeted investments in marketing on the growing nexfibre network.

Adjusted EBITDA[1]

Adjusted EBITDA decreased by £149.8 million or 3.7% to £3,946.2 million during 2024, as compared to 2023, driven by the items discussed above.

Opex CTC

Opex CTC decreased by £34.3 million or 40.9% to £49.6 million during 2024, as compared to 2023, primarily due to the completion of certain integration activities.

Depreciation and amortisation

Depreciation and amortisation decreased by £352.1 million or 11.0% to £2,853.1 million during 2024, as compared to 2023, primarily due to assets being fully depreciated during June 2023.

Share-based compensation expense

Share-based compensation expense increased by £15.9 million or 63.9% to £40.8 million during 2024, as compared to 2023, 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 of £3,107.0 million during 2023, largely driven by a decline in projected cash flows resulting from the effects of the broader macroeconomic environment in the UK and an increase in the weighted average cost of capital (discount rate) against a backdrop of rising interest rates through the year. There was no goodwill impairment expense in the current period.

Restructuring and other operating items

Restructuring and other operating items, excluding goodwill impairment, decreased by £58.4 million or 43.9% to £74.5 million during 2024, as compared to 2023, primarily due to a reduction in planned restructuring programmes as compared to the corresponding period in 2023.

Operating profit (loss)

Operating profit (loss) increased £3,386.1 million or 137.8% to £928.2 million during 2024, as compared to 2023, primarily due to the goodwill impairment during 2023 which did not occur in the current period.

Finance costs and income

Finance costs decreased by £416.2 million or 16.7% to £2,078.4 million during 2024, as compared to 2023, primarily due to significant derivative losses in the comparative period, as a result of strengthening of the pound against the dollar.

Finance income increased by £78.8 million or 7.4% to £1,143.8 million during 2024, as compared to 2023. This decrease is primarily due to significant derivative gains in the current period.

Share of results of equity method investments

Share of results of equity method investments increased by £1.6 million or 100.0% to £3.2 million during 2024, as compared to 2023.

Other income, net

Other income decreased by £8.7 million or 62.6% to £5.2 million during 2024, as compared to 2023.

1 The APMs are applied consistently throughout the Annual Report. The APMs are defined in full and reconciled to the reported statutory measure in note 33 of the Notes to the Consolidated Financial Statements.

Financial Review continued

Income tax (expense) benefit
There was income tax expense of £18.5 million during 2024 and income tax benefit of £229.8 million during 2023. The change from benefit to expense is primarily driven by the significant loss before tax, partly offset by the non-deductible goodwill impairment made in 2023.

Net loss
There was net loss of £16.5 million during 2024 and net loss of £3,642.2 million during 2023. The variance is primarily due to the goodwill impairment during 2023, which did not occur in the current period.

Liquidity and Capital Resources

a) Sources and Uses of Cash

i) Cash and cash equivalents

At 31 December 2024, we had cash and cash equivalents of £1,128.3 million, of which £646.2 million 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 include, subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. 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 Shareholders, 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 16 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 2024 consolidated statement of financial position.

In this regard, we have significant commitments related to (a) purchases of CPE and other equipment and services, (b) network and connectivity commitments and (c) programming contract and other items. 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 31 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, or (ii) acquisitions and other investment opportunities. 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 2024, the outstanding principal amount of our consolidated debt, together with of our lease obligations, aggregated £22.4 billion, including £3.8 billion that is classified as current in our consolidated statement of financial position, £8.8 billion due before 2029 and £9.8 billion that is not due until 2030 or thereafter. For additional information regarding our debt and lease maturities, see notes 16 and 17, respectively, of the Notes to the Consolidated Financial Statements.

As further discussed under "Quantitative and Qualitative Disclosures about Market" Risk below and in notes 19 and 20 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[1] 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[1] 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 2024 have been borrowed or incurred by our subsidiaries or our joint operation, Cornerstone.

[1] The APMs are applied consistently throughout the Annual Report. The APMs are defined in full and reconciled to the reported statutory measure in note 33 of the Notes to the Consolidated Financial Statements.

Financial Review continued

Consolidated Statements of Cash Flows

Summary

Our summarised consolidated statements of cash flows for 2024 and 2023 are set forth below:

	Year ended 31 December	
	2024	2023
	in millions	
Net cash provided by operating activities [(a)]	£ 3,027.6	£ 2,677.2
Net cash used by investing activities	(1,509.9)	(1,450.5)
Net cash used provided by financing activities	(1,276.9)	(835.7)
Effect of exchange rate changes on cash and cash equivalents	11.9	(7.4)
Net increase in cash and cash equivalents	**£ 252.7**	**£ 383.6**

(a) Certain prior year amounts within the details of changes in our operating assets and liabilities have been restated. Refer to note 3.

Operating Activities

The net cash provided by our operating activities for the year ended 31 December 2024 is primarily attributable to our Adjusted EBITDA[1] and related working capital items. See "Consolidated Statement of Cash Flows" on page 105 for further information.

Investing Activities

The net cash used by our investing activities for the year ended 31 December 2024 is primarily attributable to capital expenditures. See "Consolidated Statement of Cash Flows" on page 105 for further information.

Financing Activities

The net cash used by our financing activities during the year ended 31 December 2024 is primarily attributable to the net movements in operating and capital-related vendor financing activity. See the "Consolidated Statement of Cash Flows" on page 105 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 11 and 12 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	
	2024	2023
	in millions	
Property, plant and equipment and intangible asset additions	£ 2,640.6	£ 2,211.7
Assets acquired under capital-related vendor financing arrangements	(698.9)	(716.7)
Assets acquired under leases	(456.2)	(117.5)
Changes in current liabilities related to capital expenditures, net	17.4	59.1
Capital expenditures	**£ 1,502.9**	**£ 1,436.6**

Our property, plant and equipment and intangible asset additions during the year ended 31 December 2024 include, amongst other items, (i) investments in network capacity, technology facilities and IT-related projects, (ii) expenditures for new build and upgrade projects and (iii) baseline expenditures, including network improvements and expenditures for property and facilities and IT.

[1] The APMs are applied consistently throughout the Annual Report. The APMs are defined in full and reconciled to the reported statutory measure in note 33 of the Notes to the Consolidated Financial Statements.

Financial Review continued

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 2024, £1,118.7 million or 99.1%, £4.4 million or 0.4% and £5.2 million or 0.5% 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 2024, 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 20 of the Notes to the Consolidated Financial Statements.

Currently, the UK is facing various macroeconomic 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 20 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	
Spot rates:	**2024**	**2023**
Euro	1.2097	1.1535
US dollar	1.2519	1.2763

	Year ended 31 December	
Average rates:	**2024**	**2023**
Euro	1.1814	1.1500
US dollar	1.2780	1.2438

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.

Financial Review continued

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 20 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.

On 6 March 2023, the EMMI announced proposed enhancements to EURIBOR's hybrid methodology that will be phased in over six months starting mid-May 2024. Currently, the contribution made by the panel banks follows 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 will end the use of "expert judgement" to determine the EURIBOR rate and certain historical transactions will be linked to the €STR, bringing the risk profile of EURIBOR closer to that of €STR. While the changes are expected to reduce the risk exposure for panel banks, there is uncertainty regarding the impact on rates and money market spreads from a possible increased fixing volatility.

Weighted Average Variable Interest Rate.

At 31 December 2024, the outstanding principal amount of our variable-rate indebtedness aggregated £6.9 billion and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 6.8%, 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 £34.5 million. As discussed above and in note 20 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 2024 amounted to £2.3 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 2024, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £529.9 million, (ii) aggregate undrawn debt facilities of £1,471.0 million and (iii) cash and cash equivalents of £1,128.3 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.

Financial Review continued

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.

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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 20 and 21 of the Notes to the Consolidated Financial Statements.

Cross-currency and Interest Rate Derivative Contracts.

Holding all other factors constant, at 31 December 2024:

(a) an instantaneous increase / (decrease) of 10% in the value of the pound sterling relative to the US dollar would have decreased / (increased) the aggregate fair value of our cross-currency and interest rate derivative contracts by approximately £1,099.2 million;

(b) an instantaneous increase / (decrease) of 10% in the value of the pound sterling relative to the euro would have decreased / (increased) the aggregate fair value of our cross-currency and interest rate derivative contracts by approximately £430.5 million; and

(c) an instantaneous increase / (decrease) in the relevant base rate of 50 basis points (0.50%) would have (decreased) / increased the aggregate fair value of our cross-currency and interest rate derivative contracts by approximately £118.5 million.

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 2024. 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 19 and 20 of the Notes to the Consolidated Financial Statements.

	Payments (receipts) due during:						
	2025	2026	2027	2028	2029	Thereafter	Total
	in millions						
Projected derivative cash payments (receipts), net:							
Interest-related [(a)]	£ (40.7)	£ 137.4	£ 154.5	£ 27.4	£ 1.9	£ (23.2)	£ 257.3
Principal-related [(b)]	18.6	—	44.6	(45.1)	(41.3)	(75.3)	(98.5)
Other [(c)]	(2.0)	—	—	—	—	—	(2.0)
Total	**£ (24.1)**	**£ 137.4**	**£ 199.1**	**£ (17.7)**	**£ (39.4)**	**£ (98.5)**	**£ 156.8**

(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.

Non-Financial and Sustainability Information Statement

"Technology can have a transformative impact on deep-rooted societal issues and provide innovative solutions to support low-carbon growth. But technology on its own doesn't create a positive impact: it's how we use it that matters. That's why we're focusing on creating better, more meaningful connections – better for people, better for the environment and better for our business."

Nicola Green,
Chief Communications & Corporate Affairs Officer, Virgin Media O2

As the UK's largest mobile network and the second-largest fixed network provider, we have a significant opportunity to create positive change for people and the planet. Equally, our size and scale require us to rigorously weigh up our responsibilities and impacts. With an ever-growing demand for our products and services, we must carefully balance delivering a fast and reliable customer experience with our ambition to help create a decarbonised, inclusive and better-connected society.

Our 2022 to 2025 sustainability strategy, the Better Connections Plan, concentrates on the areas where we believe we can make the greatest difference. Our challenging targets act as guardrails for our sustainability efforts around climate, circularity, and a fair value chain, as well as ensuring that nobody is left behind in our increasingly digitalised society.

In 2024, we made good progress against our Better Connections Plan as we gear up for the final year of our strategy. We have already achieved some of our targets and we're on track with others, but in some areas, there is more to do if we're to remain on course. We outline our 2024 achievements and challenges in this Non-Financial and Sustainability Information (**NFSI**) statement and throughout our Annual Report.

Non-Financial and Sustainability Information Statement continued

Better Connections Plan overview

Our Better Connections Plan strategy focuses on making our business better for people and the planet, it centres around three pillars – a zero carbon future, a circular economy and connected communities, underpinned by a better way to do business. In the following tables we overview our key targets for each pillar and the progress we have made in 2024.

Our strategy supports a number of the United Nation's Sustainable Development Goals (**SDGs**), including climate action, responsible consumption and production, and gender equality. We have highlighted the associated SDGs with each strategic pillar in Figure 1.

Figure 1 – Better Connections Plan – 2024 progress summary

Strategic pillar	Target	2024 progress
A zero carbon future sets out how we plan to decarbonise our own operations and value chain, and centre technology at the heart of a low-carbon society. **Related SDGs** 	Achieve net zero carbon emissions across our entire value chain by the end of 2040.	On track – Our emissions reductions for Scopes 1 and 2 are on track against our net zero pathway. For further details see the "Environmental" section on page 38, while our Scope 3 footprint is due to be published later this year within our Sustainability Performance Update.
	Empower customers to prevent 20 million tonnes of CO_2 from entering the Earth's atmosphere and support large-scale decarbonisation by the end of 2025.	Achieved – In 2024, we removed 1.3 million tonnes of CO_2 through our products and services, based on a new, best practice methodology, with a cumulative carbon enablement result of 60.6 million tonnes.

Strategic pillar	Target	2024 progress
A circular economy examines how we can tackle electronic-waste (**e-waste**) in our operations and help our customers boost circular actions. **Related SDGs** 	Achieve zero waste operations and products by the end of 2025.	Operations: Behind target, with pathway in place – Our 2024 recycling rate was 87% against a target of 95% for operational waste. Products: On track – We continue to remove single-use plastic packaging in our own-brand products; have implemented a plastic-free unboxing experience for customers; and we're working with suppliers to eliminate plastic packaging at source, reducing by 27% in 2024 against the 2022 baseline.
	Help consumers carry out 10 million circular actions to tackle e-waste by the end of 2025.	On track – In 2024, we helped customers achieve 3.1 million circular actions – a total of 8.5 million since 2022.

Non-Financial and Sustainability Information Statement continued

Strategic pillar	Target	2024 progress
Connected communities focuses on actions to tackle the digital divide by providing data, devices and digital skills. **Related SDGs** 	Help eradicate data poverty by connecting 1 million digitally excluded people across the UK by the end of 2025.	Behind target, with pathway in place – Over 206,000 people connected through our initiatives in 2024 with more than 372,000 since 2022.
	Equip 6 million people with skills and tools to help them feel more connected to our digital society by the end of 2025.	Achieved – During 2024, we supported 2.8 million people improve their digital skills, exceeding our revised target, with a total of 6.1 million supported since 2022.
	Support 1 million people through our 'Take Five' employee volunteering programme by the end of 2025.	Behind target, with pathway in place – We initiated a new charity partnership with Sense in 2024; total activities have supported over 105,000 people in 2024 and a total of over 332,000 since 2022.

Strategic pillar	Target	2024 progress
A better way to do business underpins our commitment to operating in a fair, ethical and inclusive way with all our key stakeholders. **Related SDGs** 	Drive forward progress to achieve gender parity across all employees and leadership by the end of 2027.	Behind target, with pathway in place – As of 31 December 2024, our proportion of female employees compared to all staff was 28.4%, and 33.2% in leadership positions.
	Increase the representation of Global Majority employees to a minimum of 15% leadership and 25% across the business by 2027.	Behind target, with pathway in place – As of 31 December 2024, our proportion of Global Majority employees across the business was 17.9%, and 14.6% in leadership positions. This was an improvement on 2023 amongst both the leadership and total employee population.
	Make sure all our major purchases commit contractually to defined sustainability requirements and aligned carbon-reduction goals.	On track – We've integrated sustainability requirements into our procurement processes, with major suppliers expected to set carbon reduction goals.

In the following sections, we will share more detail on our aspirations and activities undertaken in each of our Better Connections Plan strategic pillars during the year.

Non-Financial and Sustainability Information Statement continued

Environmental

A zero carbon future

Helping to realise a zero carbon society is front and centre of our sustainability strategy. The escalating climate emergency is leading to more and more frequent extreme weather events, with widespread fires and flooding becoming an everyday reality for many people around the world. We believe our responsibilities on this matter are two-fold: as well as taking the necessary action within our operations to drive energy efficiency and reduce our emissions, we also believe that digital technologies can play an essential role in supporting a transition to a decarbonised society.

For our own operations and value chain, we've set a 2040 net zero pathway and we're on track for our Scopes 1 and 2 emissions with a 20% reduction in 2024 compared to 2023 and 56% against our 2020 baseline. In November 2024, we published our full 2023 Scope 3 footprint in our Sustainability Performance Update. Our 2024 Scope 3 footprint will be published in our new Sustainability Performance Update later in 2025.

Our Streamlined Energy and Carbon Report (**SECR**) from page 42 and TCFD statement from page 53 provide more detailed information on our annual carbon emissions and climate risk and opportunity management.

Beyond carbon and circularity, which we describe in full in this statement, we manage the full suite of our environmental impacts through the best practice framework ISO 14001, which we were recertified for in January 2024. In February 2025, we also obtained "Leadership" level and an A- rating from the Carbon Disclosure Project (**CDP**), reflecting our performance in reducing carbon emissions, embracing circular economy principles, and driving positive environmental impact.

Nature-related impacts

We recognise the interconnectedness of our business and the natural environment. To assess our impact and dependencies, during 2024 we started an evaluation of our interactions with nature across our operations. This included conducting a gap analysis against biodiversity disclosure standards – Task Force on Nature-related Financial Disclosures (**TNFD**) and CDP, as well as beginning the Locate, Evaluate, Assess and Prepare (**LEAP**) approach, in line with the TNFD framework.

To protect biodiversity during mast construction, we comply with planning legislation and the mobile industry's code of practice for wireless network development, taking a precautionary approach. We also consult with local communities to ensure we locate our telecommunications infrastructure as sensitively as possible.

Plans and progress for reaching net zero

Our 2040 net zero pathway challenges us to meet the changing needs of our customers in an increasingly connected world while also delivering on our ambitious environmental goals. The demand for faster, more reliable digital services is only increasing. In response, we are investing in new, more energy-efficient infrastructure and technologies so that we leave the lightest possible carbon footprint. For information on our 2024 progress against our interim 2025 net zero targets, please see Figure 2 on page 39.

We always act in line with science, seeking guidance from recognised experts and aligning with best practice methodologies. Our near- and long-term carbon targets have been approved by the Science-Based Targets initiative (**SBTi**), which means they are considered to meet stringent criteria that include timeframes, emissions coverage and ambition.

STRATEGY IN ACTION

Unlocking data centre energy and cost savings

During the year, we engaged EkkoSense, a leading provider of AI-powered data centre optimisation software, to help us improve data centre performance. The software, implemented at 20 UK data sites, gives real-time information into how data centres are performing on key cooling, power and capacity metrics. These insights have led to an average of 15% savings in data centre cooling energy and a £1 million annual cost saving.

15%
savings in data centre cooling energy

Non-Financial and Sustainability Information Statement continued

Focus areas of our net zero journey

- Sustainability and project management – for company-wide projects that are already underway, we've embarked on an extensive engagement programme to influence the inclusion of net zero and wider sustainability requirements at the design and idea generation stage.
- Energy consumption as a business metric – all new business cases now include energy consumption as a key consideration.
- Energy efficiency – we're phasing out our older 2G and 3G network standards which will enable energy reduction. We're also moving our broadband services to XGS-PON fibre technology, which offers improved network efficiency.
- Supply chain engagement – Scope 3 makes up most of our value chain carbon footprint, with the emissions of the products and services we purchase each year having the largest impact. This means bringing our suppliers on the net zero journey with us is vital to achieving our targets. In 2024, we launched a new supplier engagement programme, with a three-pronged approach designed to address the most material areas of impact. We're also working with our most significant suppliers to ensure they align with our science-based carbon reduction pathway, have reduction initiatives in place, and share their actual emissions with us.
- Renewable energy – we source 100% of renewable energy at sites where we control the bill and, through our mast decarbonisation project, work with landlords where masts operate on third-party sites to transition to renewable electricity supplies.
- Electrifying our fleet – our target to transition to 100% electric vehicles (**EVs**) by 2030 remains highly ambitious, with challenges in the increasing costs of electric vehicles and labour inefficiency when vehicles are charging. During 2024, we increased our fleet to 357, representing 8% of the total fleet. The impact of our EV transition and operational efficiency programme has contributed to 6% reduction in fleet fuel emissions compared to 2023.

Figure 2 – Progress against our interim 2025 net zero target

Target	Progress	2024 initiatives
Scopes 1 and 2		
60% reduction in Scope 1 and 2 operational greenhouse gas (**GHG**) emissions against a 2020 baseline.	Emissions reductions were achieved for our fleet fuel and static combustion Scope 1 categories. However, a large increase in fire suppression discharge emissions and a slower than expected rollout of hydrotreated vegetable oil (**HVO**) fuel in generators has led to an absolute increase in Scope 1 emissions of 7% year-over-year. Overall, Scope 1 and 2 emissions reduced by 20% year-over-year, and 56% against our 2020 baseline, due to a 42% reduction in Scope 2.	• Rolled out the use of HVO as a low-carbon alternative to diesel for generators. • To mitigate increases in fire suppression discharges, we invested in six zero carbon fire suppression systems at five high-priority sites during the year. Further swap outs are planned in 2025 to reduce the risk of • large discharges. • Increased our electric vehicles to 357 and delivered an operational efficiency programme to reduce truck rolls (where technicians are dispatched to a customer's site to resolve an issue). • At mast sites where green energy isn't available, we secured 107,500 unbundled Renewable Energy Guarantees of Origin certifications (**REGOs**).
Scope 3		
25% reduction in Scope 3 GHG emissions against a 2020 baseline.	At the end of 2023 we had reduced Scope 3 emissions by 15% against our 2020 baseline. This was predominantly driven by reductions in product purchasing (fixed and mobile) and a reduction in the carbon intensity of some mobile handsets. We will be reporting our 2024 Scope 3 emissions in our Sustainability Performance Update later in 2025.	• We carried out an in-depth analysis of our Scope 3 reporting in 2024, to ensure that we report the most accurate data possible. • We continued to directly engage with key suppliers in the shift from spend-based estimates to product or service-specific carbon footprints.

Non-Financial and Sustainability Information Statement continued

Digital technology enabling a low-carbon society

Our second carbon Better Connections Plan target spotlights the role that technology can play in helping others reduce their carbon footprint – with a target of preventing 20 million tonnes of carbon from entering the Earth's atmosphere by 2025. We achieved this target in the first year of our plan.

Since then, we have shifted our focus to support one of our parent companies Telefónica as they develop a robust carbon enablement methodology. This work has now been completed and our 2024 carbon enablement result of 1.3 million tonnes avoided is based on this new methodology, which fully aligns to the World Business Council for Sustainable Development (**WBSCD**) and partially to the International Telecommunication Union (**ITU**) standard "L.1480: Enabling the Net Zero transition: Assessing how the use of information and communication technology solutions impact greenhouse emissions of other sectors".

The methodology considers the first-order effects (the lifecycle of digital devices); second order effects (positive or negative effects of using technology); and higher-order effects (associated structural or behavioural changes) of fixed and mobile connectivity. It includes teleworking, use of public transport, e-learning, e-shopping, carpooling, smart meters and fleet management.

During 2024 we also:

- Continued to support customers who wish to reduce their business' carbon footprint with the provision of Virgin Media O2 Business' free Carbon Calculator, which helps to analyse the carbon impact of their telecommunication services.
- Joined Tech UK – the UK tech industry's membership body – and our Head of Environment, Climate and Nature was appointed to the organisation's Climate Council, which convenes relevant stakeholders to discuss how the sector can support the net zero transition by leveraging the benefits of technology.

A circular economy

E-waste is a mounting, often invisible issue, with global waste collection numbers thought to be less than a quarter of the total amount produced. What's more, the UK generates the second most e-waste per person globally and is on course to overtake Norway to become the world's biggest contributor.

With e-waste posing a threat to human health and the environment if it's not disposed of and recycled appropriately, we think it's important to take a stand to help boost the circular economy. It's why, through our Better Connections Plan, we're committed to helping our customers carry out 10 million circular actions. We're making good progress and in 2024, we achieved 3.1 million circular actions, making it 8.5 million so far since 2022.

We've established a range of schemes to extend the life of our products and give them a second life through reuse, recycling and repair – including disposing responsibly of devices so precious metals and minerals can be safely extracted. We've also set 2025 operational and product zero waste targets to make sure that we eliminate as much plastic waste as possible, recycle wherever we can and responsibly dispose of the waste associated with running our business.

In partnership with environmental charity Hubbub, we connect the issue of e-waste with digital exclusion, by finding homes for unwanted devices with people who don't have access to the digital world. You can find out more about our digital inclusion work in the "Social" section of the NFSI on page 44. We're also collaborating with Hubbub on a project to track environmental behaviours in 200 households across the UK to monitor and measure the best ways to drive sustainable behaviours. Conclusions from the Home Advantage project are to be shared with the Government in 2025.

Targeting zero waste in our operations

By 2025, we set an ambitious target to achieve 95% recycling rates for our operational waste, with less than 5% going to incineration and less than 1% to landfill. The target includes corporate offices, retail sites, technical sites, and logistics partners. Since setting this target, we have undergone several changes that have reshaped our approach, including integrating additional waste streams and consolidating waste management under a single provider across Virgin Media and O2.

In 2024, we focused on identifying key areas for waste reduction by conducting waste audits at selected sites, refining our adhoc waste management practices, and enhancing our reporting capabilities. We achieved an 87% recycling rate in 2024 – a 7 percentage point increase on our 2023 rate and we remain committed to improving even further in 2025.

Eliminating single-use plastic from own-brand products

Our zero waste products target drives our efforts to eliminate single-use plastic packaging in our own-brand products and ensure any packaging is widely recyclable for customers at home. Our O2 SIM cards come in fully recyclable paper packaging with a paper seal, and the SIM cards themselves are made from recycled plastic.

Beyond SIM cards, we've made substantial strides in removing single-use plastic from our CPE. Since 2021, in partnership with our logistics provider GXO, we have diverted 48 tonnes of single-use plastic packaging from customers' homes by removing the plastic at our facilities and recycling it responsibly. As a result, we have successfully achieved our zero waste products target by delivering a plastic-free unboxing experience for our customers.

We are now collaborating closely with our suppliers to eliminate plastic packaging at source and are exploring sustainable alternatives for our product packaging where needed. We've removed 27% of plastic packaging for our own-brand CPE at source, compared to our 2022 baseline. In 2025, we are committed to further reducing plastic packaging through targeted supplier engagement programmes.

We have also extended our efforts beyond our initial focus on CPE to address single-use plastics within our network's equipment. Through our close collaboration with Technetix, a broadband technology business, we have achieved substantial reductions in plastic packaging.

Non-Financial and Sustainability Information Statement continued

Encouraging circular actions with our customers

We offer a range of easy ways for customers to repair, recycle or re-home their devices and we are making good progress so far, exceeding our 2022-2024 targets for circular actions to date.

During 2024, we:

- Analysed our customer journey and put in place targeted interventions to offer customers ways to reduce waste, in turn helping us reduce the overall impact of our operations and products.
- Joined forces with a coalition of businesses and 150 households, as part of the Home Advantage project run by Hubbub, to try to develop an improved understanding of the main barriers preventing customers taking circular actions.
- Used our experience with tech circularity to contribute to the UK Government's Department for Environment, Food and Rural Affairs (**Defra**) national e-waste consultation.

Repair, reuse and recycling schemes

- O2 Recycle is our anchor recycling programme where people can trade in their unwanted phones, tablets and other devices, putting the money towards the cost of a new one, getting cash or a bill credit (regardless of their mobile network). The tech is then refurbished and resold through our Like New initiative, Refurbished by giffgaff or recycled – with zero parts going to landfill. Since its launch in 2009, the scheme has processed more than 4 million devices. Following research that highlighted there are around 18 million unused consoles in the UK, in 2024, we expanded the scope of the scheme to include game consoles from PlayStation, Xbox, Oculus and Nintendo.
- In 2024, we relaunched our Like New scheme, which offers customers refurbished mobile devices that have been repaired – undergoing at least 40 quality checks so they are sold in 'like new' condition. Customers save money and the environmental benefits include a lower-carbon footprint per device, fewer raw materials being mined, and keeping devices out of landfill.
- O2 Recycle for Business is aimed at companies who are looking for ways to dispose of their unwanted tech. In return for old devices, companies can either get credit for new tech or donate the proceeds to our digital inclusion charity partner, Good Things Foundation.
- Eco Rating evaluates the social and environmental impact of mobile devices, allocating a total score out of 100 for each phone, making it easier for customers to make more sustainable choices. The scheme also incentivises positive change in the supply chain as manufacturers measure and manage the environmental impact of their products.
- Our set-top boxes and routers operate on a leasing basis, which means the hardware is returned to us at the end of the contract so that we can refurbish and reuse them.

Building awareness of e-waste and circularity

In addition to providing practical solutions to extend the life of digital devices, we also seek ways to grow awareness of the issue among our employees, customers and more widely in society. During 2024, we:

- Partnered with Hubbub to create a behavioural change campaign called Time After Time, that aimed to inspire action against the proliferation of electronic waste among young people. We collaborated with universities to engage students on the topics of reuse, recycling and finding value in e-waste, while also working with influencers to raise awareness of e-waste among young people.
- Promoted a specially curated collection of shows and films on our TV platform that highlight the effect of plastic waste on the planet and created a 60-second e-waste film explaining how customers can play their part in turning the tide on tech devices ending up in landfill.
- Ran two 'Tech Drives' at our Wythenshawe and Reading offices to encourage employees to clear out unused tech, book into repair cafes or get expert advice on how to extend the life of their devices. While encouraging more practical circular actions, the events also give us useful insights into the best ways to communicate to influence behaviour change on the issue of e-waste.

STRATEGY IN ACTION

Grants for innovative e-waste solutions

In 2024, we awarded grants from the second round of our Time After Time e-waste fund, which gives unwanted tech a second life and helps disadvantaged communities get online. Administered by our charity partner Hubbub, grants ranging between £25,000 and £100,000 were distributed to eight innovative projects to help them scale up their ideas to tackle e-waste, boost the circular economy and support digital inclusion.

Winners included the Green Alliance, which researches e-waste to inform recommendations to the government; Screen Share UK – a laptop repair skills training programme, providing refurbished devices to refugees and asylum seekers; and The Making Rooms in Blackburn which rehomes laptops with digitally excluded young people.

£500,000
of grants awarded

Non-Financial and Sustainability Information Statement continued

Streamlined Energy and Carbon Report (SECR)

We are pleased to report on our energy and carbon report for the year ended 31 December 2024.

The scope of the report includes our company-owned stores, all corporate sites, switch and data centres, and cell sites (mast and antennae sites).

The calculation approach is based on invoicing (where applicable) and estimation where the scope includes emission sources outside our operational control (for example landlord supplied sites). Emissions factors have been taken from the Department of Business, Energy and Industrial Strategy (**BEIS**) 2024 Conversion Factors.

	2024 (tCO_2e)	2023 (tCO_2e)
Scope 1 – Direct emissions from activities owned or controlled by the Company. This is low impact and fuel used is primarily for space heating (gas) and in standby generators (diesel).		
Static fuel	**4,446**	5,295
Fugitive gases	**9,816**	6,364
Vehicle fuel	**12,447**	13,191
Total	**26,709**	24,850
Scope 2 – Indirect emissions into the atmosphere associated with purchased, electricity, heat, steam and cooling. Emissions from electricity consumed across the following site types (cells, switch sites, offices and stores).		
Electricity (including renewables) – Location based	**220,958**	229,151
Electricity (excluding renewables) – Market based	**17,538**	30,357
Scope 1 and 2 – Total (Location based)	**247,667**	254,001
Scope 1 and 2 – Total (Market based)	**44,247**	55,207
Intensity Ratio (Scope 1 and 2 Market-based emissions per petabyte of data)	**0.91 tCO_2e/PB**	1.23 tCO_2e/PB
Scope 3 – A consequence of an indirect source and not Scope 2 (e.g. business travel by vehicles not owned by the Company). Business travel (such as business mileage and flights).[1]		
Air Travel	**2,131**	2,469
Land Travel	**4,556**	5,034
Total Business Travel	**6,687**	7,503
Methodology for scope data	**GHG Protocol**	**GHG Protocol**
Total Energy Consumption (Megawatt-hour (**MWh**))	**1,147,458**	1,187,097
Carbon offsets (tCO_2e)	**0**	0

1 Business travel emissions are based on the well-to-wheel approach.

Non-Financial and Sustainability Information Statement continued

Virgin Media O2 is committed to supporting the UK's roadmap to net zero and enabling a zero carbon future.

Net zero: We remain on a science-based target pathway and on course for our 2025 target to reduce operational (Scopes 1 and 2) emissions by 60%, with a 56% reduction on our 2020 baseline and 20% reduction versus our 2023 position. This was underpinned by the following performance:

a. **Renewable energy:** We continued to source 100% renewable electricity wherever we control the bill and focused on non-renewable electricity consumption from masts operating on third-party sites. In addition, we were able to ensure an additional 1,646 masts operating on third-party sites are on renewable electricity supplies and purchased REGOs to match to 70% of the remaining non-renewable electricity consumption from third-party sites, helping to reduce Scope 2 emissions by 72% since 2020.

b. **Fugitive gases:** Emissions from fugitive gases increased by 54% in 2024 compared to 2023 however, remained 48% below our 2020 baseline. Despite further investment to replace fire suppression gases with zero carbon alternatives, we saw a number of large discharges in 2024 which has driven the overall increase in fugitive emissions year-over-year. We are investing further in 2025 to reduce the risk of large discharges as part of our net zero plan.

c. **Fleet fuel:** In 2024, we increased our electric fleet to 357 vehicles as we work towards a full EV transition. Progress has slowed due to increased vehicle leasing and charging costs, and a dependency on the growth of the UK's national charging network. Alongside the additional EVs that were added to the fleet, an operational efficiency programme underpinned a reduction in fleet fuel emissions of 6% compared to 2023.

d. **Static fuel:** Emissions from static fuel sources reduced by 16% compared to 2023 and 26% against our 2020 baseline. This was driven by the rolling out of low-carbon HVO as an alternative to diesel in generators used across our mobile network, and gas heating emissions reductions following the exit from a former office in Slough.

e. **Energy efficiency and reduction:** Alongside our market-based net zero goal, energy efficiency and reduction remain a key priority for Virgin Media O2. During 2024, we have focused on the following initiatives:

   i. Procuring more efficient equipment across areas of the business and putting energy consumption as a key decision factor in business cases.
   ii. Continuing our programme of decommissioning the legacy fixed-line voice equipment.
   iii. Auditing technical sites to identify and remove other legacy kit and consolidate products to more modern and efficient platforms.
   iv. Reducing down the number of sites in our technical site estate, thereby reducing power consumption and driving energy efficiencies.
   v. Tech site heating, ventilation and air conditioning (**HVAC**) system energy efficiency optimisations including greater use of smart control technologies.
   vi. Delivering XGS-PON full fibre rollout and gradual migration of our customer base to enable the future shutdown of HFC and DOCSIS which is expected to deliver significant energy reduction in the long term.
   vii. RAN energy efficiencies delivered by dynamic capacity management, migration to more efficient hardware and cooling and evolution of network away from legacy 3G technology.

Non-Financial and Sustainability Information Statement continued

Social

Inequality of access to digital technologies, known as the digital divide, is an ever-important issue which requires coordinated, collective and targeted action. Ofcom research found that an estimated 5.7 million UK households struggle to afford their communication services in October 2024, while Good Thing Foundation and Liverpool University estimate that 3.7 million households with children are living below the minimum digital living standard. Our Better Connections Plan seeks to address this imbalance, through the connected communities pillar, by connecting 1 million digitally excluded people by the end of 2025 and equipping 6 million with essential digital literacy.

Closing the gap on the digital divide

Our goal is to connect 1 million digitally excluded people by the end of 2025. Our focus in the first two years of our strategy was to establish scalable programmes and products that would help deliver better outcomes for the digitally excluded. During 2024, we've continued to build on these foundations as well as launching creative new initiatives, connecting over 206,000 people this year and more than 372,000 in total since 2022.

Inclusive network and tariffs

We believe everyone should have equal access to technology, so we're expanding our digital infrastructure to hard-to-reach communities and offering affordable tariffs for people experiencing financial difficulties.

As part of our commitment to the £1 billion Shared Rural Network joint initiative between mobile network operators and the UK government, we completed our share of the first phase of the programme by providing good coverage to at least 88% of the UK's geographic landmass by June 2024. We improved mobile coverage in 227 partial not-spot areas (where there is coverage from one, but not all mobile operators) across the UK during 2024. The second phase of the programme is to establish 4G connectivity in areas that have no existing service.

For customers who are struggling to pay their bills, we offer:

- **Essential Broadband and Essential Broadband Plus** – social tariffs for people who receive income support payments, which offer a fixed price and have no fixed-term contract length or exit fees.
- **O2 Essential Plan** – launched in July 2024, is a low-cost £10 a month social tariff for mobile customers.
- **A Talk Protected Plan** – which keeps prices fixed for our older and disabled landline-only customers, with inclusive evening and weekend calls.

Providing free data through the National Databank

In 2021, we co-founded the National Databank together with the UK's leading digital inclusion charity Good Things Foundation, to provide free O2 mobile data to people in need. Like a food bank, National Databank hubs distribute 25GB of data per month, free calls and texts for up to 12 months. In 2024, all O2 stores became National Databanks, alongside the existing network of 2,800 National Databank hubs across the UK. We also made the commitment that all new stores in 2025 would become National Databanks. To highlight the issue of data poverty and promote the Databank service so that more people can benefit from the scheme, we ran a 2024 Christmas campaign.

STRATEGY IN ACTION

In a new partnership with UK Youth, nexfibre – in collaboration with Virgin Media O2 – is providing youth organisations with high-speed internet for free for two years. With over half a million young people lacking access to a learning device and home internet connection, the initiative hopes to improve disadvantaged young people's prospects by providing broadband at up to 1,000 youth centres across the UK.

Up to 1,000 youth centres to receive free broadband

Re-homing smartphones through Community Calling

Our Community Calling programme, in partnership with Hubbub, which provides free devices and a year's worth of connectivity to the most digitally excluded groups and individuals across the UK, celebrated four years of making a difference in July 2024. Our charity partner Hubbub works with community groups and local councils to identify people who are most in need, from survivors of domestic abuse to asylum seekers and low-income households. Any devices that can't be re-homed are recycled or sold through our partner Relove Technology, with the proceeds reinvested into the project.

Since we started the scheme in 2020, we've distributed over 20,000 devices with up to 12 months of free connectivity to the most digitally excluded groups across the UK. For many, it may be the first smartphone they've ever owned, which can be the key to unlocking better life outcomes.

Non-Financial and Sustainability Information Statement continued

During 2024, we:

- Continued our partnership with charities Crisis and Change Please to distribute further devices to people facing or experiencing homelessness, helping them access essential services – such as finding a place to stay, locating food banks, accessing online medical help and contacting loved ones.
- Concluded our partnership with Migrant Help, having distributed phones, tablets and MiFi boxes (pocket-sized gadgets that create WiFi hotspots) to people who have been affected by displacement and exploitation.
- Began a partnership with the charity Supporting Children with Diabetes, in collaboration with the Labour government, to donate up to 1,000 refurbished smartphones that will help children of low-income families access technology so they can monitor their blood glucose levels.
- Continued to provide a way for business customers to donate unwanted devices to Community Calling through our Virgin Media O2 Business Tech Donation Programme.
- Committed to provide 1,000 refurbished smartphones a month to Hubbub's Community Calling programme and Good Thing Foundation's National Device Bank, so the charities can better plan how they can support more people at risk of digital exclusion. Rollout began in December 2024.

Combatting digital poverty with 'Get Boxes'

During 2024, through our not-for-profit partner Jangala, which delivers internet access to people in need, we began the rollout of 5,000 'Get Boxes' to households, community centres, refuges and homeless shelters across the UK. A 'Get Box', powered by O2 mobile data, is easy to use and provides a fast and reliable connection for up to 20 people at a time.

Local authorities including Coventry City Council, the Royal Borough of Kensington and Chelsea and charities AbilityNet and Roundabout have helped us reach the milestone of distributing more than 1,000 boxes to low-income families by November 2024.

STRATEGY IN ACTION

Lending to local communities

Our Tech Lending Community scheme loans a second-hand tablet or smartphone to digitally excluded people for up to six months to help them get connected. Facilitated by our charity partner Hubbub, the initiative also helps tackle e-waste by extending the life of unwanted devices.

Charities Centrepoint, Thames Reach, and Refuge received over 500 devices to lend to their service users, together with free O2 data from the National Databank.

Over 500 devices donated to charities

Non-Financial and Sustainability Information Statement continued

Boosting digital literacy

Digital inclusion is not only about connectivity: having the confidence to use technology is also key to accessing the opportunities of the internet. We have amplified our ambitions in this area, increasing our Better Connections Plan target to support 6 million people to gain digital literacy skills and tools by 2025. During 2024, we helped over 2.7 million people, and we have exceeded our revised target with a total of 6.1 million supported since 2022.

We also launched a new scheme during the year, tailored for NHS Trusts; 'Care-ready Connectivity' offers Digital Explore workshops and Mobile Health Checks. The workshops tackle digital inefficiency and examine how to improve staff engagement with technology, while the health checks provide senior decision-makers with expert advice to ensure devices are up-to-date, secure and optimised.

Action against scams and fraud

With the UK facing a fraud epidemic, we took action during the year to help protect our customers and make sure they're fraud aware, by:

- Engaging in a new partnership with voice security specialists Hiya to roll out a new tool, 'Hiya Protect', which uses adaptive AI spam-fighting tools and enhanced caller identification services to help fight fraud and spam.
- Launching 'Daisy' – a cutting-edge AI-generated 'Granny' who was created to chat to fraudsters and waste as much of their time as possible as part of our "Swerve the Scammers" campaign. Highlighting the need to stay vigilant to our customers, Daisy also prevents scammers from targeting real victims and exposed common scam tactics.

Equipping people with digital literacy and skills

Our ongoing partnership with Good Things Foundation, originally established in 2021, aims to tackle the digital literacy gap by delivering essential digital life and work skills to people who need support. The charity's free online platform, Learn My Way, helps people build confidence and gain basic digital skills, supporting over 37,000 people in 2024. People can visit registered hubs or use the platform independently to access hundreds of free topics.

STRATEGY IN ACTION

Closing the digital skills divide

In 2024, we built on our existing partnership with Trafford Council to launch a new digital classroom at the St John's Centre in Old Trafford in a bid to help close the digital skills divide in the area. With a quarter of local households experiencing digital exclusion, the refurbished IT suite offers training, equipment and affordable connectivity for residents.

Over 100 free O2 SIM cards with 25GB of monthly data were given to residents via the National databank and more than 100 subsidised devices were sold or gifted to those who need them most.

Over 100
SIM cards donated to local residents in Trafford

Non-Financial and Sustainability Information Statement continued

Helping children stay safe online

The faster technology evolves and the more integrated it becomes in our daily lives, the more important it becomes to adequately safeguard children when using the internet. With only 4 in 10 parents talking to their children about how to stay safe online and almost a third saying their children know more about technology than they do, we are focusing on providing guidance and support to encourage more open conversations. As a responsible business, we also collaborate with government to ensure that we are aligned in the goal of helping children use the internet safely.

That's why we're part of the industry-wide coalition, Internet Matters, which gathers the latest thinking to provide leading internet safety advice for children. By accessing the website's practical guides and advice, in 2024, we helped equip 2.7 million parents and guardians with digital skills aimed at increasing knowledge and confidence around online safety tools and approaches.

During 2024, we:

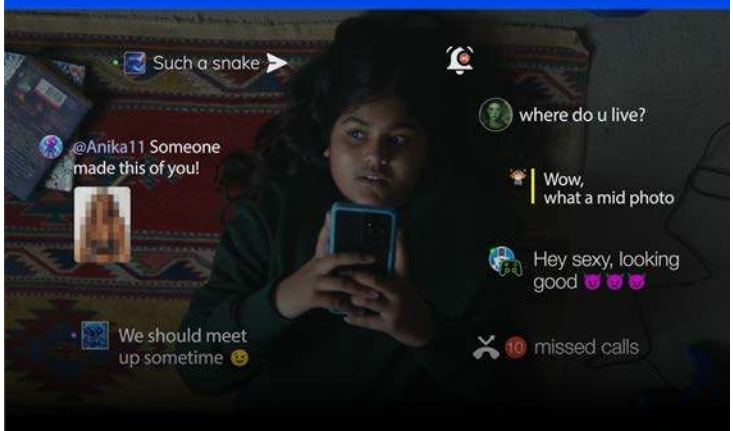
- Conducted research as part of Safer Internet Day among parents with children aged 6-16 which found that 75% were "extremely" or "reasonably" concerned about their child's safety online.
- Established a Digital Matters Champion programme which trains Virgin Media O2 employees to deliver demonstrations of Internet Matters' 'Digital Matters' platform. The platform provides free lessons on digital literacy skills and online safety to schools.

We have a range of tools, controls and privacy settings that our mobile and broadband customers can use to keep themselves, and their families, safe online:

O2 mobile	
Parental Controls	Restricts children's web access via their mobile to a limited number of sites that are suitable for children.
Age verification	Protects children from inappropriate websites or from viewing explicit content by filtering and blocking 18+ sites, as classified by the British Board of Film Classification (**BBFC**).

Virgin Media broadband	
Essential Security	A free cyber security protection service that is built in to all broadband packages, automatically protecting devices connected to a customer's home network. It blocks access to websites thought to be unsuitable for children, fraudulent or that contain viruses.
Advanced Security	For a monthly fee, customers can access our most advanced security offering, with features including worldwide device protection.

STRATEGY IN ACTION



Campaigning for online safety

We know that it can be hard for parents and carers to have open and honest conversations with their children about their online activity. So, in July 2024, we joined up with Internet Matters, Good Things Foundation and Action for Children to launch our 'Find the Right Words' campaign. With research highlighting that less than half of parents have spoken to their children about online safety, the campaign was aimed at helping parents feel more confident when talking to their children about how they can use the internet safely. A set of guides were also created as part of the campaign to help boost parents' knowledge and confidence.

75%
of UK parents and guardians fear dangers of AI-generated content

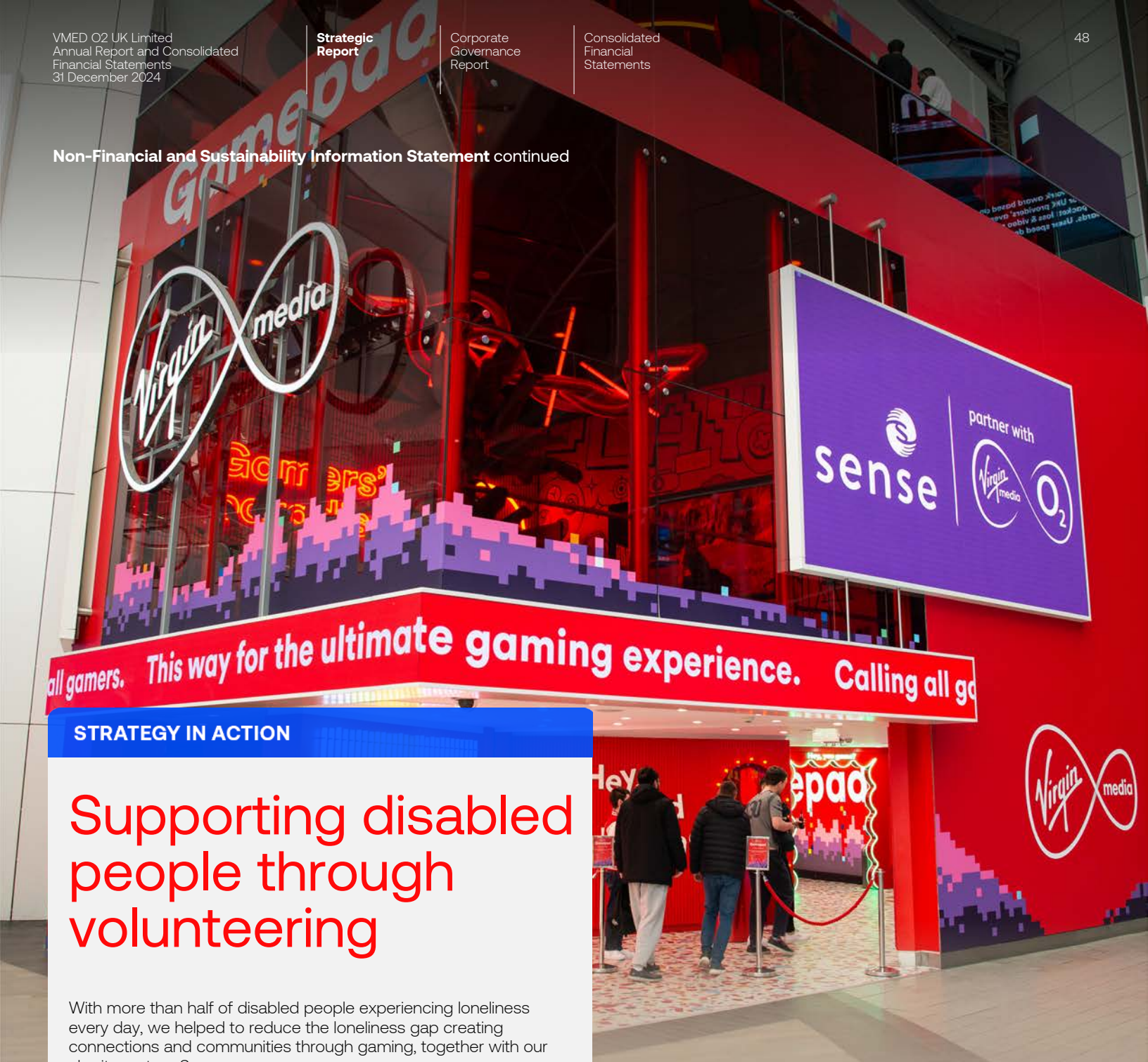
Employees volunteering to make a difference

In 2022, we set a goal to help 1 million people in local communities through our Take Five employee volunteering programme, which entitles employees to five annual paid days a year to volunteer, or five days between a team in retail. In total, over 332,000 people have been helped.

During 2024, we:

- Helped people get digitally connected in Salford at Digital inclusion pop-ups – helping vulnerable people learn how to set up second-hand devices provided by Community Calling.
- Marked the second anniversary of Connect More – Virgin Media O2 Business' digital inclusion volunteering programme which works alongside our public sector customers to help provide digital skills and confidence to those who need it most.

Non-Financial and Sustainability Information Statement continued



STRATEGY IN ACTION

Supporting disabled people through volunteering

With more than half of disabled people experiencing loneliness every day, we helped to reduce the loneliness gap creating connections and communities through gaming, together with our charity partner Sense.

In October 2024, we held a dedicated gaming day for Virgin Media O2 volunteers and disabled people supported by Sense at Virgin Media Gamepad – a fully accessible gaming destination in The O2 arena in London. Over 80% of gamers say they feel less isolated when gaming and 96% think it has a positive impact on their mental health.

5
paid volunteering days a year for employees

Non-Financial and Sustainability Information Statement continued

Governance

Managing our most material risks and impacts

Through our Better Connections Plan, we act on the most material social and environmental issues to ensure we're building a resilient, future-fit business. However, we also understand that societal and planetary challenges are changing at a rapid pace, so we regularly check that we are focusing on the most relevant issues. We began a double materiality assessment process in October 2024, which involves a thorough analysis of our impact and financial materiality to support our future sustainability plans.

All ESG risks are managed and monitored through our company risk management systems, see "Our Risk" on page 74. Our approach to managing climate risk and opportunity is outlined in greater detail in our Task Force for Climate-related Financial Disclosures (**TCFD**) statement on page 53.

Overseeing our sustainability initiatives

During 2024, we monitored our progress against the Better Connections Plan through three specialist Steering Committees which reflect our key strategic sustainability areas: Environment; Social Impact; and Diversity, Equity and Inclusion. In the autumn of 2024, we then decided to streamline these groups into an overarching Responsibility Committee to provide oversight of sustainability issues and facilitate more effective decision-making.

Chaired by our Chief Communications & Corporate Affairs Officer, the new committee is composed of the Chief Technology Officer; Chief Operations Officer; Managing Director, Business & Wholesale; Managing Director, Fixed Network Expansion; Director of Sustainability; and Director, People Relations & DE&I. The Committee's outputs will be communicated to the Virgin Media O2 Audit Committee and EMT.

Alongside the formal governance bodies that oversee our sustainability activity, we also seek out fresh views and perspectives from five Gen Z young adults from across our business who makeup our Youth Advisory Council.

A better way to do business

We put how we achieve our targets on an equal footing with what we achieve and believe that doing so enables the long-term success of Virgin Media O2. We build our business on fundamental principles of inclusivity, fairness and ethical conduct. In this area of our Better Connections Plan, our key strategic goal strives for gender parity and increased representation from underrepresented ethnic backgrounds. Our second target involves working with our key suppliers to make sure their social and environmental goals align with our expectations.

Involving our employees in sustainability

We try our best to make sure all employees feel included in our sustainability strategy. Alongside our Take Five volunteering programme (see page 47 for further information), where employees get involved directly in local communities, we also:

- Launched a new sustainability online training course to help employees understand our Better Connections Plan and how they can make sustainable choices at work and at home.
- Continued to link management pay with sustainability metrics, with 5% of the Annual Bonus linked to progress against net zero carbon reduction targets.
- Incorporated sustainability into our 'IDEA Lab' learning and development programme as a quarterly topic focus.

In addition to our 2025 targets around climate, circularity and driving digital inclusion, our Better Connections Plan also commits to conducting our daily operations in an ethical, equitable way and ensuring that our supply chain upholds our principles. In this way, we seek to build a responsible and sustainable business that can drive positive change for our people, communities and planet.

DE&I

We're committing to creating a diverse, equitable and inclusive organisation that fosters the wellbeing, development and retention of our people.

Our DE&I strategy has ambitious targets to be achieved by the end of 2027:

a. Move the dial on diversity by having gender parity in our leadership population while driving towards gender parity across the organisation, in addition to increasing the representation of Global Majority employees to a minimum of 15% leadership and 25% across the business.
b. Make equity part of everything we do.
c. Put inclusion at the heart of how we do business.

We aim to track our performance against a series of indicators.

Female employee representation

The number of employees who are female as a percentage of the total number of employees at both all staff and leadership levels.

	Year ended 31 December		Increase (decrease)
	2024	2023	%
		percentage of total employees	
Female employees – all staff	28.4 %	30.0 %	(1.6)%
Female employees – leadership	33.2 %	32.6 %	0.6 %

In 2024, the percentage of female employees as a proportion of total staff decreased by 160 BPS. More positively, the percentage of female employees in leadership roles increased by 60 BPS.

Global Majority

A collective term that first and foremost speaks to and encourages those so-called to think of themselves as belonging to the global majority. It refers to people who are Black, Asian, Brown, dual-heritage, indigenous to the global south, and or have been racialised as 'ethnic minorities'.

	Year ended 31 December		Increase (decrease)
	2024	2023	%
		percentage of total employees	
Global Majority employees – all staff	17.9 %	16.9 %	1.0 %
Global Majority employees – leadership	14.6 %	14.4 %	0.2 %

In 2024, we increased the proportion of Global Majority employees amongst both the leadership and total employee population.

Non-Financial and Sustainability Information Statement continued

Moving the dial on diversity

We understand that diversity of thought, background and experience is essential to drive business performance and have made progress during 2024 to increase the awareness of the DE&I agenda across the organisation. Our aim is to create a fairer future for our people, and we want our workforce to go 'All In'. We commit to do more and to address systemic inequity and barriers together for our people and the communities we serve. We know that making progress on representation requires us to do something different. In 2024, we launched our First Positive Action Accelerator Programme for future leaders of Black heritage. This programme is the first in a series that will contribute to Virgin Media O2 building a diverse leadership team that represents the diversity of the UK.

Making equity part of what we do

We want our organisation to be equitable and fair for all. We know that fairness is essential to a psychologically safe and inclusive workplace. We have committed to revolutionise our organisational processes, practises and policies to remove systemic barriers for people from underrepresented groups. We have made steady progress in embedding equity in our practices and procedures. Our workplace adjustments process means that disabled employees, and anyone who has additional needs, can access adjustments to ensure they are able to fully contribute and achieve their potential at Virgin Media O2.

Putting inclusion at the heart of how we do business

We aim to build a fully inclusive culture, celebrating everybody's individuality and differences. We want our organisation to be a place where people feel they can do the best work of their careers, feel psychologically safe and empowered to make decisions for the benefit of our business and customers.

To help us achieve our aim we have six employee networks: Enrich (Race and Cultural Heritage), Proudly (LGBTQIA+), Women's Network, Neurodiversity Network, We Care (supporting carers) and Ultraviolet (Disability). Our networks provide an open forum where employees have an opportunity to build community and belonging in our organisation.

In 2024, we launched our Inclusive Leader training to supplement our 'Ally Up' offering. These education programmes empower our employees to be more consciously inclusive every day, fostering inclusive approaches in teams.

Gender and Ethnicity Pay Gap

We have a statutory obligation to publish annual gender pay gap reports for O2 and Virgin Media that detail our progress in this area. In line with our commitment to equity and increasing transparency we have also voluntarily disclosed our ethnicity pay gap, as well as publishing an overall gender and ethnicity pay gap for Virgin Media O2.

Gender Pay Gap

We measure our gender pay gap based upon employees who were employed by us as at 5 April each year. The calculation is based upon ordinary pay, being the basic hourly pay on 5 April, plus bonus (monthly and quarterly) and premiums (shift premiums, on-call allowances etc.), which is then converted into an hourly rate. A positive percentage in mean or median hourly pay gap represents a favourable pay gap towards men compared to women.

	As at 5 April		Increase (decrease)
	2024	2023	%
	percentage of total employees		
Mean hourly pay gap	0.1 %	1.9 %	(1.8)%
Median hourly pay gap	(2.1)%	2.3 %	(4.4)%

We have effectively closed our mean gender pay gap, with a very narrow gap of 0.1% in favour of men. This was an improvement of 180 BPS compared to 2023, supported by an increase in the proportion of women in our upper quartile of pay.

Ethnicity Pay Gap

Ethnicity pay gap reporting is based on ethnicity as disclosed by our employees. As at 5 April 2024, our ethnicity disclosure was 70%, in line with the 70% disclosure at 5 April 2023.

	As at 5 April		Increase (decrease)
	2024	2023	%
	percentage of total employees		
Mean hourly pay gap	7.1 %	9.7 %	(2.6)%
Median hourly pay gap	13.6 %	13.3 %	0.3 %

In 2024, we have continued to reduce our mean ethnicity pay gap to 7.1%, reducing by 260 BPS compared to 2023. Our median hourly pay gap was broadly stable compared to 2023 at 13.6%.

See our 2024 Virgin Media O2 Pay Gap Report for further information.

Supporting carers in the workplace

We believe in creating a work environment that acknowledges the different circumstances individuals find themselves in, including caring for a loved one. As part of our 'All In' DE&I strategy, we offer five paid days of leave a year for employees with caring responsibilities and have established a dedicated employee network for carers.

See the "People" section on page 21 for further information.

Non-Financial and Sustainability Information Statement continued

Improving the customer experience for everyone

As a customer-first organisation, we are focused on managing the customer experience responsibly, making sure that we treat all customers fairly and fully support vulnerable customers. Some specific actions we've taken during 2024 to protect and advocate for customers include:

- Contacting customers who might be affected by the phasing out of our older networks as we transition to faster, more reliable and energy-efficient networks, and supporting them step-by-step through the changes they'll need to make.
- Offering O2 customers free-of-charge access to over 60 websites (without using their data allowance) by zero-rating essential websites – including Samaritans, National Debtline and Citizens Advice – that provide financial, health and wellbeing information.
- Supporting customers who have been caught up in crises around the world, including those impacted by Hurricane Beryl by crediting back charges on calls and texts from the UK to affected Caribbean islands. We also donated to the DEC Middle East Humanitarian appeal.

Driving a green and responsible supply chain

We aim to establish open, trusted and transparent relationships with our business partners and suppliers. And we expect our suppliers to maintain the highest ethical and environmental standards, in accordance with our Supplier Code of Conduct which we have recently updated to reflect best practice.

To ensure ethical sourcing, we operate a range of supplier policies designed to:

a. Uphold our business values within our supply chains;
b. Ensure the health and safety of workers in our supply chains;
c. Ensure the quality of products and services we buy; and
d. Protect the privacy of our customers and ensure data security.

They can be found here: Suppliers – Virgin Media O2.

We set clear sustainability expectations of our suppliers and have integrated ESG goals into our procurement processes. Suppliers are contractually committed to uphold our codes of conduct and when we make major purchases, they are also required to agree to carbon reduction goals.

We take a zero-tolerance approach to modern slavery and human trafficking in our operations and supply chains. During 2024, we have undertaken modern slavery risk management reviews with high-risk suppliers – our annual Modern Slavery statement details our due diligence activities on this issue and can be accessed on our corporate website here: Modern Slavery Statement.

We respect and actively promote nationally and internationally recognised human and employment rights, including those contained in the United Nations Universal Declaration of Human Rights, and the principles related to the rights recognised by the International Labour Organization and its Eight Fundamental Conventions.

Our EMT maintains oversight of supply chain sustainability management, and we also engage with sector initiatives such as the Joint Audit Cooperation (**JAC**) to develop common sector sustainability standards.

Our Code of Conduct

Our commitment to acting with integrity and fairness

As a responsible business we are committed to conducting our operations with integrity and fairness. Our Code of Conduct sets out our commitment to doing the right thing, maintaining the highest ethical and legal standards, and the expected behaviours of anyone who works on behalf of Virgin Media O2.

Our Code of Conduct is supported by our Anti-Bribery and Corruption (**ABC**) policy which establishes our approach in complying with the requirement of the UK Bribery Act and the US Foreign Corrupt Practices Act. The Policy provides guidance on what constitutes a bribe and prohibits the giving or receiving of any excessive or improper gifts and hospitality. Our EMT has a zero-tolerance approach to bribery or corruption.

Non-Financial and Sustainability Information Statement continued

Our Anti-Bribery and Corruption Framework

At Virgin Media O2 we operate the following risk-based ABC framework aligned to the Ministry of Justice's Six Principles for the prevention of bribery by commercial organisations:

Ministry of Justice Principle	Key updates
Top-level commitment	Our EMT takes a zero-tolerance approach to bribery and corruption, and in support of this commitment: • Each member of the Executive and Senior Leadership Team is required to complete a Director's Governance Statement to confirm their understanding and compliance with the requirements of the Code of Conduct and ABC Policies. • Our Code of Conduct and ABC Policies, which demonstrate our commitment to maintaining the highest ethical standards, are published on our Virgin Media O2 website. Our Audit Committee assists the EMT in fulfilling their duties in regard to ABC risk management and policy compliance.
Risk assessment	We assess the nature and extent of our exposure to potential internal and external risks of bribery. Our assessment is reviewed on a periodic basis and is overseen by the EMT to ensure any potential emerging material risks are effectively identified and assessed.
Proportionate procedures	We maintain a range of bribery prevention procedures in mitigation of the risks identified during the risk assessment process. The Virgin Media O2 principal ABC risk categories and mitigation measures are: • Employee incentives: An incentives policy and governance framework is in place to ensure employee schemes are designed, approved and monitored in alignment with our Code of Conduct and regulatory responsibilities. • Gifts and hospitality: Gifts and hospitality pre-approval and reporting tools are in place including restrictions in relation to public sector officials or activity during commercial negotiations. • Charitable donations: A Charitable Giving policy and approval framework is in place to support our ethical approach to providing financial and non-financial support to registered charities. • Working with third parties: Suppliers and other parties working on behalf of Virgin Media O2 are required to comply with the requirements of our Supplier Code of Conduct. Risk-based procedures are also undertaken to identify and mitigate the risk of bribery and corruption by those organisations who perform services on our behalf. • Winning and retaining business: Our B2B Sales Teams are required to complete mandatory Code of Conduct training as well as complete an ABC attestation for every commercial arrangement to confirm they are aware of and have followed Gifts and Hospitality and "Speak Up" reporting processes. • Business acquisition and integration: Anti-bribery pre and post due diligence review processes are in place including extending the Virgin Media O2 Code of Conduct and ABC policy, reporting and training frameworks to the employees of the newly acquired entity.
Communications and training	At Virgin Media O2, we seek to ensure that our Code of Conduct and ABC Policy and procedures are embedded and understood across the whole organisation. This includes: • A new Mandatory Compliance Training policy was launched which supports our commitment of ensuring every employee is provided with appropriate knowledge including our 'Code of Conduct' to protect our employees, customers and stakeholders. • An on-going awareness programme is in place including bespoke training events for higher risk functions, employee workplace intranet posts and a dedicated Compliance and Ethics intranet site where employees can obtain further guidance on key ABC controls including gifts and hospitality, conflicts of interest and charitable giving review and approval processes.
Compliance monitoring	We have a dedicated and specialised Compliance Team who are responsible for the day-to-day management of our ABC monitoring programme. Our Compliance programme provides assurance over the key requirements of our ABC control framework including supplier due diligence, conflicts of interest, charitable donations review and approval, and gifts and hospitality screening.

Finding out more

Our company policies and processes are designed to guide our daily decision-making and help ensure our compliance with legal and regulatory frameworks. To find out more information on our policies and processes, please see our Corporate Statements website.

Task Force on Climate-related Financial Disclosures (TCFD)

Across the world, we are already experiencing the effects of a warming world and shifting climate patterns. In the UK, where we operate, we will likely face warmer and wetter winters, hotter and drier summers, and more frequent and severe weather events. By understanding the human, operational and financial consequences of a changing climate, we can better prepare for the increased risks we could face to the ways we're used to living and working.

At Virgin Media O2, we believe in a cleaner, greener future. As an integrated communications provider, developing effective mitigation and adaptation plans to manage climate-related risks support not only our business resilience but also the UK's national resilience. In addition, we seek opportunities to leverage our digital products and services to accelerate a wider transition to a zero carbon future by helping other industries decarbonise.

In this, our second mandatory TCFD statement, we explain how we assess and manage climate-related risks and opportunities. We have published voluntary disclosures against the framework since FY 2021. We've structured our disclosure around the four TCFD thematic areas of governance, strategy, risk management, and metrics and targets. This disclosure also complies with the requirements of Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

As shown in Figure 1, our TCFD Compliance Summary, we believe our disclosure is fully compliant with eight of the TCFD's 11 recommendations and partially compliant with three. While we have made progress integrating climate considerations into the Board and its delegated management committees, as well as our business and financial planning processes, we believe there remains more we can to do strengthen executive oversight and embed climate risk into our business-as-usual processes. We're also undertaking additional work to develop the climate-related metrics we use to assess climate-related risks and opportunities.

We provide further information on our sustainability approach throughout this Annual Report and have highlighted the relevant sections in this statement.

2024 actions:

- We conducted climate scenario analysis to examine the potential consequences of eight physical climate hazards criteria across our key technical sites and offices. The aim of the project was to strengthen business resilience by identifying potential risk mitigation (or adaptation) measures against key physical climate risks. Read more about our process and the results on page 64.
- We took steps to understand our nature-related risks and impacts, in accordance with the Taskforce on Nature-related Financial Disclosures (**TNFD**) recommendations, starting with a gap analysis which examined how we currently manage and collect nature-related information. Next year, using the Locate, Evaluate, Assess, Prepare (**LEAP**) approach, we'll seek to understand our Company's material nature interfaces, and our positive and negative impacts on species, habitats and ecosystems.
- Getting consistent, quality data across our operations and value chain remains a challenge and a continued area of focus as we continue our pathway to full TCFD alignment.

TCFD continued

Figure 1 – TCFD compliance summary:

TCFD recommendation	Compliance status	Page
1. Governance		
a. Describe the Board's oversight of climate-related risks and opportunities.	Partially compliant	55
b. Describe management's role in assessing and managing climate-related risks and opportunities.	Compliant	55
2. Strategy		
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Compliant	57
b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Partially compliant	61
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2° or lower scenario.	Compliant	61
3. Risk management		
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Compliant	64
b. Describe the organisation's processes for managing climate-related risks.	Compliant	64
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Compliant	64
4. Metrics and targets		
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially compliant	65
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Compliant	66
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Compliant	66

TCFD continued

Governance

Board oversight of climate-related risks and opportunities

The highest level of Executive oversight of our climate-related risks and opportunities is held by Virgin Media O2's Board. The Board is responsible for creating and protecting value, seeking market opportunities and managing and mitigating all principal risks to the business, including climate risk. In September 2024, an ESG paper was issued by the Chief Communications & Corporate Affairs Officer (**CCCAO**) to the Board, covering performance against the Better Connections Plan's key targets – including carbon reductions and climate change risk.

Our EMT, chaired by CEO Lutz Schüler, has delegated authority for the day-to-day management and decision-making of the Group, supported by its associated committees. In 2024, the Director of Sustainability provided a status update to the EMT in June, August and December on progress against the Better Connections Plan, including our climate action goals. In addition, Objectives and Key Results (**OKRs**) on our net zero programme were shared with the EMT quarterly, highlighting any obstacles to the delivery of the programme goals and targets.

The Audit Committee is a Board-delegated authority that oversees business risks, financial and non-financial reporting, internal control and compliance. Significant risks are subject to additional scrutiny; as a principal risk, climate risk is monitored every quarter as part of our risk review process. Climate-related risk and opportunity have been incorporated into the committee's Terms of Reference (**ToR**). An ESG update was delivered to the Audit Committee in July and October 2024, outlining progress against strategic targets, ESG ratings, and plans for all ESG disclosure requirements.

During 2024, we streamlined our three specialist social and environmental steering committees and created an overarching Responsibility Committee, which has delegated authority for all decisions regarding ESG and reputational issues. It has incorporated the provision to oversee climate and nature-related risks and opportunities in its ToR. The group reports to Virgin Media O2's EMT and Audit Committee and is chaired by the CCCAO. Members include the Chief Technology Officer; Chief Operations Officer; Managing Director, Business & Wholesale; Managing Director, Fixed Network Expansion; Director of Sustainability; and Director, People Relations & DE&I.

Our climate risk governance chart, Figure 2 on page 56, highlights the key responsibilities and interactions in our approach to managing climate-related risks and opportunities. You can read more about our Company's Leadership team and company governance committees in the Corporate Governance Statement on page 90.

Management's role in assessing and managing climate-related risks and opportunities

Management responsibilities

The CCCAO holds overall responsibility for Virgin Media O2's sustainability strategy – the Better Connections Plan. Climate action is a central part of the strategy, with performance against all stated targets (including our net zero pathway) monitored by the EMT.

The Sustainability team, who report to the CCCAO, takes on the day-to-day management of sustainability matters, including climate-related risks and opportunities. Team members monitor climate-related issues and follow developments in climate science by partnering with expert third-party organisations; participating in industry forums; subscribing to relevant subject-matter publications; and attending specialist conferences and events.

Environmental legislation is tracked through our Environmental Management System (**EMS**) as part of our ISO 14001:2015 certification. Virgin Media O2's Internal Audit team evaluates our site-wide environmental compliance on an annual basis.

The Head of Environment, Climate and Nature is specifically tasked with managing the Company's environmental initiatives, and in 2024 was appointed to the Climate Council of Tech UK, the UK's technology trade association. The Group scrutinises the role the tech sector can play in supporting the transition to net zero and how it can help others reduce their impact, as well as examining the sector's readiness for the effects of climate change.

Company-wide engagement

To build employees' understanding of social and environmental issues, including our net zero pathway, we:

- Mandated all employees complete a sustainability computer-based training module.
- Established a Better Connections Plan group on our internal communications network, Workplace, which includes a monthly environmental digest and information about how employees can get involved in our sustainability initiatives.
- Share our carbon usage reductions with the Company through our monthly performance scorecard which includes key customer and employee metrics, and in quarterly face-to-face EMT presentations with employees.
- Continue to influence the inclusion of net zero and wider sustainability considerations into Company decision-making frameworks, engaging directly with project managers to ensure climate impacts are considered at the design and idea generation stage of project development.

TCFD continued

Governance bodies

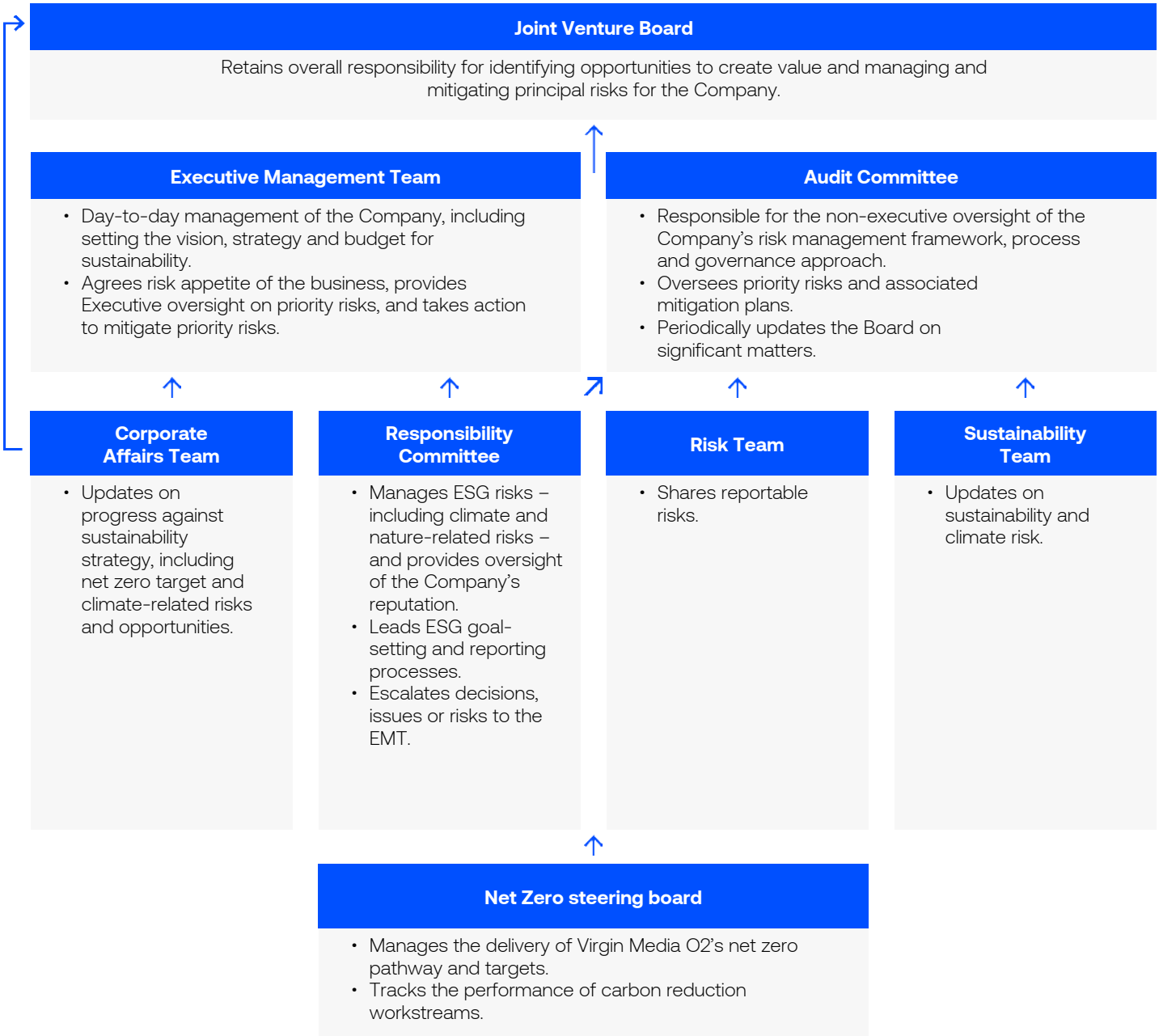
The management governance structures that support effective climate risk and opportunity supervision are described below and presented in Figure 2, our climate risk governance chart.

In addition to our Responsibility Committee, which takes overall responsibility for overseeing all sustainability matters, our specialist Net Zero Steering Board manages plans, actions and metrics relating to our net zero pathway – which is described in detail on page 65.

Membership consists of Sustainability team environmental specialists and cross-functional senior representatives from departments across the business including Property, Facilities and Procurement.

Virgin Media O2's Director of Sustainability also attends Investment Committee meetings to ensure ESG matters are integrated into wider business case considerations. Chaired by the Director of Capital Allocation, this is a decision-making committee with no onward approvals required.

Figure 2 – Climate risk governance:



TCFD continued

Strategy

Climate-related risks and opportunities identified over the short, medium, and long term

If we want to take action to mitigate climate-related risks, adapt our business and strengthen our resilience, we must first be clear about how not only we affect the environment but also how the changing climate might impact us in the future. As a digital technology provider, our core business can enable wider societal and environmental benefits by supporting other sectors to achieve their decarbonisation aims and by leveraging digital transformation to support national resilience efforts.

Our business operates in the UK, so this is the key geographical area that we focus on in our risk analysis. However, we have a global supply chain, so we also consider the different ways changing climate patterns could impact supply chain resilience across a range of geographies.

We have decarbonisation programmes in place with suppliers who account for around 55% of our supply chain emissions. We work with these suppliers to establish emission baselines and carbon reduction plans that support our net zero goals. We have two specific programmes that support these aims:

- Our Carbon Reduction programme addresses our most significant emission sources (around 30% of our Scope 3 emissions).
- Our Construction Suppliers Development programme offers webinars to support our construction partners to adopt and establish best practice decarbonisation strategies for their sector. This accounts for around 25% of Scope 3 sources.

We also participate in sector initiatives aimed at developing the decarbonisation capability of common sector suppliers through targeted training. And we've developed Scope 3 modelling that allows us to predict Scope 3 outcomes for different supply categories so that emissions information can help inform our buying decisions.

In 2022, we carried out a qualitative scenario analysis which helped us identify three physical and seven transition climate-related risks, as well as four climate-related opportunities that we believe could materially impact our business (as shown in Figure 4 on page 58, Figure 5 on page 58 and Figure 6 on page 60). In 2023, we selected two risks for quantification and in 2024, we carried out further examination of how eight physical climate risks might impact our operational resilience, described in full on page 63.

Two key frameworks are commonly used to inform climate scenarios: the Shared Socio-economic Pathways (**SSPs**) which describe different socio-economic futures, and the Representative Concentration Pathways (**RCPs**) which model different emissions pathways and the associated impact on the climate. To develop our climate scenarios, we paired three different SSP/RCP combinations (see Figure 3) and assessed risk for the short- (now to 2026), medium- (2026-2035), and long-term (2035-2050) time horizons.

These scenarios were used to inform our 2022 qualitative analysis and our 2023 and 2024 quantitative analysis.

Figure 3 – Climate scenarios:

	High level description	Key characteristics	Rationale for selection
1.5°C Steady path to sustainability Orderly transition scenario SSP1/ RCP1.9	The world takes the rapid and drastic policy measures required to meet the ambition of the 2015 Paris Agreement. Low-carbon technologies take over from fossil fuels.	Climate: Global warming limited to 1.5°C above pre-industrial levels by 2100. Societal approach: Globally co-ordinated efforts to reduce emissions to net zero by 2050 to avert the worst effects of climate change. Economy: The world makes a gradual but continued shift away from only valuing economic growth towards a wiser sense of prosperity and wellbeing.	a. Useful for assessing key transition risks and the implications for Virgin Media O2. b. Following TCFD recommendations that companies take into consideration different climate-related scenarios, including a 2°C or lower scenario. c. Aligns with the latest scientific research from the IPCC as well as the Paris Agreements, demonstrating our alignment to recognised temperature targets.
2°C Middle of the road Disorderly transition scenario SSP2/ RCP2.6	Social, economic and technological trends do not yet shift markedly from historical patterns. The delay in efforts by government, businesses and citizens to mitigate climate change, and a divergence in responses across sectors and countries, results in a disjointed transition.	Climate: Global warming limited to 2°C above pre-industrial levels by 2100. Societal approach: Delayed, disorderly transition to a low-carbon world which results in widening inequalities. Economy: Increasingly divergent outcomes at micro and macro levels, facing permanent scarring due to disorderly transition.	a. With each passing year, a disorderly transition scenario is increasingly more likely than an orderly scenario. b. Current climate commitments put the world on track for 2.5°C of global warming. c. This scenario highlights the increased volatility/market risks presented by a disorderly transition.
4°C Fossil-fuelled global growth Physical risk scenario SSP2/ RCP2.6	The world continues to use fossil fuels as the engine of economic growth, resulting in worst-case levels of global warming, with increasingly severe and frequent extreme weather causing extensive business disruption, as well as chronic changes to seasonal weather patterns severely damaging economic growth.	Climate: Global warming of 4°C above pre-industrial levels by 2100. Societal approach: Global collaboration focused on protecting the population from a changing climate. Economy: While the economy experiences long-term growth through to 2050, catastrophic economic toll of climate changes becomes an unprecedented drag to growth.	a. The scenario is useful to assessing potential physical risks and the implications to our business model. b. The increase in warming under this scenario results in severe physical risk including irreversible impacts like sea-level rise.

TCFD continued

Figure 4 – Physical climate-related risks (driven by extreme weather and long-term shifts in climate patterns that have direct impacts):

Key
Acute – Risk of increasing severity of extreme weather events.
Chronic – Risk of longer-term changes and variability in weather patterns.

Risk type	Risk title	Risk description	Financial impact	Time horizon
Acute and chronic	Damage to infrastructure and disruption to operations due to the physical impacts of climate change	Risk that increased frequency and/or severity of extreme weather events (such as flooding, storms and wildfires) and longer-term shifts in weather patterns (such as sea-level rise, increased precipitation and extreme heat) result in damage to our physical and operational assets, including network infrastructure, data centres etc. This leads to business disruption such as network service outages and restricted services, and more frequent repairs are necessary.	a. Decrease in revenue from lower sales b. Increase in operating costs from repairs c. Early retirement of existing assets due to frequent damage d. Increase in insurance premiums	Medium to long term
Acute and chronic	Disruption to workforce due to the physical impacts of climate change	Risk that increased frequency and/or severity of extreme weather events (such as extreme heat, extreme rainfall storms or flooding) have negative consequences on the productivity and safety of our workforce, leading to delays in the rollout of services and increased customer dissatisfaction.	a. Decrease in revenue from lower output b. Increase in costs from negative impacts on workforce (absenteeism) c. Threat to business continuity	Medium to long term
Acute and chronic	Disruption to suppliers due to the physical impacts of climate change	Risk that increased frequency and/or severity of extreme weather events (such as flooding, storms and wildfires) and longer-term shifts in weather patterns (such as sea-level rise, increased precipitation and extreme heat) disrupt the operations of our suppliers, leading to disruption to third-party operated services, such as call centres, and delays in product delivery.	a. Decrease in revenue from lower sales b. Threat to business continuity c. Decrease in revenue from lower output	Medium to long term

Figure 5 – Transition climate-related risks (driven by policy, regulation, technology development, reputation, and market shift as a result of goals to decarbonise):

Key
Policy and legal – risk of existing and emerging climate-related regulations, as well as climate-related litigation claims.
Markets – risk of shifts in supply and demand as markets respond and react to climate change.
Technology – risk of disruption to parts of the economic system caused by emerging technologies required to support the transition to a low-carbon economy.
Reputation – risk of damage to brand value and loss of customer base from shifting public sentiment over an organisation's response to climate change.

Risk type	Risk title	Risk description	Financial impact	Time horizon
Market	Rising input prices leading to increased production and operating costs	Risk of increasing volatility in input prices (such as raw materials and energy) leading to fluctuating production and operational costs. For example, timing of energy policy changes and availability and demand for different raw materials as a result of market shifts may lead to higher energy prices and the risk of rising third-party costs associated with the manufacturing of handsets and wearables.	a. Increase in production and operating costs e.g. energy/electricity prices b. Reduction in profit margins	Long term
Technology	Increased costs from the transition to lower emissions technology	Risk of increased research and development (**R&D**) costs, associated with investment in new and alternative technologies to enable more efficient services and production processes, necessary to meet emissions reductions targets.	a. Increase in capital investments required for technology development b. Reduction in profit margins	Short to medium term

TCFD continued

Risk type	Risk title	Risk description	Financial impact	Time horizon
Policy and legal	Introduction of carbon pricing impacting operating costs	Risk of the introduction of a formal carbon pricing system in jurisdictions where we operate which results in having to pay for GHG emissions, leading to increased operating costs.	a. Reduction in profit margins b. Increase in production and operating costs	Medium term
Policy and legal	Enhanced exposure to climate-related regulatory changes and litigation	Risk of enhanced exposure to climate-related litigation as a result of more stringent legislation and mandates on emissions associated with our services and products.	a. Increase in the potential for climate litigation b. Increase in production costs c. Increase in staffing costs and investment to support reporting functions d. Loss of brand loyalty	Medium term
Reputation	Shifts in consumer preferences towards greener telecoms providers	Risk that we fail to keep up with competitors' climate action leading to consumers switching to telecom providers with stronger ESG credentials, meaning the loss of market share, in turn becoming less desirable to potential investors.	a. Reduction in revenue and market share b. Decrease in access to capital c. Loss of brand loyalty	Short to medium term
Reputation	Failure to meet emission reduction targets across Scope 1, 2 and 3 emissions	Risk that we fail to meet our net zero 2040 target through missing our Scope 1 and 2 targets directly or being implicated by third-party dependencies and associated Scope 3 emissions (for manufacturing and/or licensing products). We may fail to meet targets as a result of changing business priorities, redirections of budget funding, or through third parties failing to reduce their own Scope 1 and 2 emissions in line with our Scope 3 supplier climate targets. This could lead to reputational impacts and effects on internal and external stakeholder brand loyalty. Failure to meet such targets would also mean that we are unable to obtain sustainability-linked financing or further leverage green finance.	a. Damage to reputation b. Increase in the potential for climate litigation c. Decrease in access to capital d. Decrease in employee retention rates and ability to attract talent e. Loss of brand loyalty	Medium to long term
Market	Disruption to our supply chain due to geopolitical volatility from climate-related impacts	Risk that geopolitical volatility, spurred on by the impacts of climate change, disrupts our supply chain, including the delivery of handsets and accessories. As a result, we are unable to meet customer demand for products and experiences disruption to services, increasing costs and reducing market share.	a. Increase in production and distribution costs b. Reduction in profit margins c. Loss of brand loyalty	Medium to long term

TCFD continued

Figure 6 – Climate-related opportunities:

Key
Resilience – adaptive capacity to respond to climate change, better manage the risks and seize the opportunities.
Energy source – access to cost and emissions benefits through low-carbon and alternative energy options.
Markets – access to new markets enabling the diversification of activities, facilitating the transition to a lower-carbon economy.
Resource efficiency – improved efficiency across production and distribution processes, buildings, machinery and transport in relation to energy efficiency, water, waste management and material usage.
Products and services – improved competitive position and ability to capitalise on shifting consumer preferences through the development of low-emission products and services.

Opportunity type	Opportunity title	Opportunity description	Financial impact	Time horizon
Transition – resilience	Become a credible, low-carbon telecom provider	Opportunity to demonstrate credible improvements in ESG performance, such as meeting our net zero target ahead of 2040 deadline and having robust physical risk management strategies in place, going beyond potential investor expectations and leading to an improvement in market valuation as a result. As customers increasingly consider climate credentials when selecting a telecoms service provider this will lead to an increase in market share over less progressive competitors.	a. Increase in revenue and customer market share increase in market valuation b. Increase in access to capital c. Increase in employee retention rates and ability to attract talent	Medium term
Transition – products and services	Development of and/or expansion of low-emission products and services	Opportunity to expand our portfolio, including the development of low-emission products and services, in line with shifting consumer sentiment towards greener consumption. These products and services would not only reduce our climate footprint but also support our customers to achieve their personal emissions reduction and climate resilience goals. For example, MyO2 could be used as an informative tool for customers, providing information about climate change and behavioural nudges towards climate-friendly action. This will lead to an enhancement in brand reputation amongst both internal and external stakeholders.	a. Increase in revenue b. Increase in investment and access to capital c. Increase in brand loyalty d. Increase in customer market share	Short to medium term
Transition – markets	Access to new markets via new products and services	Opportunity to diversify our portfolio through the development of new products and services to give access to new markets or greater market share by pursuing climate objectives, such as decarbonisation or circularity targets. For example, by linking to our target for all product cycles to follow circular models by 2040, we could initiate a new circularity-focused service line including asset leasing. This would lead to an expansion in our customer target market and reputation as a low-carbon telecom provider whilst also providing the opportunity to leverage additional green finance as a result of ambitious climate action, enabling us to meet our climate targets and enhance our green credentials.	a. Increase in revenue b. Increase in customer market share c. Increase in investment and access to capital	Medium term
Transition – resource efficiency	Green-led resource efficiency	Opportunity to harness green-led resource efficiency across our operations and distribution processes leading to a reduction in operating costs. For example, greening our fleet and increasing the use of recycled materials in products ahead of current target deadlines, or switching to renewable energy sources across the value chain.	a. Reduction in operating costs b. Increase in revenue c. Increase in access to capital	Medium term

TCFD continued

Impact of climate-related risks and opportunities on our business, strategy, and financial planning

We need to be alert to the ways that the increased occurrence of extreme weather shocks (physical risks) as well as potential regulatory changes (transition risks) could affect our network and operational resilience. One of the key ways we can do this is by embedding climate risk considerations into our strategic, financial planning and decision-making processes. This is an area we continue to focus on through ongoing internal engagement with teams across the business to raise awareness of the importance of integrating climate matters into business-as-usual processes, for example:

- Following our 2023 TCFD submission, we examined how we could operationalise climate risks into the management of our offices and data centres, collaborating with the people and teams responsible for the relevant risks identified.
- When our scenario analysis highlights climate-related risks for specific parts of the business, we carry out preventative mitigation measures, for example installing flood prevention systems and 24-hour monitoring at key property assets that are at greater risk of flooding.
- Our Director of Sustainability attends Investment Committee meetings to ensure ESG matters are considered alongside financial metrics at the initial stage of company decision-making.
- Where projects are already underway, we connect with project managers to make sure that net zero and wider sustainability requirements are considered throughout the project lifecycle.

Carbon usage reduction is integrated into our company KPIs, with performance communicated regularly alongside financial, customer and employee metrics as part of our strategic results communications – reinforcing carbon usage as a key measure of our overall business strategy and performance.

Adaptation and mitigation

It is now widely accepted that climate adaptation and mitigation need to play a central role in managing climate-related risks, due to the acceleration of the Earth's warming and changing weather patterns. At Virgin Media O2, we take a range of actions to both mitigate the crisis and prepare for increasingly severe and frequent weather events which may impact our operations. We also identify areas where there are opportunities for the business to deliver cost, revenue or societal benefits.

- Net zero pathway – we've committed to a 2040 science-based net zero target, with interim 2025 and 2030 targets. We've implemented specific carbon reduction workstreams, with a focus on the energy we use. We procure renewable energy wherever possible, seek energy efficiency improvements throughout our operations and are transitioning our company fleet to EVs. Read more in the "Metrics and Targets" section of this TCFD statement on page 65 and in our NFSI statement from page 35.
- Operational resilience – we regularly monitor climate risks and, in our planning, take into account any potential cost increases that shifting climate patterns may bring. Where low-lying facilities are susceptible to flooding, we've installed flood prevention systems and implemented resilient systems to withstand any failures of air conditioning units. We have also established continuous temperature monitoring at all sites and put in place temperature cooling contingency plans.
- Adapting our technology – to strengthen the resilience of our fixed broadband network, we're changing our HFC technology to full fibre XGS-PON, which is faster, more reliable and uses less energy. We're also decommissioning over time the linear TV broadcast network and moving to IP Streaming. For our mobile network, we're retiring 2G and 3G and moving to 5G, which has some more resilient features like Carrier Aggregation Dual Connectivity, where a handset can communicate with two base stations at the same time. This means that in certain emergency situations, mobile technology could be used if broadband and TV services were to be affected by climate impacts.
- Knowledge building – we make sure that all employees are aware of environmental issues so that we can create a future-fit, climate-conscious organisation. We launched a new sustainability computer-based training module in 2023 and include carbon usage performance tracking as part of our monthly company scorecard. We also use our internal communications channels to engage interested employees in our sustainability initiatives and build knowledge on specific matters.
- Supply chain – we embed climate requirements in our procurement process. We consider climate risk at the point of purchase for major suppliers, who are required to set science-based net zero targets, alongside other social and environmental factors. Our supplier engagement programme is described on page 57 where we collaborate to meet our collective carbon reduction aims.

Resilience of our strategy, taking into consideration different climate-related scenarios

Quantitative scenario analysis helps us model how climate-related risks and opportunities may affect our resilience by modelling hypothetical futures and estimating the potential financial impact of identified risks. These futures are not predictions or financial forecasts but are high-level, plausible visions of the future that include a range of factors, including climate, emissions, vulnerability and environmental and socioeconomic change.

In 2023, all of our 14 climate-related risks and opportunities were reviewed against criteria including potential financial impact to the business, likelihood and relevance and we selected two risks for quantitative analysis, using internal and external data for short (now to 2026), medium (2026-2035) and long-term (2035-2050) time horizons for three climate scenarios. The methodology considers the profile of our current assets and emissions, the profile of the climate-related risks faced, and the geographies and sectors in which we operate. They don't account for a changing asset portfolio or any significant changes in our future business model. The outputs of this work remain unchanged for 2024 and can be found in Figure 7. We continue to monitor market trends and regulatory changes to ensure we remain informed of any potential impacts on our business.

Following qualitative and quantitative scenario analysis we have a good understanding of the climate related risks our organisation will face and we're taking a risk-based approach to operationalise these climate risks and improve our resilience.

TCFD continued

Figure 7 – Quantitative analysis of climate-related risks:

Risk Opportunity	Operational Impact Analysis	Financial Impact Analysis	Short term (now to 2026)			Medium term (2026-2035)			Long term (2035-2050)		
Scenario			+1.5C	+2C	+4C	+1.5C	+2C	+4C	+1.5C	+2C	+4C
Physical risk increased frequency and severity of extreme weather events and longer-term shifts in weather patterns	Damage to physical and operational assets, including network infrastructure – (e.g. technical sites, cabinets) and data centres etc.	Assessment of the potential financial impact of disruption to our operations (maintenance and repair costs).	0.5–1.0%	0.5–1.0%	0.5–1.0%	0.5–1.0%	0.5–1.0%	0.5–1.0%	0.5–1.0%	0.5–1.0%	1–1.5%
Transition risk introduction of carbon pricing	The introduction of a formal carbon pricing system could result in increased operational costs.	**Scope 1** – we applied the projected price of carbon tax to our emissions. **Scope 2** – we examined the impact a carbon tax would have on energy prices. **Scope 3** – we assessed the potential pass-through rate of carbon taxation from our suppliers.	0.5–1.0%	0.5–1.0%	<0.5%	1–1.5%	0.5–1.0%	<0.5%	>2.0%	0.5–1.0%	<0.5%

Key: % change to operating cost.

<0.5% | 0.5–1.0% | 1–1.5% | 1.5–2.0% | >2.0%

TCFD continued

Physical risks scenario analysis and risk mapping

In 2023, we carried out a high-level analysis of physical climate-related risks across our UK operations, with the following results:

Heat

- We created a map showing regions of the UK and the average temperature increase by 2030 and 2050, using Met Office projections.
- We used the map to contrast the current energy use for cooling in data centres with the future expected energy increase, helping to inform future decisions about asset locations.
- We calculated the rise in maintenance costs due to asset stress and/or an increase in technical failures.

Flood

- We have previously installed flood barrier systems at two technical sites, having previously identified flood risk as a climate-related physical risk to our business.
- We created a map showing which areas of the UK will be exposed to increased flooding and storms, mapping the location of our assets under the 1.5°C, 2°C and 4°C scenarios.

During 2024, building on the previous quantitative analysis we had undertaken, we commissioned an in-depth study by third-party experts of the potential impact of physical risks of eight physical climate-related hazards on our key assets:

1. Coastal inundation
2. River flood
3. Surface water flood
4. Extreme heat
5. Extreme wind
6. Wildfire
7. Freeze thaw
8. Drought-driven subsidence

We hope to deepen our understanding of our resilience over the short, medium and long term by identifying potential risk mitigation (or adaptation) measures against key physical climate risks. We know that the changing climate could lead to operational or supply chain disruptions, physical damage to assets and infrastructure, fluctuations in resource prices, and changes in demand for products and services.

Selecting 11 offices and 39 Category-A data centres (those considered a critical part of national infrastructure), the assessment provided us with a risk score from 1 to 5 for all sites; a risk matrix of the hazards across all sites; and maps showing the location of high-risk sites to understand the flood risk to support further flood risk analysis and decision-making. Following a detailed analysis against 2-4 degree scenarios, 22% of surveyed sites are at high or very high risk of river flooding, and 16% at high or very high risk of surface water flooding. This assessment supports mitigation and adaptation planning and will help us to build a risk framework which we can use to determine appropriate flood defences on a site-by-site basis in the future. The insight will also enable our climate-risk governance bodies to make informed decisions about our risk tolerance and appropriate risk response.

TCFD continued

Risk Management

Processes for identifying and assessing climate-related risks

Risk management is considered a shared responsibility at Virgin Media O2: employees, partners and suppliers identify, assess and report risk in line with our risk management policy. Climate-related risks may be identified at all levels of the organisation and in all areas of the business, including Property, Facilities, Procurement or Sustainability. Management and senior governance bodies are specifically tasked with overseeing climate-related risks and opportunities, as outlined in the Governance section on page 55.

Once a climate-related risk has been identified, it is treated in the same way as all other business risks, assessed against impact and likelihood criteria to determine its importance, prioritisation, and any appropriate risk response. Accordingly, climate-related risks can be mapped and assessed against our other business risks to determine their relative significance and materiality. In 2024, we undertook additional analysis of our material ESG issues by initiating a double materiality assessment. The project, which will be concluded in 2025, will examine all material sustainability matters from an impact and financial perspective. The results will serve not only as an input to the development of our future sustainability strategy but will also contribute to our ongoing process of identifying climate-related risks and opportunities.

You can read more about our company risk identification and assessment processes on page 74. We explain more about how we manage climate-related risks and how they are integrated into our existing systems the sections below.

As described in the Strategy section of this statement on page 57, our Sustainability team also carries out supplementary qualitative and quantitative analyses of climate-related risks and opportunities, supported by third-party experts, to ensure that we are not only managing existing risks, but also horizon scanning for all potential consequences of climate change to our business systems and processes.

Our teams remain informed about existing and emerging climate regulatory requirements in a number of ways, as explained on page 55.

Processes for managing climate-related risks

Once a climate-related risk is identified and assigned a risk rating, a risk owner is allocated. Risks are managed in the parts of our business they have the potential to affect – by the people who have the specialist knowledge to understand them and determine the most appropriate response – using the following categorisations: 'avoid', 'mitigate', 'accept', 'defer', or 'monitor'.

In the Strategy section of this TCFD statement on page 57, we have shared the climate-related risks and opportunities that we've identified, as well as how we are managing and mitigating them. One of the most important ways we mitigate the risks posed by the climate crisis is by setting ambitious decarbonisation targets: our net zero 2040 target is described in more detail on page 65.

Virgin Media O2's Director of Sustainability is the allocated risk owner of the priority risk Climate Change, while the CCCAO is the Board member responsible for reporting on the risk to the Audit Committee and EMT at all periodic risk reviews.

Processes for identifying, assessing, and managing how climate-related risks are integrated into our overall risk management

Climate-related risks are fully integrated into our risk management framework, which is aligned with COSO and ISO 31000 best practice guidelines. All risks, risk controls, and mitigating actions are captured in our company risk register, which is held within our designated Risk Management Information System and managed by the Risk team. The Audit Committee holds delegated authority for the oversight of our risk management programme, with significant issues are reported to the Board.

We apply risk governance (materiality) thresholds to all risks, with risk profiles judged to be either Priority Risks; Enhanced Oversight Risks; or Locally Managed Risks, based on likelihood and impact. Priority Risks are reviewed quarterly to see if there have been any changes in the risk profile. The Sustainability team review new and emerging risks in monthly team meetings which helps inform this risk review.

The "Our Risk" section from page 74 provides more information about our risk categorisation and governance and includes our Risk Assessment Matrix which shows Virgin Media O2's Principal Risks for 2024. ESG, and more specifically climate change, is noted as a Principal Risk category on page 84.

The qualitative and quantitative TCFD risk identification processes, described on page 57, applied our Company's risk management framework to guide our analysis, set time horizons, and estimate potential financial effects. Following our scenario analysis, we added the following identified climate-related risks to our risk register, meaning they are subject to increased oversight and governance:

Priority risks	• Risk of extreme weather events impacting service and infrastructure (physical risk). • Risk of significant disruption and cost to operations, assets and supply chain due to climate change (physical risk).
Enhanced oversight	• Risk of reputational damage and financial impact from failure to achieve science-based emissions reduction targets (net zero) due to failing to appropriately address and fund activity against key emission sources (transition risk).
Locally managed	• Risk of impact on operating costs due to the introduction of a carbon tax (transition risk).

TCFD continued

Metrics and Targets

Metrics used to assess climate-related risks and opportunities

The metrics that we currently use to assess and manage climate-related risks and opportunities are shown in Figure 8.

Following our 2024 quantitative analysis, we are now able to include the proportion of our assets vulnerable to physical climate-related risks in our metrics. We do not consider water and waste data as material for our emissions reporting. We continue to work on improving data quality and accuracy across our operations and value chain.

More information on our Scopes 1, 2 and 3 emissions are included on page 66 and in our SECR on page 42, while our climate targets are set out on page 66. Additionally, we publish on our website a standalone Sustainability Performance Update (highlighting progress against key sustainability data indicators and KPIs), and a Reporting Criteria report (documenting all of our ESG disclosure methodologies).

Figure 8 – Climate-related metrics:

Category	Metric/Description	2024 performance	Read more
GHG emissions	Scope 1, Scope 2 and limited Scope 3 emissions. Electric vehicles Avoided GHG emissions Emissions intensity ratio	**2024 – 20% reduction in Scope 1 and 2 (compared to 2023)** 2023 – 23% reduction (compared to 2022) **2024 – 8% EVs in fleet** 2023 – 7% of fleet **2024 – 1.3 million tonnes of carbon avoided through our products and services** **0.91 tCO_2e/PB**	• TCFD Targets section on page 66 • SECR on page 42 • NFSI statement on page 35 • Our Carbon reduction plan can be found in our Corporate Statements
Energy usage	Total electricity and fuel consumption in our facilities and operations Renewable energy consumption	**2024 – 1,147,458 MWh** 2023 – 1,187,097 MWh **2024 – 89.1% proportion of renewable energy consumed** 2023 – 86.2% proportion of renewable energy consumed	• NFSI statement on page 35
Physical risks	Proportion of sites surveyed with a high or very high risk of flooding	**2024 – 16% at risk of surface water flooding; 22% at risk of river flooding**	
Remuneration	Virgin Media O2 Company bonus	5% of company bonus structure linked to carbon reduction targets	

TCFD continued

Scope 1, Scope 2 and Scope 3 GHG emissions and the related risks

We share Scopes 1, 2 and limited Scope 3 emissions in our SECR on page 42. Figure 9 outlines our data collection methodology for our emissions reporting.

Setting a science-based net zero target that commits us to reducing emissions over time directly addresses our contribution to climate change and helps to mitigate some of the transition risks identified in the Strategy section of this TCFD statement. Every year, we aim to deepen our understanding of potential financial impacts on our business through quantitative scenario analysis.

Figure 9 – Scopes 1, 2 and 3 data sources and collection:

Scope	Primary sources	Data collection methodology
1 – Direct	Emissions that come from sources that are company-owned or controlled e.g. a. static combustion (fuel used in generators for heating/power) b. mobile combustion (vehicle fuel from company fleet) c. coolants and propellants used (air conditioning units and fire suppression systems)	Company fuel cards, business travel expenses, third-party reports, invoices and site visits.
2 – Indirect	Emissions originating from purchased energy, including: a. purchased electricity b. heat and steam	Electricity consumption invoices, co-location service invoices (i.e. where electricity is estimated by market operations), on-site meters or inverters. Emissions are calculated for both the location-based (using grid-average emissions intensity) and market-based (using supplier-specific emissions intensity) methods. To calculate the market-based emissions, the residual mix factor from the AIB is used where the supplier-specific emissions factor is unknown. Market-based emissions have been calculated including the impact of 107,500 MWh of REGOs.
3 – Indirect	Emissions come from a range of upstream and downstream sources, including: a. purchased goods and services b. fuel and energy-related activity c. transport, distribution and logistics d. operational waste e. business travel: air, road and rail f. employee commuting g. use of sold products h. end-of-life treatment of sold products i. franchises j. investments	Invoices, third-party reports, supplier-published emissions data and estimated supplier emissions, supplier provided life cycle assessments and product level data, purchase ledger spend, product lifecycle analysis and product energy testing, expense claims and employee numbers. Business travel emissions are based on the well-to-wheel approach using emission factors from BEIS 2024. Both distance and spend-based methodology have been applied where distance is obtainable from reporting, where distance is not available, a spend-based method has been used.

Targets we use to manage climate-related risks and opportunities

Net zero pathway

The Paris Agreement is clear that to prevent the worst effects of climate change, we need to collectively reach net zero emissions by 2050. We work with expert partners like the Carbon Trust to ensure that our approach is in line with the latest scientific thinking, designed to achieve a 1.5°C warming scenario. In 2023, our long-term and interim net zero targets were approved by the SBTi, which means they have satisfied rigorous criteria including timeframe, emissions coverage and ambition. We're clear that our net zero target must involve concerted efforts to reduce our emissions, rather than relying on offsetting; the SBTi mandates that companies should reduce their emissions by at least 90% before 2050 and invest in carbon-removal schemes to make up the other 10%.

Our Better Connections Plan climate targets are:

1. To become net zero carbon across operations, products and supply chain by 2040 (against a 2020 baseline).
2. To enable UK customers to avoid 20 million tonnes of CO_2 and support large-scale decarbonisation by 2025.

We're a member of RE100 and EV100 initiatives, which commit us to achieving 100% renewable electricity and EV transition respectively. And we've joined The Climate Pledge, which brings together more than 200 companies and organisations that have committed to achieving net zero carbon emissions by 2040.

TCFD continued

Our interim net zero targets are as follows:

	2025	2030	2040
Scopes 1 & 2	60%	90%	90%
Scope 3	25%	50%	90%

For progress against our net zero targets during 2024, please read more in our NFSI statement from page 35.

Most of our carbon emissions are associated with the electricity we use to power our network, so we focus on switching our network to renewable energy wherever possible, as well as driving energy efficiency improvements. We already source 100% renewable electricity at all sites where we directly control the bill. These efforts are especially important because as we move from 2G and 3G to more powerful 4G and 5G networks, our energy use increases.

During 2024, we have:

- Scope 1 – installed zero carbon fire suppression systems at high-priority sites to mitigate increases in fire suppression discharge emissions; and continued to transition company cars to EVs.
- Scope 2 – encouraged landlords at third-party operated sites to switch to renewable energy, purchasing REGOs where green energy isn't available.
- Scope 3 – targeted major suppliers to work together to set aligned science-based emission reduction targets and launched a new business travel booking system with additional controls to help incentivise employees to make more sustainable travel choices.

Enabling others

The second climate target in our Better Connections Plan spotlights the role that digital technology companies can play in supporting others to decarbonise their operations. For example, our 4G and 5G technology can provide connected solutions in smart homes, cities, transport and healthcare. We met the target early, at the end of 2022, in part due to a change in methodology.

Scope and methodologies

We define our reporting boundary using the operational control method. For 2024, this includes 100% of giffgaff's (a subsidiary of Virgin Media O2) emissions in our respective Scopes.

Our carbon emissions reporting is guided by principles of relevance, completeness, consistency, transparency and accuracy. Where actual data is missing or not readily available, estimates have been used (for example, calculating historical consumption data where metered information isn't available).

In line with the GHG Protocol, our emissions have been calculated in carbon dioxide equivalent (CO_2e) using the 2024 emission factors from Defra, with the exception of the residual electricity mix factor from the Association of Issuing Bodies (**AIB**).

More detailed information about our ESG reporting methodologies, including energy and emissions, can be found in our Reporting Criteria document. For further detail about progress against our net zero target, you can read more in our NFSI on page 35. The Governance section of the NFSI on page 49 outlines our approach towards managing, monitoring and tracking performance against our target.

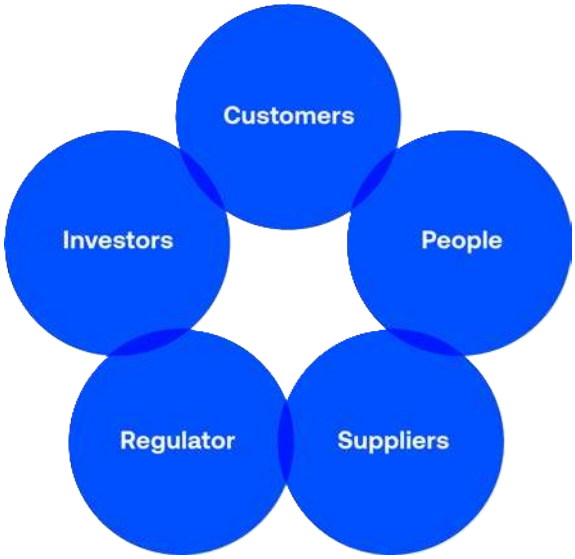
Stakeholder Interaction – S172(1) Statement

We understand the importance of regular constructive two-way discussions with our stakeholders on how we create value and the delivery of our strategy and success. This is balanced against the needs of the business as we face industry-wide and macroeconomic challenges.

This statement explains how the Board (including the EMT) have acted in good faith in the interest of the shareholders and the Group as a whole, whilst having regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006. This includes our obligation to have regard to the long-term sustainability and our stakeholders when taking principal decisions of strategic importance which are significant to any of our key stakeholders.

Stakeholder engagement helps us understand how we can deliver a successful and sustainable business as an integrated communications provider of mobile, broadband internet, video and fixed-line telephony to residential customers and businesses in the UK. Our Corporate Governance framework includes procedures to support the assessment of those matters necessary for us to make informed decisions in our delivery of the long-term success and sustainability of the Company and the Group as a whole. For administrative efficiencies, key stakeholder engagements are conducted at an operational level, led by the Executives, who are each a sponsor for their business area.

Details of how we have promoted the success of the Group are disclosed in the "Our Group Strategy and 2024 Progress" section on page 10. Some examples of how we considered matters of concern to our key stakeholders including the outcomes are detailed below with further details in the Corporate Governance Statement on page 90.



Stakeholder Interaction – S172(1) Statement continued

Customers

Our customer base comprises of consumer, business and public sector customers. Further details are discussed in the "Consumer" section of the Strategic Report on page 11 and the "Business and Wholesale" section of the Strategic Report on page 14.

Customer satisfaction is essential to our long-term success as we continue to put our customers at the heart of what we do. Our large customer bases have broad needs and expectations, and the business remains increasingly focused on meeting and exceeding as many of them as possible as the household and businesses economic outlook continues to prove challenging.

Topics	How we engage and monitor	Outcomes
Providing high quality and reliable connectivity at home and on the move. Ensuring that our customers are well served in every interaction with us. Building a connection with customers to make them feel valued. Continued macroeconomic challenges for consumers and businesses.	**How we engage:** We stay close to our customers through direct and indirect methods including an extensive primary insight calendar and advanced data analytics. This involves interacting with all customer types with different product holdings, at different lifecycle stages. Additionally, we utilise real-life customer panels to understand customer perspective on drivers of our business in depth. **How we monitor:** Analyse customer journeys through customer journey measurement framework. Customer insight from Net Promoter Score (**NPS**), social media and other information sources. Customer segmentation embedded across the organisation.	We have improved mobile connectivity through the launch of 5G Standalone and delivering the first phase of the Shared Rural Network. Our fixed serviceable footprint expansion has enabled us to provide fixed services in new areas. We also launched our O2 Essential Plan offering low-cost mobile connectivity for those receiving a range of government support payments. This complements our social broadband tariffs and partnership with the National Databank. We stepped up our activity with our Priority loyalty scheme including the chance to access exclusive free gig tickets for customers. We have taken multiple measures to educate and protect our customers from the risk of fraud, including the launch of "Daisy", a human-like AI software that's been answering calls in real time from fraudsters.

Stakeholder Interaction – S172(1) Statement continued

People

Our people are core to the continuing success of our business and the wellbeing of our people is important to us. Further details of our People strategy can be found in the "People" section of the Strategic Report on page 21.

Topics	How we engage and monitor	Outcomes
Employee retention and commitment Transformation and integration as one business Wellbeing, health and safety DE&I	**How we engage:** Quarterly live streams lead by the CEO and the Executives including Questions and Answers session. Workplace, an interactive social platform, for two-way communication. Executives tour across the country and corporate sites. This includes "Big Conversations" where our Executives held informal get-togethers at various sites for open agenda-free conversations. **How we monitor:** In 2024 we launched an "Always on Listening" approach which involved three pulse surveys in the year, with a wide range of questions to understand the views and perceptions of employees. Our six employee DE&I networks provide an open forum, with each network having sponsorship from members of our EMT and senior management.	The Employee Engagement score increased by 4 points from May 2023, reaching 76 in November 2024, with participation rate of 88%. In 2024 we introduced a new enterprise-wide digital content library to support learning and development. This allows us to provide more tailored, relevant content that meets the diverse needs of our employees, supporting their continuous growth and development. Leadership programmes like Navigate and Inclusive Leader enhanced resilience and inclusive leadership for our leaders. A redesigned reasonable adjustments process, coupled with a partnership with Even Break, further ensured recruitment was inclusive and accessible for candidates with disabilities. 2024 annual salary review was a flat rate increase across all eligible employees. 2024 also saw the introduction of our Growth & Contribution Framework, purpose-led, self-driven, and conversation-based. This innovative new approach directly links individual contributions with our collective growth and high performing employees were awarded incremental salary uplifts, implemented in the fourth quarter. During Health and Safety Week 2024 we encouraged every person in our organisation to work towards best practice. We launched our "That's Not Okay" campaign to reinforce our zero-tolerance stance on discrimination, bullying and harassment.

Stakeholder Interaction – S172(1) Statement continued

Suppliers

We rely on a number of partners for many aspects of our operations, including building our networks, supporting our customers and providing the products and services used by our customers. We procure these products and services both directly and via the procurement services of Telefónica and Liberty Global (procurement partners). The Board and EMT recognise that effective management of suppliers is important to the business reputation and long-term success of the Group. Further details of our supplier relationship and engagement can be found on page 94 of the Corporate Governance Statement.

Topics

Supply continuity and protecting service quality against a volatile geopolitical background has remained a focus in 2024 as we have sought to guard against any risks. Key areas have been international conflict and tension including the ongoing Ukraine conflict and conflict in the Middle East, and UK and global inflationary trends.

Additionally, working with our partners and the sector to increase sustainability and meet emission reduction targets remains high on our priorities.

How we engage and monitor

How we engage:
We ensure our suppliers adhere to our Supplier Code of Conduct which is published on our corporate website.

We maintain a dialogue with selected suppliers and our external procurement service providers to understand any potential exposure and impacts to our supply chains of external challenges, working in partnership to communicate on such issues as necessary.

To help meet our net zero carbon target we have integrated requirements into our procurement process to reduce the impact of the goods and services we procure. These requirements are designed to make supplier decarbonisation and climate protection an outcome of our engagement with major suppliers and to align suppliers to our declared ESG goals. We have identified the contributions made by individual suppliers to our carbon footprint and engaged with the most significant suppliers to seek to reduce their carbon impacts.

How we monitor:
Operational Processes and Supply Chain is one of nine principal risks on our risk register, and forms part of quarterly reporting to our EMT.

We periodically measure our Scope 1, 2 and 3 carbon emissions to ensure we are on track for our Better Connections Plan net zero targets.

Outcomes

In 2024, despite the volatile geopolitical background our supply chains have proven to be resilient, and we have successfully maintained supply and customers service quality. Key to this success is a Virgin Media O2 willingness to work proactively with suppliers to address any issues that may impact quality or their ability to deliver as planned.

We have worked with our procurement partners to specifically assess our exposure to the generic global supply chain impacts of the Middle East conflict and have identified no significant Virgin Media O2 supply impacts arising from the conflict with very limited exposure to it.

We identified no significant sustainability concerns in our supply chains in 2024.

Management of our supply chain enabled progress in our journey to net zero emissions across our value chain.

Stakeholder Interaction – S172(1) Statement continued

Regulators

Our regulators are important to enable us to deliver on our purpose as a connectivity champion and provide services to our customers at affordable prices in a competitive market, whilst considering the wider economic challenges impacting businesses and customers. Further details of our engagement with our regulators can be found on page 93 of the Corporate Governance Statement.

Topics	How we engage and monitor	Outcomes
One Touch Switch Millimetre wave (**mmWave**) Spectrum Price rise rules	**How we engage:** Regular CEO roundtables, executive steering working groups. Monthly working groups on matters that are important to the delivery of our purpose. Informal and formal meetings on cost-of-living. **How we monitor:** Participation in formal consultation and response to publications.	Successfully launched One Touch Switch in September as part of the industry-wide initiative following consultation with Ofcom, The One Touch Switching Company and other industry participants. Submitted response to Ofcom's further consultation on the auction regulation for the release of mmWave spectrum. Ofcom have now decided on an appropriate auction design and final regulations. In response to Ofcom's decision to prohibit inflation-linked price variation terms, we have revised our policy and now display contractual price rises in pounds and pence.

Investors

In addition to the shareholders of the Joint Venture, credit holders are a key stakeholder. Regular engagement with our shareholders, bondholders, banks, ratings agencies, sell-side analysts and industry analysts is important and we seek to embrace it as part of a two-way communication in conjunction with our shareholders. We understand that it is important to promote the interests of our stakeholders and remain committed in delivering value for them.

Topics	How we engage and monitor	Outcomes
Ensure shareholders, including Investor Relations (**IR**) teams, have an understanding of Virgin Media O2 including the latest trends, risks and opportunities. Ensure current and potential investors understand the investment proposition of the business, directly and through other external stakeholders including ratings agencies and sell-side analysts.	**How we engage:** Explaining the investment proposition, actual performance, and answering the questions of investors and other external stakeholders. Delivery of quarterly reporting, including the IFRS Bond Report, explaining the performance and developments of the business. Support for shareholder investor interaction including CEO attendance at quarterly shareholder earnings calls. Engage investors through management and IR meetings in conjunction with shareholder IR teams. Updates of the corporate website for significant news. **How we monitor:** Daily monitoring of sentiment from all external parties towards Virgin Media O2, both directly and through our shareholders. Including updates to the EMT on investor and analyst sentiment and reports on shareholder share price performance. The CEO and CFO directly meeting with investors and other external stakeholders to improve understanding of the sentiment of the business.	The Group has successfully achieved financing activity to meet the requirements of the business, this notably includes issuance €600.0 million and $750.0 million principal amounts of Senior Secured Notes in April 2024.

Regulatory Backdrop

Given the market we operate in, much of our business activity is subject to regulation. To ensure compliance, we maintain close relationships with various UK regulatory bodies, notably Ofcom with whom we have covered vital matters affecting both the UK telecoms sector and Virgin Media O2. Our goal is ensuring the customer is at the centre of the industry, whilst supporting competition and innovation to help us support delivery of the future of UK digital infrastructure.

Support for gigabit speed and fibre investment and supply

There is a significant need for regulatory conditions to support greater fibre network investment and supply in order to:

- Encourage competition: Help new wholesale operators enter the market and increase competition, leading to better services and greater value for money.
- Boost the UK economy: Fibre investment creates jobs, attracts businesses and stimulates economic growth, which can benefit the whole country.
- Improve connectivity: Fibre networks offer faster, more reliable and more scalable connectivity, which is crucial for supporting the UK's digital infrastructure and transformation.
- Reduce the digital divide: Government support can ensure that fibre networks are rolled out to areas that are currently underserved, helping to reduce the digital divide and increase access to high-speed internet.
- Support innovation: Fibre networks provide the high-speed, low-latency connections required for emerging technologies like 5G, AI, and the Internet of Things, helping the UK stay at the forefront of innovation.
- Contributing to the UK's net zero target: Fibre networks are more efficient than traditional fixed networks, improving energy efficiency.

Support for 5G investment and deployment

Ofcom and the DSIT eye greater investment in mobile connectivity, including 5G, supporting our rollout and customer benefits including:

- Improve connectivity: 5G investment can lead to faster, more reliable and more widely available mobile connectivity, which can improve people's daily lives and support the growth of the UK's digital economy. As part of the SRN programme, Virgin Media O2 has complied with the coverage targets included in its licence for June 2024.
- Innovation: 5G provides the high-speed, low-latency connections required for emerging technologies like IoT, autonomous vehicles and smart cities, helping the UK stay at the forefront of innovation.
- Improve public services: 5G can enable the delivery of innovative public services, such as telemedicine, smart transport and e-government services, making them more accessible and efficient.

Consumer fairness and affordability

There is growing public and regulatory interest in affordability and vulnerability, against a macroeconomic backdrop of a challenging cost-of-living for households in the UK. Promoting fairness, clarity and affordability can help to bridge the digital divide, ensuring that everyone has access to the essential communications and internet services they need to participate fully in society.

In response to this issue, "Social Tariffs" have been offered by some in the sector, providing lower cost services for those receiving Universal Credit alongside some other payment support. We offer social tariffs to those receiving Universal Credit, Pension Credit, Income Support, Income-based Jobseeker's Allowance or Income-based Employment Support. Our "Essential Broadband" fixed offering starts at £12.50 per month – this tariff has not risen in price since launch. In mobile, in 2024 we have launched our "Essential Plan", a SIMO contract at £10 per month, providing 10GB of data and unlimited calls and texts.

From January 2025, new contracts issued by communications providers can no longer include in-contract price rise terms expressed in percentages or linked to inflation indices. In November 2024, we announced our new "pounds and pence" pricing structure, where any price changes included in a customer's contract will be specified prominently in pounds and pence, giving customers even greater certainty about how their bills may change over the course of their contract.

Our Risk

Risk Management

Our approach supports the business in realising opportunities which deliver value creation and preservation, by effectively managing risks that could otherwise hinder these positive outcomes.

Risk management is integrated into the management of our strategy, objectives, operations, and transformational activities. Additionally, management has established a culture of accountability for risk, embedding risk management into the responsibilities of all employees.

Risk management helps us to strike the optimal balance of how much uncertainty to accept whilst seeking value generation for all our stakeholders by:

a. Aiding alignment of risk appetite and strategy
b. Enhancing risk treatment decisions
c. Reducing operational surprises and losses
d. Identifying and managing multiple and cross-enterprise risks
e. Helping seize opportunities
f. Improving deployment of capital

Ultimately, risk management activities help improve the Company and Group's position.

Governance

Our risk framework, process and governance model operate Group-wide. The framework and process establish a consistent enterprise-wide approach to risk management as well as operational thresholds for escalation of risks in accordance with the Group's risk appetite. This in turn enables proportionate oversight of risks at divisional, entity and Group levels by management and governance bodies.

The Board is responsible to the Company, Group, and its two shareholders for oversight of the Risk Management programme. This responsibility has been delegated to the Audit Committee, which performs the following Risk Management oversight functions:

a. Ensures that management has established an appropriate risk management programme.
b. Obtains periodic updates on relevant risks included in the Company's risks register.
c. Obtains periodic updates from management to review the adequacy of mitigation plans to address key risks in the underlying risk register.
d. Reports to the Board significant risks that are either not sufficiently mitigated or where mitigation plans have not been executed on a timely basis.

Our Risk continued

Virgin Media O2 Risk Governance

Top-down Approach
Oversight of priority risks and Risk Management process

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Joint Venture Board
Oversight of Risk Management programme

↓↑

Audit Committee
Delegated responsibility for oversight of Risk Management programme, including:
- Discuss priority risks and steps to monitor/control exposures
- Escalate to the Board any significant risks either not sufficiently mitigated or where mitigation plans have not been executed on a timely basis
- Approve risk management policy and framework

↓↑

Executive Management Team
Review priority risks
Additional risk treatment oversight, as appropriate

↓↑

Divisional Senior Management
Responsibility for risk treatment decisions and oversight
Responsibility for accuracy of risk register

↑

Bottom-up Approach
Identification, assessment, and management of operational risks

Third Parties providing assurance

↑ ↑ ↑

Internal Audit | **External auditors** | **Other external audits**

Our Risk continued

Risk Appetite

Risks are categorised into three levels to ensure appropriate oversight and proportionate focus on risks in accordance with the risk appetite of the Group.

The 'Priority' risks are reported periodically to shareholders via the Audit Committee and to the EMT; the 'Enhanced Oversight' risks are reviewed by the SLT (who report to the EMT) at agreed frequencies; 'Locally Managed' risks have local proportionate oversight by the accountable business area with escalation as appropriate.

Risk Management Process

The Risk Management Process operates Group-wide, is applicable to all staff, and drives a consistent enterprise-wide approach to risk management. Our risk management approach includes the following steps:

a) Identify and Document

Risks are identified and captured at all levels, in all areas of the business. Input comes from various sources and forums, including strategic planning; our operational teams; Governance, Risk, and Compliance functions; horizon scanning and monitoring of emerging risks; regular risk review meetings. Risk identification activities are a continual part of the risk process operating in Virgin Media O2, considering both internal and external sources of risk to the effective delivery of the Group's strategy, operations, and transformation activities. Risks are documented in the central Risk Register, which is at the heart of the risk process, and is housed in a Risk Management Information System.

b) Assessment

All risks are assessed to determine their importance, appropriate prioritisation, and risk treatment. The combination of impact and likelihood provides the profile (ranking) of the risk. In addition, but separate to the profile, we also consider proximity, which indicates how quickly the risk may materialise and so helps further determine appropriate prioritisation and response.

c) Treatment

Once a risk has been identified, documented and assessed, the risk owner determines the most appropriate treatment for the business. To do so, they consider the risk appetite of the business, the benefits and opportunities, as well as the resources required, and compares the resulting risk exposures given the different options. If the treatment is to reduce the mix of likelihood and impact of the risk, the risk owner sets a measurable and achievable target and date. The main risk treatment options are as follows:

i. Avoid

This is where we chose not to proceed with the activity which would give rise to the risk. This is usually applied in cases where the risk exposure is unacceptably significant (sits outside our risk appetite) or outweighs the opportunity being explored.

ii. Mitigate

This is where we take actions to reduce the likelihood and/or impact of the risk, thus reducing our exposure. Changing the impact can sometimes be through sharing/transferring the risk exposure with/to third parties. This is typically applied where the risk exposure is higher than we want to accept.

iii. Accept

This is where we agree to accept the current exposure of the risk, taking no further action to reduce it, whilst knowing it could impact the business. This is typically applied where either: a) the risk exposure is within our risk appetite, b) the cost-benefit-appetite analysis determined acceptance, or c) there are significant barriers to mitigation.

iv. Defer

This is where we want to reduce the risk but are not able to proceed yet. This is differentiated from 'accept', as further exposure reduction is intended at some point. This is typically where a risk requires resources which are currently unavailable.

v. Monitor

This is where we are not taking new actions to reduce the exposure, but controls are in place and being operated to prevent the risk exposure increasing. This is differentiated from 'accept', as we are operating controls to help prevent an impact and/or exposure increase. This is sometimes applied where the risk is within appetite but a potential increase in exposure would be outside of appetite.

d) Monitor, Review and Report

We use ongoing monitoring and review to:

i. Keep risk information accurate and up to date, in turn keeping the risk register dynamic and accurate for management oversight.
ii. Manage the triggers that could crystallise these risks.
iii. Ensure risk treatment is on track.

As part of this activity, linked controls and treatment plans are managed and updated.

Within the risk management programme, the following elements are in place to facilitate suitable reporting across the Group:

i. Governance thresholds drive proportionate oversight and trigger escalation, in accordance with the Group's risk appetite.
ii. Governance bodies are established for Risk Management with defined roles and responsibilities.
iii. Staff roles and responsibilities are defined regarding risk oversight and reporting.
iv. Risk reporting capability is built out utilising the Group's central risk register and business analytics tools.

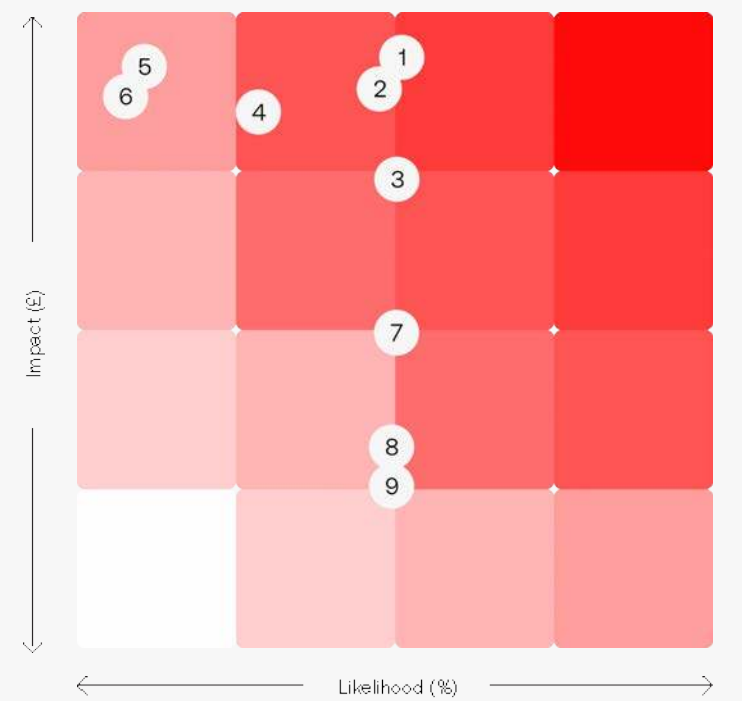
Our Risk continued

Principal Risks

All risks in our framework are linked to one of nine principal risk categories, through which all risks are analysed, reported, and managed. These categories and our enterprise-wide approach collectively ensure we undertake aligned micro and macro analysis of our business, the external environments, and the markets in which we operate to identify and manage applicable risks. This enables management to effectively direct their focus to material risks, helping us achieve our strategic goals, whilst living our values of Brave, Real, and Together.

Virgin Media O2's Principal Risks are shown below, and their relative assessments are plotted for 2024 on the Virgin Media O2 Risk Assessment Matrix.

Virgin Media O2 Risk Assessment Matrix



	2024 Principal Risks	Trend year-over-year
1	Legal, Regulatory and Compliance	—
2	Market Dynamics	—
3	Security and Privacy	↓
4	Technology	↓
5	Operational Processes and Supply Chain	—
6	Financial	↓
7	ESG	—
8	Transformational	↓
9	People	—

Our Risk continued

The section below further details our Principal Risk Categories, example risks, and how we monitor and manage them:

1. Legal, Regulatory and Compliance

2024 Trend:

Stable

Example risks in this category

Current Risks:

- Unintentional non-compliance with an element of applicable regulation or legislation.
- Litigation risks arising from contractual relationships with third parties.

Emerging Risks:

- Regulations and laws are continually evolving and emerging and we are constantly mindful to prevent unintentional non-compliance.

Why this is important:

Our customers are at the heart of everything we do, and we believe that our products, technology and services enrich our customers' lives, hence we enable our customers to "See What You Can Do". Our goal, therefore, is to always deliver positive customer journeys and outcomes whilst providing our products and services, and part of achieving this means being a responsible business which adheres to applicable laws, regulations, contractual and intellectual property requirements.

What we consider:

a. Current applicable laws and regulations relating to our market, customers, technology, people, and divisions.
b. Emerging and evolving laws and regulations.
c. Contractual performance and litigation.

How we manage it:

a. We continue to work with regulators on compliance with regulations, laws, and corporate governance obligations. Through horizon scanning we keep abreast of any new proposed regulations which may impact us and any emerging industry wide risks. This ensures our current and ongoing commitment to demonstrating good corporate governance.
b. We contribute to consultations by the Government and our regulators to influence the direction and content of legislation and regulation as it is developed.
c. We require responses to formal requests for information from relevant regulatory bodies to be managed in accordance with our Information Request Governance Policy.
d. Our internal team of lawyers, supported by external legal counsel where required, drafts contracts to protect the Company and Group, including actively negotiating terms and securing the right protections for the business.
e. Litigation and contractual disputes are managed by an internal team of lawyers who protect the Company and Group's assets and interests and limits exposure to risk and liability. Specialist external resource is also used where required.
f. We require employees to take a range of regular relevant compliance training modules, whether through electronic means or bespoke training content delivered by in-house specialists, as appropriate.

Our Risk continued

2. Market Dynamics

2024 Trend:

Stable

Example risks in this category

Current Risks:

- Risk of competitor inorganic activity due to mergers and acquisitions in the telecoms market.
- Risk of significant customer movements to lower value propositions due to the economic environment and/or alternative over-the-top offerings.

Emerging Risks:

- Network overbuild.

Why this is important:

The UK telecoms sector remains a highly competitive environment with many factors driving change and technological evolution. It is therefore key that Virgin Media O2 suitably adapts its strategy, brand and offerings to remain relevant and competitive considering these ever-changing variables.

In a competitive and fast changing operating environment, having a clear strategy is key to ensuring the organisation remains focused on the most important activities.

What we consider:

a. Emerging technological evolution of products and services (for example cloud computing and managed services) as well as the development of key digital ecosystems.
b. Competitor activity, positioning and performance (such as pricing, speed and convergence) that differentiates its value proposition and brand.
c. Customer behaviours and preferences (including considering the economic and regulatory environment).
d. Our business model, unique assets and capabilities.
e. Changes in the global and UK economy and financial markets such as inflation; economic growth or recession; increased cost-of-living; pressure on labour market; interest rates and energy costs.

How we manage it:

We ensure robust governance over this area through regular Board, Audit Committee, EMT and Senior Leadership oversight and the following activities:

a. We operate SLT steering committees on strategic topics.
b. Strategic Priorities, Objectives and Key Results (**OKRs**) are tracked monthly to measure and report against strategy execution.
c. Our corporate and business strategy teams monitor risk from competitors' evolving strategies.
d. Our sales and marketing teams monitor and report on competitor trading and campaign activity reporting back to the EMT.
e. Insight teams track and report on changing customer attitudes and behaviours.
f. We pro-actively engage the respective government departments and parliament to understand the political and policy environment.

Our Risk continued

3. Security and Privacy

2024 Trend:

Decreased

Why this is important:

When customers use our products and services, they expect and trust that we use their information responsibly and in line with relevant laws, which is why the responsible and compliant use of information is central to our data governance and security practices.

Whilst providing services, we must maintain systems integrity, ensure personal data is available to each consumer, and prevent the loss of data, ensuring consumer information remains confidential.

Example risks in this category

Current Risks:

- A direct or indirect security event.
- Unintentional non-compliance with associated privacy regulations (see the "Legal, Regulatory and Compliance" risk on page 78 for further information).

Emerging Risks:

- AI amplifying security and privacy landscape.

What we consider:

a. The Data Protection Act 2018, UK General Data Protection Regulation (**UK GDPR**), Privacy and Electronic Communications (**EC Directive**) Regulations 2003.
b. The Telecommunications (Security) Act 2021 and other applicable regulations.
c. Codes of practice and guidance published by the Information Commissioner's Office.
d. ISO 27001 as our foundation for information security controls, along with other security and privacy standards.
e. The ever-evolving security landscape, security threats and our security posture.
f. New business initiatives and the associated potential security risk implications.

How we manage it:

a. Our Security function takes appropriate steps to best protect our data and networks by optimising our security posture against internal and external threats.
b. Our Security Engineering and Operations function:
   i. Provides guidance on digital risks, controls, and compliance – enabling us to accelerate growth securely as we digitalise our business and customer channels.
   ii. Embeds security into the product and application development lifecycle.
   iii. Establishes a continuous culture of security excellence, striving for "Security by Design" in all initiatives.
c. Our Data Protection Office advises across the business on our privacy obligations, this activity includes monitoring regulatory developments and monitoring compliance.
d. Our Data Legal team advise our business on the application of relevant data protection law to our data practices and help us ensure our data sharing arrangements with third parties are compliant.
e. Our Privacy Management function verifies our use of data and supports the identification and management of privacy risk relating to the processing of customer data in line with our obligations and internal policies.
f. We maintain a suite of corporate policies that describe the expectations of staff and the operational requirements regarding security and privacy. These policies are further supported by mandatory training courses.

Our Risk continued

4. Technology

2024 Trend:

Decreased

Example risks in this category

Current Risks:

- Customer experience is impacted by network performance and availability.
- On-going technology evolution combined with customer expectations and competitor offerings.

Emerging Risks:

- AI presents both opportunities and risks as its application continues to evolve.

Why this is important:

Customers have an ever-increasing demand for our services and products and our technology underpins their experiences. It is key that our offering, networks, and systems keep pace with customers' demands and expectations to deliver a high quality of service and experience.

Equally, it is essential that our network and systems are appropriately resilient to ensure their continued availability and adequate performance.

What we consider:

a. Review of our technology infrastructure to identify ageing components nearing end of life which require mitigation or replacement to minimise downtime or service interruptions.
b. Ensuring that our technology infrastructure is routinely maintained to ensure continued reliability and protection from physical and cyber threats, which could compromise customer trust and result in financial and reputational damage.
c. Protecting our technology from extreme weather events or deliberate damage to our critical national infrastructure.
d. Monitoring our network capacity to ensure that customer demand is satisfied.
e. Monitoring the rapid pace of technological change and evolution which can make existing services or systems obsolete and require significant capital investment to remain competitive.
f. Continual improvement and development to ensure we keep up with new or existing competitors' product innovation.
g. Managing our reliance on external vendors for technology components, software, and hardware and consideration of any associated compatibility issues.

How we manage it:

a. We have an annual targeted programme of technology refresh to address obsolescence and any associated or developing security risks.
b. We have ongoing projects and major programmes focusing on resilience, obsolescence, replacement, transformation, and innovation, which aim to improve our network and services for customers.
c. Our Security Engineering and Operations function designs and builds secure digital platforms that are optimised to meeting the needs of our customers while providing high performance and functionality.
d. We are continually simplifying our portfolio of legacy systems by migrating onto new, improved and more robust applications. This includes moving to a standardised end state architecture (**ESA**).
e. We continuously increase the capacity of our networks to cope with the ever-increasing demand from our customers and we also monitor performance and quality to make sure our products and services meet our customers' expectations.
f. We have operational resilience processes in place to ensure our network services can recover in a timely manner in the event of disruption.
g. We invest in our operational controls and security to improve overall resilience.
h. We frequently monitor the effectiveness of the services we receive from third parties and manage associated risks.
i. We continuously prioritise, manage and implement change in line with strategic plans and our delivery framework, whilst assessing execution risks through the lifecycle of projects and programmes and delivery governance forums.

Our Risk continued

5. Operational Processes and Supply Chain

2024 Trend:

Stable

Example risks in this category

Current Risks:

- The quality of products and services delivered.
- Our supplier's compliance to our supply chain standards.
- The financial stability of our suppliers.
- End-to-end resilience for our supply chain logistics and service centres.
- Our supplier's exposure to existing geopolitical challenges.

Emerging Risks:

- Further supply chain exposure to emerging geopolitical events.

Why this is important:

We rely on a range of products and services from our suppliers to build, run and operate our networks and service for our customers.

The successful and consistent delivery of our suppliers is therefore key to our ability to provide customer value and a great customer experience.

Our suppliers are part of a global supply chain that must deliver for us against various geopolitical risks, inflationary pressures and regulatory backdrops.

The scale of our annual procurement activity and its global nature means that we have both the opportunity and responsibility to use our leverage and positively influence the working conditions in our supply chains and environmental impacts arising from our purchasing activities.

What we consider:

a. The capability of suppliers to deliver the products and services we need and the value they bring to our business and our customers.
b. How well suppliers uphold our business values.
c. Supplier alignment with our ESG goals.
d. Financial stability of our suppliers.
e. How our suppliers are impacted by geopolitical events and emerging economic issues.

How we manage it:

a. Committing suppliers at tender and in contract to strong requirements that drive the adoption of practices and standards that minimise the possibility of risk. This includes financial, quality, sustainability, anti-bribery and corruption, security, and health and safety risks.
b. Practicing risk-based due diligence at tender and in contract to police supplier compliance and manage risk.
c. Review emerging geopolitical risks, leveraging sector intelligence and acting as and when necessary to mitigate any exposure.

Additionally, we:

i. Monitor in real time the financial stability of critical suppliers.
ii. Work directly with suppliers that are significant to our supply chain emissions to align them to our carbon reduction plans and net zero goals.
iii. Work with our shareholders to pool supply chain intelligence.
iv. Work with sector initiatives to focus and develop sustainability with common suppliers.

Our Risk continued

6. Financial

2024 Trend:

Decreased

Why this is important:
Planning for and managing adverse movements in financial variables ensures that we continue to meet our financial commitments.

Example risks in this category

Current Risks:
- Sub-optimal debt structuring results in extra costs and actions.
- Persisting macroeconomic and commercial trading factors with the ability to disrupt performance.

Emerging Risks:
- Governments' potential policy decisions creating increased tax liabilities or other financial challenges.

What we consider:
a. The economic environment and financial market conditions regarding interest rates, inflation, foreign exchange rates, taxes and access to capital markets.
b. Asset impairment.
c. Counterparty risk.
d. Changes in and compliance with accounting standards.
e. Our pension schemes and related funding commitments.
f. Our cash generation, liquidity, ability to pay dividends, and ability to refinance debt.
g. Creating sustainable value for stakeholders.
h. Changing customer and supplier trends.

How we manage it:
a. We regularly review actual and forecast cash flow performance, key performance metrics and financials.
b. We perform regular viability assessments and conduct scenario analyses.
c. Our shareholders' agreement for Treasury services agrees shareholder responsibilities for management of capital markets activity which includes lender relationship management.
d. We undertake treasury risk management processes with EMT and Audit Committee oversight, including hedging interest rate and foreign exchange risks.
e. We work closely with the pension trustees and have bulk annuity insurance policies in place.
f. We undertake forecast risk management processes with EMT and Shareholder reviews.
g. Ongoing strategic and commercial reviews enable us to respond to changes in the economic and competitive landscape.
h. We monitor consumer and supplier trends.
i. We work closely with the relevant technical accounting teams to ensure strict compliance with accounting standards.

Our Risk continued

7. ESG

2024 Trend:

Stable

Example risks in this category

Current Risks:

- Damage to infrastructure and disruption to operations, workforce and suppliers due to physical impacts of climate change.

Emerging Risks:

- Rising input prices leading to increased production and operating costs.

For further examples of environment related risks, both current and emerging, please see the "TCFD" section on page 53.

For further Corporate Governance context and examples, please see "Corporate Governance Statement" on page 90 and "Stakeholder Interaction – S172(1) Statement" on page 68.

Why this is important:

ESG is integral to driving long-term value and making a positive impact on the planet, our people and communities.

Our ESG initiatives help us build stronger relationships with our stakeholders and contribute to the growth and sustainability of our business.

What we consider:

a. Climate change has the potential to impact the resilience of our business, and we take steps to ensure we understand the possible impacts and consequences in the short, medium and long term. These include physical and transitional climate-related risks, as well as considering any climate-related opportunities that may arise. Assessing the likelihood and impact of a range of risks and integrating them into how we plan and make decisions helps us future-proof our business.
b. A range of factors influence our relationships with employees, customers and community stakeholders. This includes employee welfare and working conditions, DE&I, health and safety arrangements, our supply chains and potential modern slavery implications.

How we manage it:

Our corporate governance framework applies the Wates Corporate Governance principles. The Board continues to provide entrepreneurial leadership while the EMT are responsible for the day-to-day management and operational control of the Group's activities in accordance with the business plan. For further on our corporate governance please see "Corporate Governance Statement" on page 90.

The Responsibility Committee, which reports to the EMT, provides oversight of sustainability issues and facilitates more effective decision-making.

We continuously monitor and mitigate our responses to the consequences of our changing climate, taking a range of actions, including:

a. We set science-based goals to reduce our emissions and have committed to achieving net zero carbon emissions across operations, products, and supply chain by 2040.
b. We are switching our network to renewable energy; we use 100% renewable energy at the sites where we directly control the bill and are working with landlords at third-party sites to encourage the transition to renewable energy.
c. During 2024, we launched a project to look at physical climate hazards across our key technical sites and offices. The aim of the project was to support our business in building resilience by identifying potential risk mitigation (or adaptation) measures against key physical climate risks.

For more detail on the on how we manage this principal risk category please refer to the "Non-Financial and Sustainability Information Statement" on page 35.

Our Risk continued

8. Transformational

2024 Trend:

Decreased

Example risks in this category

Current Risks:

- Failure to meet emission reduction targets across Scope 1, 2 and 3 emissions. See TCFD section on page 53 for further information.

Emerging Risks:

- Future transformational risks may arise as we continue along our integration and transformation roadmap. Possible risks to this are not achieving synergies and/or deploying the right capabilities.

Why this is important:

Successful design and delivery of change programmes is key for our business given the ever-evolving market we operate in. The execution of our transformation programmes will realise the strategic and commercial benefits of our Joint Venture by consolidating processes, leveraging assets from both businesses, and achieving our target operating model. These transformational activities also bring about continuous improvement across our processes and services, which continue to focus on customer-centric design and compliance by design.

What we consider:

a. Design and delivery of our customer-first mentality and ever-improving customer experience.
b. Prioritisation of transformational activities as we deliver our strategy and value creation for our stakeholders.
c. Development and implementation of our target operating model to realise efficiency opportunities in our operations, including leveraging emerging technologies (for example AI, migration to cloud).
d. Compliance by design: putting compliance at the heart of process design.
e. Operational resilience within channels, supply chain, and technology teams, and proactive management in a changing geopolitical context.
f. Security across our operations and systems and their timely modernisation.
g. Ensuring sufficient organisational, network, and systems capacity to meeting the changing demands of customers.
h. Development of a refreshed ESA which will reduce IT operating costs, improve overall resilience across the organisation, and enable more agility and capabilities.

How we manage it:

a. We maintain robust governance via oversight of change programmes by the senior leadership team and EMT at steering committees.
b. Our Investment Committee decides the correct prioritisation of change programmes, including appropriate review of risk and reward.
c. We regularly track OKRs and KPIs impacted by transformation.
d. We conduct post-implementation reviews after completion of change programmes to understand impact and ensure lessons are documented for future transformation.

Our Risk continued

9. People

2024 Trend:

Stable

Why this is important:
We are brave, real, and together and we are reimagining how we attract, develop and excite inclusive, empowered and high performing teams. Maintaining and upskilling our workforce is one of the critical enablers in achieving our medium and long-term growth plan in a sustainable way.

Example risks in this category

Current Risks:
- Risk of insufficient skills, retention, development or acquisition.

Emerging Risks:
- Insufficiently aligned organisational talent profile to fully realise the target operating model.

See the "Transformational" risk on page 85 for further information.

What we consider:
a. Hiring needs of the business, including succession planning.
b. Clarity of roles and business objectives.
c. Development offerings considering both business and individual needs.
d. Providing competitive benefits and recognition of our people.
e. The diversity of our workforce, including equal opportunities.
f. Providing a psychologically safe and enabling culture.
g. Employment legislation.

How we manage it:
We manage our growth plan via our People Plan which is based on pillars aligned to our people's needs:
a. Belonging
b. Clarity
c. Development
d. Recognition

Based on the above, we are focused on:
a. Accelerating the transformation of our Target Operating Model.
b. Simplifying how and where we work.
c. Skills-based Talent Management.
d. Celebrating one high-performing Team Virgin Media O2.
e. Cultural reset and rebuilding engagement.
f. Embedding DE&I across all our priorities.

See the "People" section of the Strategic Report on page 21 for further information.

The Strategic Report was approved by the Board on 16 April 2025 and signed on its behalf by:

E Medina Malo
Company Secretary

Corporate governance report

Directors' Report

Under the requirements of the Companies Act 2006, we are pleased to present the Directors' Report for the year ended 31 December 2024. The report does not include matters of strategic importance which are disclosed in other parts of the Annual Report and referenced accordingly.

Directors

The Directors who served during the year were as follows:

- Laura Abasolo García de Baquedano
- Charles Bracken
- Peter Erskine
- Michael Fries
- Enrique Rodriguez
- Andrea Salvato
- Ángel Vilá Boix
- José María Álvarez-Pallete

Post Year End Events

On 18 January 2025, José María Álvarez-Pallete resigned as Director and Marc Thomas Murtra Millar was appointed Director of the Company.

On 24 March 2025, Peter Erskine resigned as Director and Emilio Gayo Rodríguez was appointed Director of the Company.

Directors' Insurance and Indemnities

The Directors of the Company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision is in force for Directors serving during the financial year and as at the date of approving the Directors' Report.

Corporate Governance Statement

Details of our governance arrangements are set out in a separate, Corporate Governance Statement, shown on pages 90 to 94.

Stakeholder Statement

Details of how we have fostered business relationships with key stakeholders and the effect on principal decisions can be found in the "Stakeholder Interaction – S172(1) Statement" on page 68 and the Corporate Governance Statement on page 90.

Employees

See the "People" section of the Strategic Report on page 21 for further information on the treatment of our employees including the considerations for disabled persons.

UK Employee Engagement Statement

We solely operate in the UK and our people are based in the UK, apart from a very small number of employees under specific circumstances. Details of our people engagement and how we have had regard to matters of concern to them can be found in the "People" section of the Strategic Report on page 21 and in Principle 6 of the Corporate Governance Statement on page 93.

Energy and Carbon Report

Details of our energy and carbon emissions during the year ended 31 December 2024 are set out in the Streamlined Energy and Carbon Report on page 42.

Dividends

The total cash dividend paid to shareholders totalled £850.0 million (2023: £2,000.0 million).

Political Donations

In accordance with VMED O2 policy, no political donations were made or political expenditures incurred in accordance with the Companies Act 2006 during the financial year ended 31 December 2024 (2023: nil).

Research and Development

Further details of research and development can be found in the "Networks" section of the Strategic Report on page 16.

Financial Risk Management Objectives, Policies and Exposure

Details of the Group's approach to financial risk management objectives and policies are set out in note 19 of the financial statements.

Capital Structure and Rights Attached to Shares

The details of the Company's capital structure including the rights attached to shares is detailed in note 29 of the financial statements.

Going Concern

The financial statements have been prepared on a going concern basis. The following paragraphs summarise the basis on which we have reached our conclusion.

After making suitable enquiries and obtaining the necessary assurances, we have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Whilst forecasts and projections, which account for reasonably possible downsides in trading performance, have not been prepared at the Company level, they have been prepared for Group. These forecasts and projections showed that cash on hand, together with cash from operations and the revolving credit facility, are expected to be sufficient for the Group's cash requirements through to at least 12 months from the date of this report.

Directors' Report continued

Taking into account these forecasts and projections and after making enquiries, we have a reasonable expectation the Group has adequate support and resources to continue in operational existence for at least 12 months from the date of the signing of these financial statements.

For these reasons the Directors continue to adopt the going concern basis in preparing these financial statements as set out in the financial statements in note 2 "Significant Accounting Policies".

Subsequent Events

In January 2025, VMED O2 entered into $500 million sustainability-linked term loan facility (**Term Loan Y1**). Term Loan Y1 matures on 31 March 2031 and bears interest at a rate of the Term SOFR plus a credit adjustment spread plus 3.25% per annum (subject to adjustment based on the achievement or otherwise of certain ESG metrics). $495 million of the loan will be an exchange of Term Loan N due 2028 into a new tranche of Term Loan Y1 due 2031, which will become fungible with Term Loan Y on 15 April 2025. As per policy, the interest and foreign currency risk of such financing activity is mitigated through a derivative portfolio.

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

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

Disclosure of Information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Director and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

KPMG LLP will be reappointed under section 487(2) of the Companies Act 2006.

The Directors' Report was approved by the Board on 16 April 2025 and signed on its behalf by:

E Medina Malo
Company Secretary

Corporate Governance Statement

The Directors have adopted the Virgin Media O2 governance framework for the year ended 31 December 2024 which applied the Wates Corporate Governance principles as summarised below.

Reference to Shareholders refers to the ultimate Shareholders, Telefónica and Liberty Global.

Principle One: Purpose and Leadership

The Board (**Joint Venture Board**) continues to provide entrepreneurial leadership which sets out the Group's long-term strategic direction and challenge to the Executive Management Team (**Executives**) implementation of the strategy to deliver sustainable success and value to the Group's stakeholders.

In support of our ambition of being a converged champion and the scale challenger in the UK telecoms market, during the year we continued to make progress on our purpose "See What You Can Do" putting customers at the heart of our business decisions whilst delivering great customer outcomes through our products and services. We continue to embed our desired culture through our core values of Brave (encourages us to be bold, creative, accountable and innovative), Real (encourages honesty and being authentic, respectful and transparent) and Together (encourages empathy, agility and inclusion).

At the beginning of 2024, we reshaped our organisational design to become a more customer-centric business by the creation of a new converged Consumer function. We aligned the Commercial, Operations, Information Technology and Data teams to drive greater focus on delivering the best customer outcomes and to provide greater clarity and clear accountability to those teams through a shared set of objectives. Since then, we have made significant progress in our ways of working and we're seeing the benefit of greater collaboration across the teams with some real wins and achievement of critical milestones in customer experience, strategic technology platforms, data capabilities and enhanced propositions.

Further details of how the Group has delivered on its purpose during 2024 is set out in "Our Group Strategy and 2024 Progress" section on page 10.

Principle Two: Board Composition

The Board consists of eight Shareholder appointed Directors of mixed nationalities and continues to remain fit for purpose in relation to the size and complexity of the Group. Each Director brings a wealth of experience to the organisation as leading industry experts. The Articles and Shareholders Agreement set out the governance protocols for any potential conflicts of interest. In addition, any permitted conflict of interest between the Company and the Shareholders is overseen by the Framework Services Agreement, which sets out the rules of engagement between the Shareholders and the Group.

The Chair is rotated biennially between the Shareholders and the current Chair is a Telefónica appointed Director up until mid-2025. Each Director including the Chair has a vote, further details on how the Board conduct its affairs are detailed in the Articles. The Board has ultimate control of the Group's governance framework and retains oversight and accountability of certain Shareholder Reserved Matters as determined by the Shareholders Agreement.

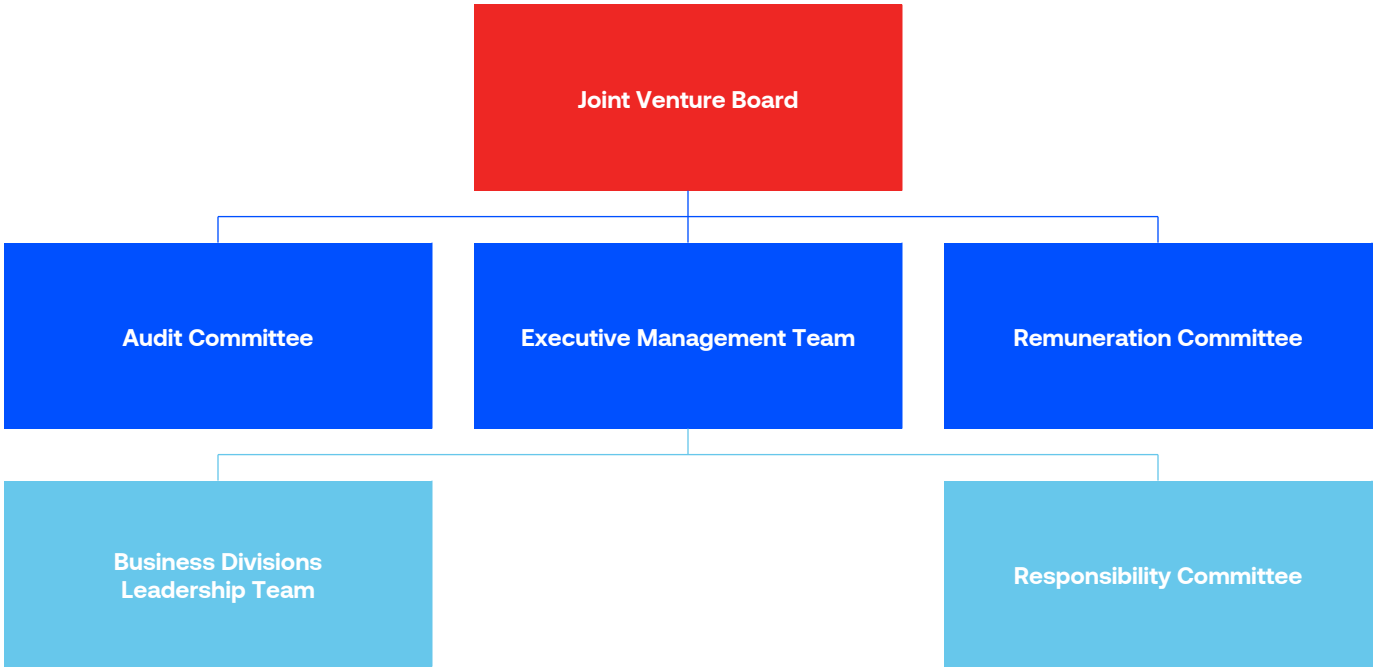
The Board has delegated the day-to-day management of the Group to the Executives who have the operational control of the Group's activities in accordance with the business plan in place. The Executives, led by the CEO, are gender diverse and of mixed nationalities with diverse skills and a wealth of experience and expertise. Details of the Executives' biographies can be found on our corporate website.

The Executives are supported by the Leadership team, which comprises of professional and experienced individuals that oversee specific business divisions. The Leadership team regularly update and advise the Board and Executives on significant matters which impact their business divisions.

The Executives are supported by the Responsibility Committee which took over the responsibilities of three expert sub-committees – Environment; Social Impact; and Diversity, Equity and Inclusion – to oversee delivery of the Virgin Media O2 ESG strategy known as our Better Connections Plan and to monitor progress against its goals and targets. Periodic updates from the sub-committees are provided to Audit Committee and Executives, ensuring senior oversight of our sustainability endeavours including our supply chain sustainability oversight.

Corporate Governance Statement continued

Governance Framework as at 31 December 2024



Joint Venture Board	Executive Management Team	Audit Committee	Remuneration Committee
José María Álvarez-Pallete (Chair)[1]	Lutz Schüler (Chair)	Charles Bracken (Chair)	José María Álvarez-Pallete (Chair)[1]
Michael Fries	Patricia Cobian	Laura Abasolo García de Baquedano	Michael Fries
Peter Erskine[2]	Jo Bertram	Bryan Hall	Ángel Vilá Boix
Ángel Vilá Boix	Christian Hindennach	Pablo de Carvajal	Andrea Salvato
Charles Bracken	Jeanie York		
Enrique Rodriquez	Robert Orr		
Andrea Salvato	Enrique Medina Malo		
Laura Abasolo García de Baquedano	Julie Agnew		
	Adrian di Meo		
	Nicola Green		
	Philipp Wohland		
	Roy Hage[3]		

1 On 18 January 2025, Marc Thomas Murtra Millar replaced José María Álvarez-Pallete as Chair of the Joint Venture Board and Remuneration Committee.
2 On 24 March 2025, Peter Erskine resigned as Director and Emilio Gayo Rodríguez was appointed Director of the Company.
3 On 31 December 2024, Roy Hage, Interim Chief Digital Officer, left Virgin Media O2.

Corporate Governance Statement continued

Principle Three: Director Responsibilities

The role of the Chair of the Board is separate from the CEO, who is not a Board member but attends the Board meetings to provide updates on the Executives delegated responsibilities. The structure allows the Board to meticulously challenge the implementation of the Group's strategy, position and performance. The Board is assisted by the Audit Committee which have clear terms of reference and consists of two Board members in addition to the Shareholders' General Counsels, the Chair of the Audit Committee has the appropriate level of financial qualification and experience. The Audit Committee oversees the Group's risk management and internal control framework. The Remuneration Committee, whose detailed terms of reference consists of two Board members, are responsible for setting the remuneration policy and practices for the Group.

The Board and Executives are ultimately responsible for the Group's internal control framework, and together with the Leadership team are committed to maintaining a robust control framework which accords with the delivery of good governance, and the effective oversight of the operational controls through the delegation of authority processes. Further details of our internal control framework are set out in the Anti-bribery and Corruption Framework on page 52.

The Board have bi-monthly meetings with standing agenda items of strategic importance to ensure enough oversight of the Group's position and performance. As an example, the Board considered and approved the entry into an arrangement with Cellnex for the provision of tower infrastructure and associated services in 2024. The scope of the agreement includes the upgrade and maintenance our existing sites across the country to ensure we continue to provide our customers with the fast and reliable mobile connectivity, and we continue to invest in the network infrastructure.

Principle Four: Opportunity and Risk

Our approach to risk management is to support the business to identify and realise opportunities which deliver value creation and preservation, to aid our employees to effectively manage risks, and ultimately to help improve the Company and Group's position. Risk is managed at the Group level and the entities adopt the Risk Management Framework. Further details on our Risk Management Framework are set out in "Our Risk" on page 74.

The Company has established internal control frameworks, encompassing financial reporting, business governance, consumer protection, financial crime prevention, Ofcom metering and billing, and other compliance control requirements. These frameworks are now managed through our Governance, Risk, and Control (**GRC**) platform. The GRC platform centralises the recording and management of risks, controls, and the tracking of management action plans within the Group.

Our internal control frameworks include preventative and detective control activities performed by management, such as policy management, risk management, and the design and operation of various internal controls covering the above-mentioned areas. These are complemented by assurance activities, performed by Internal Audit, as well as other functions such as Compliance and Security.

All the independent assurance activities, conducted by Internal Audit, including the annual assessments of the internal controls over the financial reporting framework, are reflected in the annual internal audit plan. The internal audit plan is reviewed and approved by the Audit Committee, with regular status updates provided. Additionally, the External Auditors meet quarterly with the Audit Committee to review processes and procedures.

These controls and assurance activities support the Group to achieve its business objectives while providing the necessary oversight for Executives, the Audit Committee, and the Board.

Principle Five: Remuneration

The Board members are not remunerated by the Group. The Remuneration Committee has the delegated authority to make recommendations to the Board:

i. to set and assess the Group's remuneration policy and practices that foster the retention and attraction of highly skilled talent, long-term succession planning, incentivise high performance to drive the achievement of the Group's Vision and long-term Strategy, in a way that represents a positive and entrepreneurial culture through short and long-term decision-making;
ii. approve certain senior level nominations and remuneration packages; and
iii. define policies for certain senior level appointments, and such other employee related matters as the Board may determine from time to time.

To align the success of Executives and the Leadership team with the sustainable success of the Group's business activities, part of the Executives and Leadership Team's remuneration are delivered in the form of short and long-term variable remuneration and based on financial and non-financial performance. The short-term variable remuneration is linked to achieving specific financial, customer satisfaction and sustainability objectives. The long-term variable remuneration is linked to the long-term value creation in the Group by measuring key financial objectives aligned to the latest three-year strategy.

The remuneration of the workforce is determined by the Executives, ensuring that proposals are balanced, proportionate, and aligned with the Group's commitment to build a diverse and inclusive workforce. The Executives are committed to giving back to those employees who have demonstrated both consistent contribution and who are demonstrating our values and behaviours. The Executives have set aside a recognition budget dedicated to Growth and Contribution recognition to financially recognise the employees through an uplift to their base salary at the end of the year.

The Group companies within the scope of the gender pay gap regulations comply with the obligation to publish their gender pay gap report. Insight from gender pay gap reports has informed the Group's diversity and inclusion policies put in place during the year. Details of the Executives' Remuneration are disclosed in the Notes to the Consolidated Financial Statements on page 118.

Corporate Governance Statement continued

Principle Six: Stakeholder Relationships and Engagement

The Board understands that the Group's stakeholders are important for the successful delivery of the Group's ambition and purpose. Given the scale of the Group, the Executives have the delegated responsibility of the stakeholders in their respective business divisions and periodically report to the Board and Audit Committee on matters of strategic importance.

The Group's stakeholders' engagements are discussed below with further details in the "Strategic Report" from page 5 and the "Stakeholder Interaction – S172(1) Statement" from page 68.

Employees

We continue our commitment to listen to and act on feedback from our employees, through our engagement surveys. Throughout the year, we adopted an 'Always on Listening' approach, ensuring more frequent opportunities to gather employee feedback and act on it. This includes quarterly employee engagement pulse surveys and integrated lifecycle surveys, such as onboarding (30 and 90 days) and exit surveys, which provide valuable insights into the employee journey.

Our pulse surveys ask our employees questions about the most prevalent topics at Virgin Media O2 at the time, while also keeping some questions consistent for trend analysis. For the final pulse survey of 2024, we achieved an engagement score of 76 with an 88% response rate, an improvement in engagement of +4 compared to final survey of 2023. The pulse survey provided a good representation of the overall workforce and a strong sense of psychological safety. The survey results highlighted key strengths and opportunities enabling a sharp focus in influencing positive change in our culture, whilst we operate in complex and dynamic macro and micro-environments. Our people priorities were updated supporting the insights of the survey and a refreshed strategic plan with a focus on culture underpinned by belonging, clarity, recognition and development as crucial drivers of our success. The results of the survey are shared with the Executives, and the Chief People & Transformation Officer gives regular updates to the CEO on engagement across the business.

We have employee groups with key representatives across the Group whose role is to think holistically about the issues and concerns for employees in their business divisions. Through these groups we can get more regular insights into the sentiment in the business, address any concerns and ensure that follow-up actions are adhered to. Further details of our employee strategy can be found in the "People" section of the Strategic Report on page 21.

Customers

Customer satisfaction is essential to our long-term success and putting our customers first is, and will always be, a foundational strategic priority for our organisation. Our large and diverse customer base has broad needs and expectations and as a Group, we remain focused on meeting and exceeding as many of our customers' expectations as possible against a backdrop of growing network usage and continued pressure on some consumer and business customers purchasing power.

Our customers expect quality products and services at a fair price. We interact with our customers through customer segmentation on the types of product offerings at different lifecycle stages. We continually analyse and implement measures to improve our customers' experience. Insights from NPS data, social media and focus groups enable us identify customers' challenges, enabling us to make improvements where necessary. The Executives receive monthly updates on NPS performance, which is tracked across our different services and brands, and has significant influence on decision-making for our interactions with current and potential customers.

Further details of our customer strategy can be found in the "Strategic Report", with the "Consumer" section from page 11 and the "Business and Wholesale" section from page 14.

Regulators

We actively engage with our regulators, Ofcom and the Financial Conduct Authority (**FCA**), to foster a constructive relationship and support our business strategy.

Ofcom

Making things better for our customers is at the heart of everything we do. As a major player in the industry, we proactively engage with Ofcom and the wider industry on matters of concern to our customers. In 2024, we responded to Ofcom consultations and activities across a wide range of topics. Notable examples include:

a) Gaining Provider Led Switching (One Touch Switch)

Virgin Media O2 successfully launched One Touch Switch on 12 September 2024, in line with the majority of industry. Post-launch, we continued to engage with Ofcom, The One Touch Switching Company and other industry participants to improve the operation of the process to ensure it works well for customers joining or leaving Virgin Media O2. Ofcom continues its industry-wide enforcement investigation into the operation of providers during the implementation period.

b) Release of mmWave spectrum

Virgin Media O2 continued to engage with Ofcom on its proposals to release 5.4 GHz of mmWave spectrum in the 26 GHz and 40 GHz bands. This included submitting a detailed response to Ofcom's further consultation on the auction Regulations. Ofcom has now decided on an appropriate auction design and final Regulations. The auction is expected to begin in October 2025.

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

Virgin Media O2 engaged with Ofcom on its proposals and later decision to prohibit inflation-linked price variation terms. Ofcom stipulated that such price rises are banned and that providers can only implement price rises reported in pounds and pence at the time of customers signing up to new contracts. We urged and succeeded in Ofcom giving providers more time to implement the new rules, we communicated what our new policy with regard to contractual price rises is, and we adopted this policy across our mobile and fixed operations.

Corporate Governance Statement continued

*d) Proposed changes to Annual Licence Fees (**ALFs**)*
Ofcom opened an investigation into the ALFs that apply to spectrum in the 900, 1800 and 2100 MHz on the grounds of potential misalignment between fees and underlying spectrum values. We participated in several calls with Ofcom and submitted our views on how Ofcom could revise its approach to determining ALFs. In December 2024, Ofcom published its proposals involving notable reductions in 900 and 1800 MHz ALFs. Over the next year, we will respond to these proposals and engage on potential changes to how the new ALFs will be implemented.

Financial Conduct Authority (**FCA**)
The Group has regulated subsidiaries that are authorised to provide consumer credit and insurance services. Our regulatory authorisations were supported by our interactions with the FCA through 2024, including the provision of regular reporting and our Consumer Duty annual Board report. We are committed to continually strengthen our monitoring and governance framework and, through 2024, implemented enhancements to support good customer outcomes and reflect FCA published priorities for regulated firms.

Suppliers
Our Responsibility Committee is chaired by our Chief Communications & Corporate Affairs Officer, and provides periodic updates to Virgin Media O2's Audit Committee and Executives, ensuring senior oversight of our sustainability endeavours. This forum is also used as an escalation point, as needed, for any supply chain sustainability issues enabling oversight of such issues.

Engagement with strategic suppliers is managed through formal vendor management programmes with dedicated relationship leads and formal relationship reviews. It is important that our suppliers align with our code of conduct, which details our standards expected of suppliers with respect to environmental management, ethics and human rights.

The Board continue to have zero-tolerance towards modern slavery in the supply chain and receives updates, where necessary, on matters of concern to the suppliers. The Board approves the Group's Modern Slavery Report, which is published annually on the website.

A mix of routine and exceptional management reporting is used to ensure appropriate stakeholder visibility at all relevant tiers of management both within Virgin Media O2 and its shareholder parents. Supply continuity and service quality has continued to be a priority due to ongoing economic pressures on our supply chains and of the risk of potential impacts from various ongoing geopolitical issues. Examples of supplier engagement can be found in the "Stakeholder Interaction – S172(1) Statement" on page 68. Further details of our responsible business plan can be found in the "Governance" section of the "Non-Financial and Sustainability Information Statement" on page 49.

Communities
Our Better Connections Plan is our Group's sustainability strategy which centres on the areas where we believe we can make the greatest positive impact through our products, services and digital know-how, underscoring our ambition to help create an inclusive, connected and decarbonised society. Further details are reported in the "Better Connections Plan overview" on page 36.

Investors
It is important for us to engage proactively with our different investors providing effective communication and regular dialogue to ensure that the strategy and performance of Virgin Media O2 are well understood. Further details are reported in the "Stakeholder Interaction – S172(1) Statement" on page 68.

This Corporate Governance Statement was approved by the Board on 16 April 2025 and signed on its behalf by:

E Medina Malo
Company Secretary

Statement of Directors' Responsibilities in Respect of the Annual Report and the Consolidated Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

a. Select suitable accounting policies and then apply them consistently;
b. Make judgements and estimates that are reasonable, relevant and reliable;
c. State whether they have been prepared in accordance with international accounting standards in conformity with UK-adopted international accounting standards;
d. Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
e. Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of VMED O2 UK Limited

Opinion

We have audited the consolidated financial statements of VMED O2 UK Limited (the **Company**) for the year ended 31 December 2024, which comprise Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income (Loss), Consolidated Statement of Financial Position, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, Parent Company Statements of Financial Position, Parent Company Statements of Changes in Equity and the related notes, including the accounting policies in note 2.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards, including FRS 101 Reduced Disclosure; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (**ISAs (UK)**) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least 12 months from the date of approval of the financial statements (the **going concern period**).

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (**fraud risks**) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Considering remuneration incentive schemes and performance targets for management/ Directors/ sales staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit, we do not believe there is a fraud risk related to revenue recognition due to the limited opportunity to manipulate based on high-volume, low-value nature of revenue. We performed procedures including identifying journal entries to test based on high-risk criteria and agreeing the identified entries to supporting documentation. These included unusual revenue, cash and borrowings combinations, property, plant and equipment and operating expense combinations, and post-closing entries.

Independent Auditor's Report to the Members of VMED O2 UK Limited continued

We also identified a fraud risk related to the potential for management bias in determining the key assumptions, specifically forecasted revenue growth, the discount rate applied and terminal growth rate, in response to the estimated recoverable amount being highly sensitive to changes in these assumptions. We evaluated significant accounting estimates for management bias, challenged the appropriateness of key assumptions in the cash flow projections and evaluated the reasonableness of growth assumptions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and the legal department (as required by auditing standards) and discussed with the Directors and the legal department the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, specific regulatory requirements e.g. OFCOM and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify noncompliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the Strategic Report and the Directors' Report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent Company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 95, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of VMED O2 UK Limited continued

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Seale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, E14 5GL, London, United Kingdom

16 April 2025

Consolidated Financial Statements

Consolidated Statements of Profit or (Loss)

	Note References	Year ended 31 December 2024 in millions	2023 Restated in millions
Revenue	5 and 27	£ 10,680.5	£ 10,912.7
Cost of sales	27	(3,685.9)	(3,734.5)
Gross profit		**6,994.6**	**7,178.2**
Personnel expenses	8 and 24	(740.4)	(697.1)
Net impairment losses on financial and contract assets [(a)]	6	(220.1)	(243.1)
Other expenses	11, 17, 23 and 27	(2,252.8)	(5,490.7)
Depreciation and amortisation	11 and 12	(2,853.1)	(3,205.2)
Operating profit (loss)	6	**928.2**	**(2,457.9)**
Finance costs [(b)]	25	(2,078.4)	(2,494.6)
Finance income [(b)]	25	1,143.8	1,065.0
Net finance costs		**(934.6)**	**(1,429.6)**
Share of results of equity method investments	22	3.2	1.6
Other income, net		5.2	13.9
		(926.2)	**(1,414.1)**
Profit (loss) before income taxes		**2.0**	**(3,872.0)**
Income tax (expense) benefit	26	(18.5)	229.8
Net loss		**£ (16.5)**	**£ (3,642.2)**
Net loss attributable to:			
Owners		(33.0)	(3,641.8)
Non-controlling interests (**NCI**)	30	16.5	(0.4)
Net loss		**£ (16.5)**	**£ (3,642.2)**

(a) Prior year amounts have been restated to align with current year presentation. See note 6 for details.
(b) Prior year amounts have been restated to align with current year presentation. See note 25 for details.

The accompanying notes on pages 107 to 162 are an integral part of these Consolidated Financial Statements.

All results were derived from continuing operations.

Consolidated Statements of Comprehensive Income (Loss)

	Note References	Year ended 31 December 2024	Year ended 31 December 2023
		in millions	
Net loss		**£ (16.5)**	**£ (3,642.2)**
Other comprehensive loss, net of taxes:			
Items that have been or may be reclassified to the statement of profit or (loss):			
Foreign currency translation adjustments		6.5	(15.9)
Items that will not be reclassified to the statement of profit or (loss):			
Pension-related adjustments and other	24	(158.2)	(68.1)
Other comprehensive loss		**(151.7)**	**(84.0)**
Comprehensive loss		**£ (168.2)**	**£ (3,726.2)**
Comprehensive loss attributable to:			
Owners		(184.7)	(3,725.8)
NCI	30	16.5	(0.4)
Comprehensive loss		**£ (168.2)**	**£ (3,726.2)**

The accompanying notes on pages 107 to 162 are an integral part of these Consolidated Financial Statements.

All results were derived from continuing operations.

Consolidated Statements of Financial Position

	Note References	31 December 2024	2023
		in millions	
ASSETS			
Non-current assets:			
Intangible assets	11	£ 24,110.5	£ 25,022.2
Property, plant and equipment	12 and 17	10,006.9	9,370.0
Investments	22	14.4	11.2
Deferred tax assets	26	371.2	318.2
Derivative instruments	20 and 21	808.2	825.3
Retirement benefit asset	24	90.5	284.7
Trade receivables and other non-current assets	13 and 27	325.2	399.8
Total non-current assets		**35,726.9**	**36,231.4**
Current assets:			
Trade receivables and other current assets	13 and 27	2,295.0	2,386.4
Derivative instruments	20 and 21	463.6	420.6
Inventory	15	203.5	261.7
Related-party receivables	27	193.8	190.7
Cash and cash equivalents		1,128.3	875.6
Total current assets		**4,284.2**	**4,135.0**
Total assets		**£ 40,011.1**	**£ 40,366.4**

The accompanying notes on pages 107 to 162 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Financial Position (continued)

	Note References	31 December 2024	2023
		in millions	
LIABILITIES AND EQUITY			
Non-current liabilities:			
Non-current debt and lease obligations	16, 17, 21 and 27	£ 18,569.1	£ 18,341.5
Retirement benefit obligation	24	19.8	3.1
Non-current portion of provisions	18	134.9	139.1
Derivative instruments	20 and 21	268.7	544.0
Trade payables and other non-current liabilities	14 and 27	214.2	206.8
Total non-current liabilities		**19,206.7**	**19,234.5**
Current liabilities:			
Trade payables and other current liabilities	14 and 27	3,674.6	3,615.0
Current tax payable	26	12.0	1.3
Derivative instruments	20 and 21	491.6	367.6
Provisions	18	25.6	55.2
Current portion of debt and lease obligations	16, 17, 21 and 27	3,793.1	3,425.5
Total current liabilities		**7,996.9**	**7,464.6**
Total liabilities		**27,203.6**	**26,699.1**
Owners' equity:			
Ordinary shares	29	—	—
Additional paid-in capital (**APIC**)	29	8,223.1	15,225.0
Other reserves	29	322.7	212.5
Accumulated profit (loss)	29	4,389.0	(1,732.0)
Accumulated other comprehensive **loss**	29	(336.5)	(184.8)
Total owners' equity		**12,598.3**	**13,520.7**
NCI	30	209.2	146.6
Total combined equity		**12,807.5**	**13,667.3**
Total equity and liabilities		**£ 40,011.1**	**£ 40,366.4**

The accompanying notes on pages 107 to 162 are an integral part of these Consolidated Financial Statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 16 April 2025 by:

Charles Bracken
Director
Company Registration Number: 12580944

Consolidated Statements of Changes in Equity

	Share capital	APIC [a]	Other reserves [b]	Accumulated (loss) profit	Accumulated other comprehensive loss	Total owners' equity	NCI [c]	Total combined equity
	in millions							
Balance at 1 January 2024	**£ —**	**£ 15,225.0**	**£ 212.5**	**£ (1,732.0)**	**£ (184.8)**	**£ 13,520.7**	**£ 146.6**	**£ 13,667.3**
Net loss	—	—	—	(33.0)	—	**(33.0)**	16.5	**(16.5)**
Other comprehensive loss	—	—	—	—	(151.7)	**(151.7)**	—	**(151.7)**
Dividends (note 10)	—	—	—	(850.0)	—	**(850.0)**	(19.9)	**(869.9)**
Share-based compensation (note 23)	—	—	—	2.1	—	**2.1**	—	**2.1**
Capital reduction (note 29) [a]	—	(7,001.9)	—	7,001.9	—	**—**	—	**—**
Excess consideration over net book value (**NBV**) upon sale of joint operation (note 30)	—	—	110.2	—	—	**110.2**	—	**110.2**
NCI on acquisition of subsidiary (note 30)	—	—	—	—	—	**—**	66.0	**66.0**
Balance at 31 December 2024	**£ —**	**£ 8,223.1**	**£ 322.7**	**£ 4,389.0**	**£ (336.5)**	**£ 12,598.3**	**£ 209.2**	**£ 12,807.5**

	Share capital	APIC [a]	Other reserves [b]	Accumulated profit (loss)	Accumulated other comprehensive loss	Total owners' equity	NCI [c]	Total combined equity
	in millions							
Balance at 1 January 2023	**£ —**	**£ 15,225.0**	**£ —**	**£ 3,894.3**	**£ (100.8)**	**£ 19,018.5**	**£ —**	**£ 19,018.5**
Net loss	—	—	—	(3,641.8)	—	**(3,641.8)**	(0.4)	**(3,642.2)**
Other comprehensive loss	—	—	—	—	(84.0)	**(84.0)**	—	**(84.0)**
Dividends (note 10)	—	—	—	(2,000.0)	—	**(2,000.0)**	—	**(2,000.0)**
Share-based compensation (note 23)	—	—	—	15.5	—	**15.5**	—	**15.5**
Excess consideration over NBV upon sale of joint operation (note 30)	—	—	212.5	—	—	**212.5**	—	**212.5**
NCI on acquisition of subsidiary (note 30)	—	—	—	—	—	**—**	147.0	**147.0**
Balance at 31 December 2023	**£ —**	**£ 15,225.0**	**£ 212.5**	**£ (1,732.0)**	**£ (184.8)**	**£ 13,520.7**	**£ 146.6**	**£ 13,667.3**

(a) APIC includes share premium and the merger reserve. On 9 April 2024, VMED O2 UK Limited implemented a capital reduction to reduce the share premium reserve to nil and increase the accumulated (loss) profit by £7,001.9 million. The capital reduction was effective from 10 April 2024.
(b) Other reserves includes £110.2 million and £212.5 million excess consideration over net book value for the years ended 31 December 2024 and 2023, respectively, resulting from the sale of a minority stake in Cornerstone. See note 30 for further details.
(c) NCI resulting from the sale of a minority stake in Cornerstone in November 2023 and November 2024, respectively. See note 30 for further details.

The accompanying notes on pages 107 to 162 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Note References	Year ended 31 December 2024	Year ended 31 December 2023 Restated
		in millions	
Cash flows from operating activities:			
Net loss		(16.5)	(3,642.2)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Share-based compensation expense	23	40.8	24.9
Depreciation and amortisation	11 and 12	2,853.1	3,205.2
Impairment, restructuring and other operating items	11 and 18	74.6	3,239.9
Amortisation of debt premiums, deferred financing costs and non-cash interest	16	2.1	(1.9)
Share of results of equity method investments	22	(3.2)	(1.6)
Realised and unrealised (gains) losses on derivative instruments	20 and 25	(392.3)	804.0
Foreign currency transaction losses (gains)	25	29.0	(589.2)
Gains on debt extinguishment	16 and 25	(2.2)	(9.7)
Deferred income tax expense (benefit)	26	1.2	(229.4)
Interest paid		(1,392.4)	(1,196.2)
Income taxes paid		(9.7)	(2.1)
Derivative receipts [(a)]	20	210.9	242.9
Decrease in trade and other receivables [(a)]		192.3	211.7
Increase in contract assets [(a)]		(35.8)	(407.0)
Decrease (increase) in other assets [(a)]		50.8	(261.7)
Increase in trade payables and accruals [(a)]		55.4	43.2
Decrease in contract liabilities [(a)]		(27.5)	(57.1)
Increase in interest accruals [(a)]		1,338.6	1,271.3
Increase in other liabilities [(a)]		58.4	32.2
Net cash provided by operating activities		**£ 3,027.6**	**£ 2,677.2**
Cash flows from investing activities:			
Capital expenditures	11 and 12	(1,502.9)	(1,436.6)
Other investing activities		(7.0)	(13.9)
Net cash used by investing activities		**£ (1,509.9)**	**£ (1,450.5)**

(a) Certain prior year amounts within the details of changes in our operating assets and liabilities have been restated. Refer to note 3.

The accompanying notes on pages 107 to 162 are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows (continued)

	Note References	Year ended 31 December 2024	Year ended 31 December 2023 Restated
		in millions	
Cash flows from financing activities:			
Repayments of third-party debt and lease obligations:			
Principal payments on operating-related vendor financing	16	£ (3,142.5)	£ (1,894.6)
Principal payments on debt (excluding vendor financing)	16	(2,363.0)	(2,120.2)
Principal payments on capital-related vendor financing	16	(883.4)	(916.6)
Principal payments on leases	17	(196.3)	(219.1)
Borrowings of third-party debt	16	2,796.3	3,470.2
Operating-related vendor financing additions	16	3,192.0	2,509.9
Payment of financing costs and debt premiums	16	(11.8)	(15.3)
Net cash received (paid) related to derivative instruments	20	4.1	(9.1)
Advances from related-party debt	27	151.1	—
Repayments of related-party debt	27	(129.1)	—
Cash received from sale of joint operation [(b)]	30	176.0	359.5
Dividends paid to the Shareholders	10	(850.0)	(2,000.0)
Dividends paid to non-controlling shareholders	10 and 30	(19.9)	—
Other financing activities		(0.4)	(0.4)
Net cash used by financing activities		**(1,276.9)**	**(835.7)**
Effect of exchange rate changes on cash and cash equivalents		11.9	(7.4)
Net increase in cash and cash equivalents		**252.7**	**383.6**
Cash and cash equivalents:			
Beginning of period		875.6	492.0
End of period		**£ 1,128.3**	**£ 875.6**

(b)Cash received from the sale of joint operation has been reclassified from cash flows from investing activities to cash flows from financing activities. Refer to note 3.

The accompanying notes on pages 107 to 162 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements 31 December 2024

(1) Basis of Presentation

VMED O2 UK Limited (**VMED O2**) is domiciled in England and Wales (registered number 12580944) 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 2024, 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 50:50 joint venture (the **Joint Venture**) that was formed on 1 June 2021 between Liberty Global Ltd. (**Liberty Global**) and Telefónica, SA (through Telefonica O2 Holdings Limited) (**Telefónica**), (the **Shareholders**).

The Consolidated Financial Statements of VMED O2 for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 16 April 2025 and were signed on the Board's behalf by Charles Bracken.

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 16 April 2025.

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

(2) Significant 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 the Companies Act 2006 and UK-adopted International Accounting Standards (**IAS**). The Company has elected to prepare its parent Company financial statements in accordance with FRS 101, as presented on pages 163 to 169.

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 2024.

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 2024, the Group had net current liabilities of £3,712.7 million and net assets of £12,807.5 million. Liquidity available as at the reporting date was £2,506.3 million (excluding Cornerstone unused borrowing capacity), made up of cash and cash equivalents of £1,128.3 million and unused borrowing capacity under the VMED O2 Credit Facilities of £1,378.0 million. At 31 December 2024, 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 above five years with a weighted average rate of 5.11% 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 19 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, even when not considering the uncommitted revolving credit facility of £1.4 billion. Principal risks and uncertainties are detailed within our Strategic report and note 19, 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 under Common Control
Business combinations between entities that are under common control 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 UK Holdings Limited, 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 have been accounted for as common control transfers under the pooling interest method and, accordingly, have been reflected at carry over basis as of 1 June 2021.

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 2024, we performed our annual quantitative goodwill impairment assessment. We determined that the value-in-use exceeded the carrying value of the CGU, therefore no goodwill impairment expense has been recognised in the current period. During 2023, we recognised a goodwill impairment of £3,107.0 million. An impairment loss recognised for goodwill shall not be reversed in a subsequent period. For additional information, see note 11.

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, arising from the Joint Venture formation have been initially recorded at fair value and amortised over an estimated useful life of nine years on a straight-line basis, and reviewed for indications of impairment on an ongoing basis, as discussed above. During 2024 and 2023, there were no indicators of impairment for customer relationships.

Licence fees paid to the government, 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 — 3 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 18.

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 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 16 and 20, respectively. For information concerning how we arrive at our fair value measurements, see note 21.

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 currently 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 20.

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 13.

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 statement 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 held in restricted accounts, including cash held in escrow related to our NTL pension plan. All other cash that is restricted to a specific use is 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 11, 16, 17 and 20.

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 14.

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 nonassessable 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 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 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 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 2024 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 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

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.

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.

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 Implementation Programme (**SMIP**)). 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 benefitted, 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 five years for our B2B service contracts.

For additional information regarding our revenue recognition and related costs, see note 13. For a disaggregation of our revenue by major category, see note 5.

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 23.

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); 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 85.3% and 85.2% of our total assets at 31 December 2024 and 2023, respectively. For additional information regarding goodwill impairment and major sources of estimation uncertainty, see note 11.

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 for the year ended 31 December 2024.

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 11.

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 33) 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 11.

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 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) 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 Telefónica UK Limited (a subsidiary of VMED O2), to be classified as a joint operation. In both 2024 and 2023, our stake in Cornerstone was reduced (see note 30 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 (loss) reflect our share of the results of operations of the Tesco Mobile JV.

(3) Restatement of Cash Flow Disclosures

Certain prior year amounts within the details of changes in our operating assets and liabilities have been disaggregated to conform to the current year presentation which has been enhanced to provide more relevant and useful information around our changes in working capital. Additionally, £1,104.1 million was reclassified from changes in trade and other receivables to changes in trade payables and accruals due to a prior year misclassification. This misclassification had no impact on any reported metrics or the net cash provided from operating activities.

As reported in the consolidated statement of cash flows for the year ended 31 December 2023:

	Year ended 31 December 2023 As previously reported in millions
Changes in operating assets	£ (1,316.3)
Changes in operating liabilities	2,393.7
Net changes in working capital [a]	**£ 1,077.4**

Included as a comparator in the consolidated statement of cash flows for the year ended 31 December 2024:

	Year ended 31 December	
	2023 As previously reported	2023 Restated
	in millions	
Derivative receipts	£ 242.9	£ 242.9
(Increase) decrease in trade and other receivables [a][b]	(890.5)	211.7
Increase in contract assets	(407.0)	(407.0)
Increase in other assets	(261.7)	(261.7)
Changes in operating assets [c]	**(1,316.3)**	**(214.1)**
Increase in trade payables and accruals [a]	1,147.3	43.2
Decrease in contract liabilities	(57.1)	(57.1)
Increase in interest accruals	1,271.3	1,271.3
Increase in other liabilities	32.2	32.2
Changes in operating liabilities [c]	**2,393.7**	**1,289.6**
Net changes in working capital [a]	**£ 1,077.4**	**£ 1,075.5**

(a) In the prior year, a misclassification of £1,104.1 million was identified where the amount was classified as changes in trade payables and accruals rather than changes in trade and other receivables. This has been reclassified and the totals restated. The prior year reported outflow from an increase in trade and other receivables of (£890.5 million) changes to an inflow from a decrease in trade and other receivables of £213.6 million. The prior year reported inflow from an increase in trade payables and accruals of £1,147.4 million changes to an outflow from a decrease in trade payables and accruals of £43.2 million.
(b) In the prior year, restricted cash balances were included in the end of period balance in the consolidated statement of cash flows despite being classified as trade and other assets. See note 13. The cash outflows from trade and other receivables has been increased by removing the £1.9 million prior year restricted cash inflow which decreases the restated inflow from a decrease in trade and other receivables from £213.6 million to £211.7 million.
(c) Changes in working capital presentation in the prior year included changes in operating assets and changes in operating liabilities only.

In 2023, VMED O2 sold a 33.33% stake in Granstone Holdco Limited (**Granstone**) for which we received £359.5 million as cash consideration. For further details on our NCI, please see note 30. This transaction is viewed as an equity transaction and therefore, the cash proceeds received in the prior year, amounting to £359.5 million, which were previously disclosed as an investing activity should have been disclosed as a financing activity. The prior year numbers have been restated accordingly.

	Year ended 31 December	
	2023 As previously reported	2023 Restated
	in millions	
Net cash used by investing activities	£ (1,091.0)	£ (1,450.5)
Net cash provided by financing activities	£ (1,195.2)	£ (835.7)

(4) Recent Accounting Pronouncements

New Accounting Standards, Not Yet Effective

At the date of preparation of these Consolidated Financial Statements, the following new IFRS accounting standards and amendments to existing IAS standards had been published, but their application is not mandatory and not yet adopted by VMED O2:

Standards and amendments	Title	Mandatory application: annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 [(a)]	Amendments to the classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 [(a)]	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 [(a)]	Subsidiaries without Public Accountability	1 January 2027
Amendments to IFRS 10 and IAS 28 [(a)]	Sale or Contribution of Asset between an investor and its Associates or Joint Venture	Available for optional adoption / effective date deferred indefinitely.

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

We have not yet completed the impact assessment on some of these new pronouncements. On the amendments to IAS 21 – Lack of Exchangeability, we expect this amendment to have no material impact on our Consolidated Financial Statements.

All standards that became effective on 1 January 2024 have been adopted with no material impact on our Consolidated Financial Statements being:

- Amendment to IAS 1: Classification of Liabilities as Current or Non-current
- Amendment to IAS 1: Non-current Liabilities with Covenants
- Amendment to IAS 7 and IFRS 7: Supplier Finance Arrangements. Refer to note 14
- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback.

(5) Segment Reporting

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

	Year ended 31 December	
	2024	2023
	in millions	
Mobile [(a)]	**£ 5,687.0**	**£ 5,949.3**
Handset	1,286.7	1,521.1
Fixed	**3,852.1**	**3,872.7**
Consumer fixed [(b)]	3,400.2	3,325.2
Subscription [(c)]	3,331.2	3,266.6
Other [(d)]	69.0	58.6
B2B fixed [(e)]	451.9	547.5
Other [(f)]	**1,141.4**	**1,090.7**
Total	**£ 10,680.5**	**£ 10,912.7**

(a) Mobile revenue includes amounts received from residential and B2B customers for ongoing services and, amongst other items, revenue from sales of mobile handsets and interconnect revenue.
(b) Consumer fixed revenue includes subscription and other revenue for ongoing services and the recognition of deferred installation revenue over the associated contract period.
(c) Consumer fixed subscription revenue includes revenue from subscribers who purchase bundled services at a discounted rate and is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our fixed-line and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period. Additionally, we include revenue from certain 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.
(f) Other revenue primarily includes revenue from construction management activities provided to nexfibre, amongst other items, such as corporate activities provided to nexfibre, the sale of handset insurance policies, SMIP, the provision of ICT services and associated connectivity to O2 business customers and other services.

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 £7,462.8 million and £6,942.3 million at 31 December 2024 and 2023, respectively. Future revenue is expected to be substantially recognised within three years.

(6) Group Operating Profit

The details of certain charges (credits) included in Group operating profit are set forth below:

	Year ended 31 December	
	2024	2023
	in millions	
Depreciation of property, plant and equipment (note 12)	£ 1,632.5	£ 1,967.9
of which depreciation of ROU assets (note 17)	£ 187.0	£ 181.9
Amortisation of intangible assets (note 11)	£ 1,220.6	£ 1,237.3
Gain on disposal of property, plant and equipment	£ (13.9)	£ (5.3)
Cost of inventories recognised within cost of sales	£ 1,551.2	£ 1,774.1
Net impairment losses on financial and contract assets [(a)]	£ 220.1	£ 243.1
Goodwill impairment (note 11)	£ —	£ 3,107.0

(a) In the prior year, net impairment losses on financial and contract assets was included in other expenses in the consolidated statements of profit or (loss). Under the current year presentation, this will be restated and presented separately resulting in the other expenses in the consolidated statements of profit or (loss) decreasing by £243.1 million from £5,733.1 million to £5,490.0 million.

(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	
	2024	2023
	in millions	
Audit services:		
Audit of the parent Company and financial statements	£ 6.8	£ 6.5
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	0.5
Total	**£ 7.4**	**£ 7.0**

(8) Staff Costs and Directors' Emoluments

Staff Costs

The total staff costs before capitalisation for the indicated periods are set forth below:

	Year ended 31 December	
	2024	2023
	in millions	
Wages and salaries	£ 843.6	£ 939.6
Social security costs	102.5	95.6
Pension costs — defined contribution plans	78.4	75.9
Share-based payments	40.8	24.9
Total	**£ 1,065.3**	**£ 1,136.0**

For further information on compensation of key management personnel, see note 9.

Average Staff Numbers

The average monthly number of employees for 2024 and 2023 are set forth below:

	Year ended 31 December	
	2024	2023
B2B	1,818	1,805
Commercial	8,952	8,668
Corporate and support	1,089	1,216
Network and technology	4,073	4,019
Average number of employees	**15,932**	**15,708**

Directors' Emoluments

	Year ended 31 December	
	2024	2023
	in millions	
Directors' remuneration	£ —	£ —
Amounts paid under vested long-term incentive plans	—	—
Total	**£ —**	**£ —**
Company contributions under defined contribution pension plans	£ —	£ —
Highest paid Director:		
Remuneration (including awards receivable under vested long-term incentive plans)	£ —	£ —
Company contributions under defined contribution pension plans	—	—
Total	**£ —**	**£ —**

	31 December	
	2024	2023
Number of Directors accruing benefits under pension plans	—	—

The Directors are not paid for their services to VMED O2 UK Limited by any company within the Group. Instead, they are directly remunerated by the Shareholders. VMED O2 UK Limited does not have access to the details of such amounts paid by the Shareholders to these Directors. The Board has delegated day-to-day management of VMED O2 UK Limited's business activities to the EMT, overseen by the Board and various Board Committees, and the Directors' involvement is minimal.

There were no other transactions with Directors during the year.

(9) 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	
	2024	2023
	in millions	
Salaries and short-term benefits [(a)]	£ 14.6	£ 13.7
Share-based compensation [(b)]	4.7	5.4
Post-employment benefits	0.1	0.1
Total	**£ 19.4**	**£ 19.2**

(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 £7.9 million (2023: £5.2 million) related to the JV long-term incentive plan is due to key management personnel with vesting expected from 2025. For additional information, see note 23.

(10) Dividends Paid

	Year ended 31 December	
	2024	2023
	in millions	
Dividends paid to the Shareholders	£ 850.0	£ 2,000.0
Dividends paid to non-controlling shareholders	19.9	—
Total	**£ 869.9**	**£ 2,000.0**

On 20 December 2024, the Company paid cash dividends of £850.0 million to its Shareholders.

Additionally, during 2024, the Group paid a £19.9 million cash dividend to non-controlling shareholders, refer to note 30 for details.

In 2023, the Company paid cash dividends of £325.0 million, £325.0 million, £675.0 million and £675.0 million on 21 March, 9 June, 28 September and 20 December, respectively.

(11) Intangible Assets

Changes in the carrying amounts of our goodwill and intangible assets subject to amortisation during 2024 and 2023 are as follows:

	Goodwill	Customer relationships	Mobile spectrum licences and other	Computer software	Intangible assets in progress	Total
	in millions					
Cost:						
1 January 2023	**£ 20,857.0**	**£ 7,713.0**	**£ 1,461.7**	**£ 887.8**	**£ 105.1**	**£ 31,024.6**
Additions	—	—	—	—	303.0	303.0
Retirements, disposals and other	—	—	—	(135.6)	—	(135.6)
Assets transferred into service	—	—	—	236.2	(236.2)	—
Impairment	(3,107.0)	—	—	—	—	(3,107.0)
31 December 2023	**17,750.0**	**7,713.0**	**1,461.7**	**988.4**	**171.9**	**28,085.0**
Additions	—	—	—	—	309.3	309.3
Retirements, disposals and other	—	—	—	(157.5)	—	(157.5)
Assets transferred into service	—	—	—	323.6	(323.6)	—
31 December 2024	**£ 17,750.0**	**£ 7,713.0**	**£ 1,461.7**	**£ 1,154.5**	**£ 157.6**	**£ 28,236.8**
Accumulated amortisation:						
1 January 2023	**£ —**	**£ (1,356.9)**	**£ (170.8)**	**£ (433.7)**	**£ —**	**£ (1,961.4)**
Amortisation	—	(857.0)	(92.8)	(287.5)	—	(1,237.3)
Retirements, disposals and other	—	—	—	135.9	—	135.9
31 December 2023	**—**	**(2,213.9)**	**(263.6)**	**(585.3)**	**—**	**(3,062.8)**
Amortisation	—	(857.0)	(81.8)	(281.8)	—	(1,220.6)
Retirements, disposals and other	—	—	—	157.1	—	157.1
31 December 2024	**£ —**	**£ (3,070.9)**	**£ (345.4)**	**£ (710.0)**	**£ —**	**£ (4,126.3)**
Intangible assets:						
31 December 2024	**£ 17,750.0**	**£ 4,642.1**	**£ 1,116.3**	**£ 444.5**	**£ 157.6**	**£ 24,110.5**
31 December 2023	**£ 17,750.0**	**£ 5,499.1**	**£ 1,198.1**	**£ 403.1**	**£ 171.9**	**£ 25,022.2**

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 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 a part of the business' ten-year plan. Given the capital-intensive nature of the plan in the initial years related to network expansion, our fibre upgrade programme, and 5G deployment, this has resulted in a view that the Group is not in a steady state. Using a ten-year period for the goodwill impairment analysis more accurately reflects the cash flows until the business reaches steady state.

The process of preparing the business plan takes into account past experience, current market conditions and challenges, the macroeconomic, competitive, regulatory and technological environment, the CGU's competitive position and future growth opportunities. Management consider EBITDA margin, WACC, terminal growth rate and terminal value capital intensity ratio to be key assumptions.

The EBITDA margin growth assumed in the business plan over the projected period is 3.9%. This is based on past experience, future pricing strategy and consequent customer behaviour, procurement requirements and benchmarking performed against comparable companies in the sector.

Future cash flow forecasts are discounted using the post-tax WACC, determined by the weighted average cost of equity and debt according to our financing structure and benchmarked against externally available data. The post-tax discount rate used in the value-in-use calculation as of 31 December 2024 and 2023 was 7.7% and 7.5%, respectively. The pre-tax discount rate at 31 December 2024 and 2023 was 8.3% and 8.3%, respectively.

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 2024 and 2023 was 1.0% and 1.0%, respectively.

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 as of 31 December 2024 and 2023 was 15.3% and 16.8% respectively.

As of 31 December 2024, the value-in-use of £32.5 billion exceeds our carrying value of £31.7 billion, resulting in headroom of £0.8 billion. For the year ended 31 December 2023, the value-in-use of £32.3 billion was less than the carrying value of £35.4 billion, resulting in a £3.1 billion impairment.

The goodwill calculation in the current year is sensitive to the following reasonably possible variations in key assumptions.

	Low Scenario	**High Scenario**
Terminal value EBITDA margin +/- 1%	No headroom	£0.8 billion more headroom
WACC +/- 0.5%	£1.7 billion impairment	£2.9 billion more headroom
Long-term growth rate +/- 0.25%	No headroom	£0.8 billion more headroom
Terminal year capital intensity ratio +/- 0.25%	£0.2 billion less headroom	£0.2 billion more headroom

(12) Property, Plant and Equipment

Changes in the carrying amounts of our property, plant and equipment during 2024 and 2023 are as follows:

	Plant and machinery	Land and buildings	Computer equipment, tools and other items	Property, plant and equipment in progress	Total
	in millions				
Cost:					
1 January 2023	**£ 9,524.8**	**£ 1,100.0**	**£ 1,406.6**	**£ 862.0**	**£ 12,893.4**
Additions	56.6	60.9	—	1,791.2	1,908.7
Retirements, disposals and other	(405.0)	(40.5)	(28.2)	(9.5)	(483.2)
Assets transferred into service	1,596.5	61.9	400.7	(2,059.1)	—
31 December 2023	**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)	—
31 December 2024	**£ 11,899.8**	**£ 1,392.5**	**£ 1,825.6**	**£ 978.8**	**£ 16,096.7**
Accumulated depreciation:					
1 January 2023	**£ (2,691.0)**	**£ (303.2)**	**£ (424.9)**	**£ —**	**£ (3,419.1)**
Depreciation	(1,419.6)	(187.2)	(361.1)	—	(1,967.9)
Retirements, disposals and other	394.3	15.9	27.9	—	438.1
31 December 2023	**(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
31 December 2024	**£ (4,683.7)**	**£ (528.2)**	**£ (877.9)**	**£ —**	**£ (6,089.8)**
Property, plant and equipment:					
31 December 2024	**£ 7,216.1**	**£ 864.3**	**£ 947.7**	**£ 978.8**	**£ 10,006.9**
31 December 2023	**£ 7,056.6**	**£ 707.8**	**£ 1,021.0**	**£ 584.6**	**£ 9,370.0**

During 2024 and 2023, we recorded non-cash increases to our property, plant and equipment related to vendor financing arrangements of £698.9 million and £716.7 million, respectively, which exclude related VAT of £131.4 million and £132.7 million, respectively, that were also financed under these arrangements.

(13) Trade Receivables and Other Assets

The details of our trade receivables and other non-current and current assets are set forth below:

	31 December 2024	2023
	in millions	
Trade receivables and other non-current assets:		
Contract assets	£ 97.1	£ 135.7
Contract-related costs	10.7	14.7
Net investment in lease	28.8	75.5
Prepayments	17.5	23.0
Restricted cash	29.4	43.3
Other	141.7	107.6
Total	**£ 325.2**	**£ 399.8**
Trade receivables and other current assets:		
Trade receivables	£ 677.7	£ 844.1
Contract assets	661.9	586.9
Contract-related costs	128.7	138.8
Net investment in lease	73.0	119.2
Prepayments	347.9	294.1
Unbilled revenue	138.7	140.3
Other	267.1	263.0
Total	**£ 2,295.0**	**£ 2,386.4**

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 benefitted, generally the contract life. If, however, the amortisation period is less than one year, we expense such costs in the period incurred. We amortised £179.1 million and £156.1 million during 2024 and 2023, 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 17.

The detailed ageing of our trade receivables and the related allowance for expected credit losses is set forth below:

	31 December 2024		31 December 2023	
	Trade receivables, gross	Allowance for expected credit losses	Trade receivables, gross	Allowance for expected credit losses
	in millions			
Not past due	£ 421.3	£ (14.4)	£ 647.0	£ (9.1)
1 - 90 days	268.5	(34.2)	128.2	(13.3)
90 - 360 days	132.9	(114.9)	98.6	(37.6)
Over 360 days	46.3	(26.0)	84.3	(36.4)
Total trade receivables	**£ 869.0**	**£ (189.5)**	**£ 958.1**	**£ (96.4)**

The development of our allowance for expected credit losses of trade receivables for the indicated periods is set forth below (in millions):

Allowance at 1 January 2023	**£**	**(83.0)**
Increase in allowance for expected credit losses		(131.4)
Write-off of receivables		118.0
Allowance at 31 December 2023		**(96.4)**
Increase in allowance for expected credit losses [(a)]		(155.6)
Write-off of receivables		62.5
Allowance at 31 December 2024	**£**	**(189.5)**

(a) The net impairment losses on financial and contract assets of £220.1 million presented in the consolidated statements of profit or (loss) includes the increase in the allowance for expected credit losses and losses on sale of receivables (securitisation) of £64.5 million.

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.

(14) 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 2024		2023	
	in millions			
Trade payables and other non-current liabilities:				
Contract liabilities	£	95.3	£	116.8
Other		118.9		90.0
Total	**£**	**214.2**	**£**	**206.8**
Trade payables and other current liabilities:				
Trade payables	£	1,469.6	£	1,454.2
Contract liabilities		515.3		522.6
Other taxes payable		548.4		553.4
Accrued capital expenditures		369.2		316.5
Accrued expenses		268.8		339.7
Other		503.3		428.6
Total	**£**	**3,674.6**	**£**	**3,615.0**

During 2024 and 2023, we recognised revenue of £485.3 million and £518.4 million, respectively, that was included in our contract liability balances at 31 December 2024 and 2023, respectively.

As of 31 December 2024 and 2023, £356.5 million and £330.5 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 2024 and 2023, £164.1 million and £180.9 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 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.

(15) Inventory

As of 31 December 2024 and 2023, our inventory was £203.5 million and £261.7 million, respectively. Our inventory primarily consists of mobile devices of £142.1 million (2023: £190.1 million) and inventory held for resale to nexfibre of £61.4 million (2023: £71.2 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.

(16) Debt

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

	31 December 2024		Principal amount	
	Weighted average interest rate [a]	Unused borrowing capacity [b]	31 December 2024	31 December 2023
			in millions	
VMED O2 Credit Facilities [c]	6.98 %	£ 1,378.0	£ 7,671.6	£ 8,082.6
VMED O2 Senior Secured Notes	4.77 %	—	8,798.1	7,999.1
VMED O2 Senior Notes	4.55 %	—	1,152.2	1,158.3
Vendor financing [d]	6.50 %	—	2,984.2	2,991.2
Cornerstone Loan [e]	7.10 %	93.0	194.5	188.0
Other [f]	6.37 %	—	320.3	293.7
Total third-party debt before deferred financing costs, discounts, premiums and accrued interest [g]	**5.85 %**	**£ 1,471.0**	**£ 21,120.9**	**£ 20,712.9**

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

	31 December 2024	31 December 2023
	in millions	
Total third-party debt before deferred financing costs, discounts, premiums and accrued interest	**£ 21,120.9**	**£ 20,712.9**
Deferred financing costs, discounts and premiums, net	(8.5)	5.7
Total carrying amount of third-party debt	**21,112.4**	**20,718.6**
Lease obligations (note 17)	950.8	750.8
Total third-party debt and lease obligations	**22,063.2**	**21,469.4**
Accrued interest	276.9	297.6
Related-party debt (note 27)	22.1	—
Total debt including interest and lease obligations	**£ 22,362.2**	**£ 21,767.0**
Non-current debt and lease obligations	**£ 18,569.1**	**£ 18,341.5**
Current portion of debt and lease obligations	**£ 3,793.1**	**£ 3,425.5**

(a) Represents the weighted average interest rate in effect at 31 December 2024 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 5.11% at 31 December 2024. For information regarding our derivative instruments, see note 20.

(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 and (ii) £54.0 million under Term Loan Z. Unused borrowing capacity represents the maximum availability under the VMED O2 Credit Facilities at 31 December 2024 without regard to covenant compliance calculations or other conditions precedent to borrowing. At 31 December 2024, 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 2024 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 2024, or the impact of additional amounts that may be available to borrow, loan or distribute under certain defined baskets within the VMED O2 Credit Facilities.

The Cornerstone Loan (as defined and described below) is a revolving loan facility with maximum borrowing capacity of £575.0 million. At 31 December 2024, our proportional share of the unused borrowing capacity of the Cornerstone Loan was £93.0 million.

(c) As of 31 December 2024 and 2023, principal amounts include £413.6 million and £37.0 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. 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. Please see further detail within our Maturities of Debt section below specifically around Vendor Financing.

(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 2024 and 2023, 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 £3,192.0 million and £2,509.9 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 £575.0 million revolving loan facility (the **Cornerstone Loan**). The Cornerstone Loan was issued at par, matures on 6 January 2027 and bears interest at a rate of Sterling Overnight Index Average (**SONIA**) + 2.0%, subject to a SONIA floor of 0.0%. Cornerstone periodically draws down and repays the Cornerstone Loan.

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

(g) As of 31 December 2024 and 2023, our debt had an estimated fair value of £20.1 billion and £19.8 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).

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 and 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 (an **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 an 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 2024 are summarised in the following table:

VMED O2 Notes	Maturity	Interest rate	Original issue amount	Outstanding principal amount: Borrowing currency	Outstanding principal amount: Pound sterling equivalent	Carrying value [a]
			in millions			
Senior Notes:						
2030 Dollar Senior Notes	15 July 2030	5.000%	$ 925.0	$ 925.0	£ 738.9	£ 738.2
2030 Euro Senior Notes	15 July 2030	3.750%	€ 500.0	€ 500.0	413.3	413.8
Total Senior Notes					**1,152.2**	**1,152.0**
Senior Secured Notes:						
2027 Sterling Senior Secured Notes	15 April 2027	5.000%	£ 121.8	£ 121.8	121.8	123.8
2029 4.00% Sterling Senior Secured Notes [b]	31 January 2029	4.000%	£ 600.0	£ 600.0	600.0	597.8
2029 Dollar Senior Secured Notes	15 May 2029	5.500%	$ 1,425.0	$ 1,425.0	1,138.3	1,184.3
2029 5.25% Sterling Senior Secured Notes	15 May 2029	5.250%	£ 340.0	£ 340.0	340.0	351.4
2030 4.25% Sterling Senior Secured Notes	15 January 2030	4.250%	£ 635.0	£ 635.0	635.0	635.7
2030 Dollar Senior Secured Notes	15 August 2030	4.500%	$ 915.0	$ 915.0	730.9	732.0
2030 4.125% Sterling Senior Secured Notes	15 August 2030	4.125%	£ 480.0	£ 480.0	480.0	479.1
2031 Euro Senior Secured Notes [b]	31 January 2031	3.250%	€ 950.0	€ 950.0	785.3	790.4
2031 4.25% Dollar Senior Secured Notes [b]	31 January 2031	4.250%	$ 1,350.0	$ 1,350.0	1,078.4	1,061.0
2031 4.75% Dollar Senior Secured Notes [b][c]	15 July 2031	4.750%	$ 1,400.0	$ 1,400.0	1,118.3	1,115.8
2031 Sterling Senior Secured Notes [b][c]	15 July 2031	4.500%	£ 675.0	£ 675.0	675.0	672.5
2032 Dollar Senior Secured Notes [b]	15 April 2032	7.750%	$ 750.0	$ 750.0	599.1	595.3
2032 Euro Senior Secured Notes [c]	15 April 2032	5.625%	€ 600.0	€ 600.0	496.0	492.6
Total Senior Secured Notes					**8,798.1**	**8,831.7**
Total					**£ 9,950.3**	**£ 9,983.7**

(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 Notes	Call Date
2030 Dollar Senior Notes	15 July 2025
2030 Euro Senior Notes	15 July 2025
2027 Sterling Senior Secured Notes	15 April 2027
2029 4.00% Sterling Senior Secured Notes	31 January 2024
2029 Dollar Senior Secured Notes	15 May 2024
2029 5.25% Sterling Senior Secured Notes	15 May 2024
2030 4.25% Sterling Senior Secured Notes	15 October 2024
2030 Dollar Senior Secured Notes	15 August 2025
2030 4.125% Sterling Senior Secured Notes	15 August 2025
2031 Euro Senior Secured Notes	31 January 2026
2031 4.25% Dollar Senior Secured Notes	31 January 2026
2031 4.75% Dollar Senior Secured Notes	15 July 2026
2031 Sterling Senior Secured Notes	15 July 2026
2032 Dollar Senior Secured Notes	15 April 2027
2032 Euro Senior Secured Notes	15 April 2027

VMED O2 may redeem some or all of the VMED O2 Senior Notes and the VMED O2 Senior Secured Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the applicable redemption date, as set forth below:

	Redemption Price						
	2030 Dollar Senior Notes	2030 Euro Senior Notes	2027 Sterling Senior Secured Notes	2029 4.00% Sterling Senior Secured Notes	2029 Dollar Senior Secured Notes	2029 5.25% Sterling Senior Secured Notes	2030 4.25% Sterling Senior Secured Notes
12-month period commencing	15 July	15 July	15 April	31 January	15 May	15 May	15 October
2025	102.500 %	101.875 %	100.000 %	101.000 %	101.375 %	101.313 %	101.063 %
2026	101.250 %	100.938 %	100.000 %	100.000 %	100.000 %	100.000 %	100.531 %
2027	100.625 %	100.469 %	N/A	100.000 %	100.000 %	100.000 %	100.000 %
2028	100.000 %	100.000 %	N/A	100.000 %	100.000 %	100.000 %	100.000 %

	Redemption Price							
	2030 Dollar Senior Secured Notes	2030 4.125% Sterling Senior Secured Notes	2031 Euro Senior Secured Notes	2031 4.25% Dollar Senior Secured Notes	2031 4.75% Dollar Senior Secured Notes	2031 Sterling Senior Secured Notes	2032 Dollar Senior Secured Notes	2032 Euro Senior Secured Notes
12-month period commencing	15 August	15 August	31 January	31 January	15 July	15 July	15 April	15 April
2025	102.250 %	102.063 %	N/A	N/A	N/A	N/A	N/A	N/A
2026	101.125 %	101.031 %	101.625 %	102.125 %	102.375 %	102.250 %	N/A	N/A
2027	100.563 %	100.516 %	100.813 %	101.063 %	101.188 %	101.125 %	103.875 %	102.813 %
2028	100.000 %	100.000 %	100.406 %	100.530 %	100.594 %	100.563 %	101.938 %	101.406 %
2029	100.000 %	100.000 %	100.000 %	100.000 %	100.000 %	100.000 %	100.000 %	100.000 %

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 2024 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 (a)
				in millions		
Senior Secured Facilities:						
N [b]	31 January 2028	Term SOFR+2.50%	$ 3,300.0	£ 2,635.9	£ —	£ 2,630.7
O [c]	31 January 2029	EURIBOR+2.50%	€ 750.0	620.0	—	618.3
Q [b]	31 January 2029	Term SOFR+3.25%	$ 1,300.0	1,038.4	—	1,038.8
R [c]	31 January 2029	EURIBOR+3.25%	€ 750.0	620.0	—	620.6
S [d]	31 January 2029	4.000%	£ 600.0	597.8	—	597.8
T [d]	31 January 2031	3.250%	€ 950.0	790.4	—	790.4
U [d]	31 January 2031	4.250%	$ 1,350.0	1,061.0	—	1,061.0
V [d]	15 July 2031	4.500%	£ 675.0	672.5	—	672.5
W [d]	15 July 2031	4.750%	$ 1,400.0	1,115.8	—	1,115.8
X1 [e]	30 September 2029	SONIA+3.25%	£ 750.0	750.0	—	738.2
Y [b][e]	31 March 2031	Term SOFR+3.25%	$ 1,250.0	998.5	—	985.8
Z [c][e]	15 October 2031	EURIBOR+3.50%	€ 720.0	595.2	—	586.8
AA [d]	15 April 2032	5.625%	€ 600.0	492.6	—	492.6
AB [d]	15 April 2032	7.750%	$ 750.0	595.3	—	595.3
Revolving Facility [f]	30 September 2026	SONIA+2.75%	£ 54.0	—	54.0	—
Revolving Facility [f]	30 September 2029	SONIA+2.75%	£ 1,324.0	—	1,324.0	—
Elimination of Facilities S, T, U, V, W, AA and AB in consolidation [d]				(5,325.4)	—	(5,325.4)
Total Senior Secured Facilities				**7,258.0**	**1,378.0**	**7,219.2**
Senior Facilities:						
Financing Facility III [g]	15 July 2028	4.875%	£ 900.0	43.2	—	42.3
Financing Facility IV [g]	15 July 2028	5.000%	$ 500.0	14.1	—	14.1
Financing Facility V [g]	15 March 2032	7.875%	£ 400.0	356.3	—	356.3
Total Senior Facilities				**413.6**	**—**	**412.7**
Total				**£ 7,671.6**	**£ 1,378.0**	**£ 7,631.9**

(a) Amounts are net of deferred financing costs and discounts, where applicable.
(b) Facility N, 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 LIBOR to Term SOFR, see note 19.
(c) Facility O, Facility R and Facility Z are each subject to a EURIBOR, and any applicable credit adjustment spread, floor of 0.0%.
(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 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. 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 2024.

In January 2024, we drew down €20.0 million under Term Loan Z. The proceeds were used for refinancing.

In February 2024, we reduced our 2026 tranche of the Revolving Facility by £54.0 million.

In March 2024, certain lenders under Term Loan X extended the maturity of their commitments to 30 September 2029. This was effected by way of such lenders under Term Loan X converting their respective commitments in Term Loan X into commitments under a new Term Loan X1. Term Loan X was then reduced by £46.8 million resulting in the residual principal amount of £236.9 million. The principal amount of Term Loan X1 is £750.0 million (which includes additional borrowings of £33.7 million). The additional proceeds, £33.7 million, were used for refinancing.

In April 2024, we issued €600.0 million principal amount of euro-denominated senior secured notes and $750.0 million principal amount of US dollar-denominated senior secured notes. These notes were issued at par, mature on 15 April 2032 and bear interest at a rate of 5.625% and 7.75%, respectively. The proceeds from these 2032 Senior Secured Notes were used to (i) purchase and cancel £335.7 million outstanding principal of our existing 2027 Sterling Senior Secured Notes and (ii) repay £296.1 million, £258.7 million and £236.9 million of Facility L, M and X, respectively, under the VMED O2 Credit Facilities. As per our policy, the interest and foreign currency risk of such refinancing activity is mitigated through our derivative portfolio.

In December 2024, 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 £400.0 million principal amount of 7.875% vendor financing notes at par due 15 March 2032 (**2032 Vendor Financing Notes**). The net proceeds from this note are to be used by the Virgin Media O2 Financing V Company to purchase certain vendor-financed receivables owed by our Company to various other third parties. To the extent that the proceeds from the 2032 Vendor Financing Notes exceed the amount of vendor-financed receivables purchased, the excess proceeds are used to fund excess cash facilities junior to our senior secured credit facilities.

Maturities of Debt

Maturities of our debt as of 31 December 2024 are presented below:

Year ending 31 December:	Third-party debt [a]	Related-party debt	Total
	in millions		
2025 [b]	£ 3,329.7	£ 22.1	£ 3,351.8
2026	341.8	—	341.8
2027	350.6	—	350.6
2028	2,646.9	—	2,646.9
2029	5,106.8	—	5,106.8
Thereafter	9,345.1	—	9,345.1
Total debt maturities [c]	**21,120.9**	**22.1**	**21,143.0**
Accrued interest	276.9	—	276.9
Deferred financing costs, discounts and premiums, net	(8.5)	—	(8.5)
Total debt	**£ 21,389.3**	**£ 22.1**	**£ 21,411.4**
Non-current portion	**£ 17,781.6**	**£ —**	**£ 17,781.6**
Current portion	**£ 3,607.7**	**£ 22.1**	**£ 3,629.8**

(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 £2,984.2 million, as set forth below:

Year ending 31 December:	in millions
2025	£ 2,923.7
2026	21.5
2027	34.3
2028	4.5
2029	0.2
Total vendor financing maturities [a][b]	**£ 2,984.2**
Non-current portion	**£ 60.5**
Current portion	**£ 2,923.7**

(a) Virgin Media Vendor Financing Notes III Designated Activity Company and Virgin Media Vendor Financing Notes IV Designated Activity Company (together, the 2020 VM Financing Companies) have issued an aggregate £1,299.4 million equivalent of notes maturing in July 2028. The net proceeds from these notes are used by the 2020 VM Financing Companies to purchase from various third parties certain vendor financed receivables owed by certain of our subsidiaries. To the extent the proceeds from these notes exceed the amount of vendor financed receivables available to be purchased, the excess proceeds are used to fund excess cash facilities under our senior credit facilities. The 2020 VM Financing Companies can request the excess cash facilities be repaid by certain of our subsidiaries as additional vendor financed receivables become available for purchase.
(b) Virgin Media O2 Vendor Financing Notes V have issued £400.0 million equivalent of note maturing in March 2032. The net proceeds from this note are used by the Virgin Media O2 Financing V Company to purchase from various third parties certain vendor financed receivables owed by certain of our subsidiaries. As at 31 December 2024, the total vendor financed receivables purchased from various third parties amounted to £45.0 million with the remaining balance used to fund excess cash facilities under our senior credit facilities. The Virgin Media O2 Financing V Company can request the excess cash facilities be repaid by certain of our subsidiaries as additional vendor financed receivables become available for purchase.

As of 31 December 2024, £2,923.7 million 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 48 days to a period that exceeds 180 days but which is less than 365 days.

As of 31 December 2024, £60.5 million 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 48 days to a period that exceeds 365 days but which is less than four 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:

	2024	2023
	in millions	
Balance at 1 January	**£ 2,991.2**	**£ 2,442.7**
Operating-related vendor financing additions	3,192.0	2,509.9
Capital-related vendor financing additions	830.3	716.7
Principal payments on operating-related vendor financing	(3,142.5)	(1,894.6)
Principal payments on capital-related vendor financing	(883.4)	(916.6)
Foreign currency and other	(3.4)	133.1
Balance at 31 December	**£ 2,984.2**	**£ 2,991.2**

(17) Leases

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

ROU Assets
A summary of the changes in our ROU assets during 2024 and 2023 is set forth below:

	Land and buildings	Plant and machinery	Total
	in millions		
Cost:			
1 January 2023	**£ 857.8**	**£ 210.3**	**£ 1,068.1**
Additions	60.9	56.6	117.5
Retirements and disposals	(26.6)	(26.4)	(53.0)
31 December 2023	**892.1**	**240.5**	**1,132.6**
Additions	321.0	135.2	456.2
Retirements and disposals	(141.1)	(34.7)	(175.8)
31 December 2024	**£ 1,072.0**	**£ 341.0**	**£ 1,413.0**
Accumulated depreciation:			
1 January 2023	**£ (220.3)**	**£ (83.4)**	**£ (303.7)**
Depreciation	(125.8)	(56.1)	(181.9)
Retirements and disposals	16.3	13.8	30.1
31 December 2023	**(329.8)**	**(125.7)**	**(455.5)**
Depreciation	(126.3)	(60.7)	(187.0)
Retirements and disposals	105.6	19.8	125.4
31 December 2024	**£ (350.5)**	**£ (166.6)**	**£ (517.1)**
ROU assets, net:			
31 December 2024	**£ 721.5**	**£ 174.4**	**£ 895.9**
31 December 2023	**£ 562.3**	**£ 114.8**	**£ 677.1**

Our ROU assets are included in property, plant and equipment, in our consolidated statements of financial position. During the year ended 31 December 2024 and 2023, we recorded non-cash additions to our ROU assets associated with leases of £456.2 million and £117.5 million, respectively. At 31 December 2024 and 2023, the weighted average remaining lease term of our ROU assets was 9.0 years and 9.6 years, respectively, and the weighted average discount rate was 5.8% and 5.2%, respectively.

In August 2024, Cellnex UK (**Cellnex**), Vodafone and VMED O2 signed a new long-term agreement for Cellnex to provide tower infrastructure and associated services. This new agreement replaced a prior agreement that Cornerstone held directly with Cellnex. This resulted in the recognition of a ROU asset and lease liability, amounting to £202.0 million in the period. An immaterial disposal was recorded in the period to reflect our share of the relevant leases that Cornerstone previously held with Cellnex.

Lease Liabilities
Maturities of our lease liabilities are presented below:

	31 December 2024	2023
	in millions	
Not later than one year	£ 213.4	£ 209.4
Later than one year and not later than five years	593.0	451.5
Later than five years	467.4	352.6
Total payments	**1,273.8**	**1,013.5**
Less: present value discount	(323.0)	(262.7)
Present value of lease payments	**£ 950.8**	**£ 750.8**
Non-current portion [(a)]	**£ 787.5**	**£ 576.5**
Current portion [(a)]	**£ 163.3**	**£ 174.3**

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

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

	Year ended 31 December 2024	2023
	in millions	
Depreciation:		
Land and buildings	£ 126.3	£ 125.8
Plant and machinery	60.7	56.1
Total depreciation	**187.0**	**181.9**
Interest expense	43.6	44.7
Total lease expense	**£ 230.6**	**£ 226.6**

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 2024 and 2023 were £240.8 million and £229.2 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 2024 and 2023, we recognised net gains of £36.6 million and £75.5 million, respectively, and interest income of £3.7 million and £1.4 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 2024	2023
	in millions	
Not later than one year	£ 75.8	£ 124.8
Later than one year and not later than five years	33.6	80.7
Total undiscounted lease receivables	**109.4**	**205.5**
Less: unearned finance income	(7.6)	(10.8)
Net investment in leases	**£ 101.8**	**£ 194.7**

(18) Provisions

A summary of the changes in our provisions during the indicated periods is set forth below:

	Restructuring [a]	Asset retirement obligations [b]	Other	Total
	in millions			
Balance at 1 January 2023	**£ 41.0**	**£ 145.7**	**£ 5.3**	**£ 192.0**
Disposals of property, plant and equipment and other	—	(9.1)	—	(9.1)
Additions to property, plant and equipment	—	7.6	—	7.6
Net charges (credits) included in other expenses in the consolidated statements of profit or (loss)	100.4	(1.1)	(0.5)	98.8
Cash payments	(93.2)	(1.6)	—	(94.8)
Reclassifications	(0.2)	—	—	(0.2)
Balance at 31 December 2023	**48.0**	**141.5**	**4.8**	**194.3**
Disposals of property, plant and equipment and other	—	(10.1)	—	(10.1)
Additions to property, plant and equipment	—	12.7	—	12.7
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)
Balance at 31 December 2024	**£ 16.0**	**£ 140.2**	**£ 4.3**	**£ 160.5**
Non-current	—	138.6	0.5	139.1
Current	48.0	2.9	4.3	55.2
Balance at 31 December 2023	**48.0**	**141.5**	**4.8**	**194.3**
Non-current	—	134.4	0.5	134.9
Current	16.0	5.8	3.8	25.6
Balance at 31 December 2024	**£ 16.0**	**£ 140.2**	**£ 4.3**	**£ 160.5**

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

(b) VMED O2 has certain legal obligations, principally relating to the restoration of leased property to its original condition at the end of the lease term. The provision is based on assumptions covering the discount rate, expected lease renewals and the expected cost of restoring the sites. The payment dates of these asset retirement costs are uncertain but, as of 31 December 2024 and 2023, are anticipated to be over the next 21 and 26 years, respectively. The provision recognised represents the best estimate of the expenditure required to settle the present obligation at 31 December 2024. Such cost estimations, expressed at current price levels at the date of the estimate, are discounted using per annum rates in the range of 4.0% to 5.1% and 3.8% to 4.1% at 31 December 2024 and 2023, respectively. The initial discounted cost amount has been capitalised as part of property, plant and equipment and depreciated over the life of the assets.

(19) 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 13.

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 2024, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of £529.9 million, (ii) aggregate undrawn debt facilities of £1,471.0 million and (iii) cash and cash equivalents of £1,128.3 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 16.

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 27). 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 pursuant to the Shareholders Agreement (as defined in note 27), (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 16. 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 16. It is the intention of the Shareholders that the Joint Venture remains 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 2024:

	Payments (receipts) due during:						
	2025	**2026**	**2027**	**2028**	**2029**	**Thereafter**	**Total**
	in millions						
Debt:							
Principal – third-party	£ 3,329.7	£ 341.8	£ 350.6	£ 2,646.9	£ 5,106.8	£ 9,345.1	£ 21,120.9
Principal – related-party	22.1	—	—	—	—	—	22.1
Interest [(a)]	1,279.3	1,082.2	1,056.3	898.4	624.6	825.3	5,766.1
Leases [(a)]	213.4	189.7	169.7	147.3	86.3	467.4	1,273.8
Projected derivative cash payments (receipts), net [(b)]	(24.2)	137.4	199.0	(17.7)	(39.3)	(98.4)	156.8
Total	**£ 4,820.3**	**£ 1,751.1**	**£ 1,775.6**	**£ 3,674.9**	**£ 5,778.4**	**£ 10,539.4**	**£28,339.7**

(a) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of 31 December 2024. 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 2024. 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 20.

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 20.

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 2024, the outstanding principal amount of our variable-rate indebtedness aggregated £6.9 billion and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 6.8%, 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 £34.5 million. As discussed above and in note 20, 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 2024 amounted to £2.3 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 2024, 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 20.

Currently, the UK is facing various macroeconomic 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 20.

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 16.

(20) 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 2024			31 December 2023		
	Non-current	Current	Total	Non-current	Current	Total
	in millions					
Assets:						
Cross-currency derivative contracts [(a)]	£ 361.3	£ 188.2	£ 549.5	£ 337.3	£ 166.8	£ 504.1
Interest rate derivative contracts [(a)]	446.9	274.5	721.4	488.0	253.3	741.3
Foreign currency forward and option contracts	—	0.9	0.9	—	0.5	0.5
Total	**£ 808.2**	**£ 463.6**	**£ 1,271.8**	**£ 825.3**	**£ 420.6**	**£ 1,245.9**
Liabilities:						
Cross-currency derivative contracts [(a)]	£ 216.8	£ 152.7	£ 369.5	£ 339.7	£ 57.9	£ 397.6
Interest rate derivative contracts [(a)]	51.9	337.3	389.2	204.3	309.3	513.6
Foreign currency forward and option contracts	—	1.6	1.6	—	0.4	0.4
Total	**£ 268.7**	**£ 491.6**	**£ 760.3**	**£ 544.0**	**£ 367.6**	**£ 911.6**

(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 (losses) gains of (£28.8 million) and £44.7 million during 2024 and 2023, 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 21.

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

	Year ended 31 December	
	2024	2023
	in millions	
Cross-currency derivative contracts	£ 171.6	£ (695.6)
Interest rate derivative contracts	223.9	(100.4)
Foreign currency forward and option contracts	(3.2)	(8.0)
Total	**£ 392.3**	**£ (804.0)**

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 inflows of our derivative instruments:

	Year ended 31 December	
	2024	2023
	in millions	
Operating activities		
Derivative receipts	£ 210.9	£ 242.9
Financing activities		
Net cash received (paid) related to derivative instruments	4.1	(9.1)
Total	**£ 215.0**	**£ 233.8**

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 2024 and 2023, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £529.9 million and £567.9 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 2024, 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 2024					31 December 2023				
Notional amount due from counterparty		Notional amount due to counterparty		Weighted average remaining life	Notional amount due from counterparty		Notional amount due to counterparty		Weighted average remaining life
in millions				in years	in millions				in years
$	16,502.9	£	13,052.9 [(a)]	2.9	$	15,472.9	£	12,239.6 [(a)]	3.9
€	4,420.0	£	3,935.8	4.6	€	3,800.0	£	3,403.7	5.5
£	1,005.5	$	1,445.0 [(b)]	0.1	£	1,005.5	$	1,445.0 [(b)]	1.1
$	500.0	£	394.2	0.5	$	500.0	£	394.2	1.5
$	166.6	€	150.0	3.5	$	166.6	€	150.0	4.5

(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 [(a)]			Receive fixed rate		
	Notional amount		Weighted average remaining life	Notional amount		Weighted average remaining life
	in millions		in years	in millions		in years
31 December 2024	£	12,779.5	2.8	£	4,609.2	0.6
31 December 2023	£	10,883.8	3.2	£	4,510.2	1.3

(a) Includes forward-starting derivative instruments.

Interest Rate Swap Options

From time to time, we enter into interest rate swap options (**swaptions**), which give us the right, but not the obligation, to enter into certain interest rate swap contracts at set dates in the future. Such contracts typically have a life of no more than three years. At the transaction date, the strike rate of each of these contracts was above the corresponding market rate. As of 31 December 2024, the option expiration period on each of our swaptions had expired.

Basis Swaps

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and (iii) the borrowing period. We typically enter into these swaps to optimise our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At 31 December 2024 and 2023, the total pound sterling equivalent of the notional amounts due from the counterparty was £5.5 billion and £5.5 billion respectively. The related weighted average remaining contractual life of our basis swap contracts at 31 December 2024 and 2023 was 0.6 and 0.3 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 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. At 31 December 2023, the pound sterling equivalent of the notional amounts of our purchased interest rate caps and floors were £1.3 billion and £4.4 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 93 basis points and 95 basis points to our borrowing costs at 31 December 2024 and 2023, respectively.

Foreign Currency Forwards and Options
We enter into foreign currency forward and option contracts with respect to non-functional currency exposure. As of 31 December 2024 and 2023, the total of the notional amounts of our foreign currency forward and option contracts was £271.7 million and £160.6 million, respectively.

(21) 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 2024 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 20. 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 20.

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

All the fair values of our financial assets, financial liabilities and inventory equates to the carrying values, except for the debt obligations (see note 16).

(22) Investments

Name	Country of incorporation principal place of business	Proportion of ownership interest held as at 31 December 2024
Tesco Mobile Limited	United Kingdom	50%

We account for investments over which we exercise significant influence under the equity method in our Consolidated Financial Statements.

The carrying amount of our equity method investment in the Tesco Mobile JV was £14.4 million and £11.2 million as of 31 December 2024 and 2023, respectively. During 2024 and 2023, we recognised comprehensive income of £3.2 million and £1.6 million, respectively, related to this investment.

(23) 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 consolidated equity, offset by any amounts recharged to us.

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.

All outstanding incentive awards for the Joint Venture long-term incentive plan will vest during 2025 and 2026. The total share-based compensation expense of £40.8 million and £24.9 million, for the years ended 31 December 2024 and 31 December 2023, respectively, is included within other expenses in our consolidated statements of profit or (loss). In addition, a liability of £64.7 million and £27.1 million, for the years ended 31 December 2024 and 31 December 2023, respectively, relating to the JV long-term incentive plan is included within trade payable and other non-current liabilities in our consolidated statements of financial position.

(24) 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 (**NTL**);
- The NTL 1999 Pension Scheme (**NTL 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 remains open to new entrants and further contributions and the employer contributions are recognised as part of our staffing costs.

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. All of the defined benefit plans are closed to new entrants and further benefit accrual.

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.

The trustees of the three funded defined benefit plans have invested the majority of the assets in bulk annuity insurance policies that fully match all of the liabilities of these pension plans. Residual plan assets are invested in predominantly in cash or cash equivalents.

A valuation of our defined benefit plans was undertaken as of 31 December 2024 by suitably qualified independent actuaries. The majority of our defined benefit plan assets are invested in bulk annuity insurance policies that fully 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 current year.

Pension Buy-ins
On 25 November 2024 the Trustees of the Telefonica UK Pension Plan purchased a bulk purchase annuity policy with 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 2024 and 2023 arising from obligations related to our defined benefit plans under IAS 19 are as follows:

	31 December 2024		31 December 2023	
	Funded	Unfunded	Funded	Unfunded
	in millions			
Fair value of plan assets	£ 1,429.3	£ —	£ 1,801.3	£ —
Projected benefit obligation	(1,355.8)	(2.8)	(1,516.6)	(3.1)
Net asset (liability) [(a)]	**£ 73.5**	**£ (2.8)**	**£ 284.7**	**£ (3.1)**

(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):

Balance at 1 January 2023	**£ 1,824.4**
Return on assets (excluding interest income)	(40.4)
Employer contributions	1.0
Benefits paid	(64.8)
Interest income	85.5
Administration costs	(4.4)
Balance at 31 December 2023	**1,801.3**
Return on assets (excluding interest income)	(381.3)
Employer contributions	1.4
Benefits paid	(66.2)
Interest income	79.8
Administration costs	(5.7)
Balance at 31 December 2024	**£ 1,429.3**

We expect to contribute £1.0 million to our defined benefit plans during the year ending 31 December 2025 relating to the expected administration costs of the Telefónica UK Pension Plan, NTL and NTL 99.

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	
Balance at 1 January 2023	**£ (1,464.2)**	**£ (4.3)**
Actuarial loss on financial assumptions	(18.7)	—
Benefits paid	64.8	2.0
Actuarial gain on demographic assumptions	21.8	—
Interest cost	(68.4)	(0.2)
Actuarial loss on experience adjustments	(51.9)	(0.6)
Balance at 31 December 2023	**(1,516.6)**	**(3.1)**
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)
Balance at 31 December 2024	**£ (1,355.8)**	**£ (2.8)**

Our defined benefit plans assets as of 31 December 2024 comprise the following:

	L1	L2	L3	
	Listed	Listed	Unlisted	Total
	in millions			
Cash and cash equivalents	£ 90.3	£ —	£ —	£ 90.3
Deferred premium	(22.0)	—	—	(22.0)
Derivatives	—	0.1	—	0.1
Bonds	—	3.6	—	3.6
Insurance policies	—	—	1,356.5	1,356.5
Property	—	0.8	—	0.8
Total	**£ 68.3**	**£ 4.5**	**£ 1,356.5**	**£ 1,429.3**

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 income (loss) are set forth below:

	Year ended 31 December			
	2024		2023	
	Funded	Unfunded	Funded	Unfunded
	in millions			
Return on plan assets in excess of interest income	£ (381.3)	£ —	£ (40.4)	£ —
Actuarial gain on demographic assumptions	43.9	0.1	21.8	—
Actuarial gain (loss) on financial assumptions	173.4	0.3	(18.7)	—
Actuarial loss on experience adjustments	(48.2)	(0.2)	(51.9)	(0.6)
Total (loss) gain in other comprehensive (loss) income	**£ (212.2)**	**£ 0.2**	**£ (89.2)**	**£ (0.6)**

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 2024 are as follows:

	Telefonica UK and Unfunded Pension Plan	NTL and Unfunded ACP	NTL 99
Life expectancy (male currently aged 60/40) (in years)	85.6 / 86.8	86.6 / 87.8	86.1 / 87.3
Life expectancy (female currently aged 60/40) (in years)	88.6 / 89.7	88.7 / 89.8	88.3 / 89.5
Discount rate	5.6 %	5.5 %	5.5 %
Inflation assumptions:			
RPI	3.1 %	3.2 %	3.1 %
CPI	2.6 %	2.7 %	2.6 %
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)_2023 projections with long-term rate of improvement of 1.00% per annum, w2023 of 15%, and an initial addition of 0.25% for each of the plans.		

At 31 December 2024, the weighted average duration of the defined benefit obligation of our Telefonica UK funded and unfunded Pension Plan, NTL funded and unfunded ACP, and NTL 99 funded plans were 16, 10 and 14 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 sensitivity analysis, 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 (**RPI**), 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 defined benefit obligation as of 31 December 2024 (in millions):

Decrease discount rate by 0.25%	£	41.6
Increase inflation rate by 0.25%	£	33.9
Increase life expectancy by 1 year	£	34.9

As of 31 December 2024, the expected future benefit payments from the plans are as follows:

	Funded	Unfunded
	in millions	
Year ending 31 December:		
2025	£ 68.2	£ 0.2
2026	70.0	0.2
2027	71.8	0.2
2028	73.7	0.2
2029	75.6	0.2
Thereafter	2,947.8	4.9
Total	**£ 3,307.1**	**£ 5.9**

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 income for 2024 and 2023 was £59.3 million and £75.9 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 the Company has appointed Fidelity to administer and manage the plan, which is regulated by the FCA. 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.

(25) 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	
	2024	2023 Restated
	in millions	
Finance costs:		
Interest expense	£ (1,342.9)	(1,274.5)
Realised and unrealised losses on derivative instruments [(a)]	—	(804.0)
Foreign currency transaction losses	(734.7)	(412.1)
Losses on debt extinguishment	(0.8)	(4.0)
Total finance costs	**(2,078.4)**	**(2,494.6)**
Finance income:		
Interest income	42.8	50.0
Realised and unrealised gains on derivative instruments [(a)]	392.3	—
Foreign currency transaction gains	705.7	1,001.3
Gains on debt extinguishment	3.0	13.7
Total finance income	**1,143.8**	**1,065.0**
Net finance costs	**£ (934.6)**	**£ (1,429.6)**

(a) Prior year amounts have been restated to align with current year presentation, rather than the previously reported gross gains and losses. Specifically, amounts have been reclassified to present the net position of realised and unrealised gains on derivative instruments. Realised and unrealised losses on derivative instruments have been restated by £334.9 million from £1,138.9 million to £804.0 million. Realised and unrealised gains on derivative instruments has been restated by the same amount from £334.9 million to nil. This restatement is to reflect the true nature of how realised and unrealised (losses) gains on derivative instruments are utilised to manage interest rate and foreign currency risks in the business. There is no change to net finance costs.

(26) 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 (expense) benefit are as follows:

	Year ended 31 December	
	2024	2023
	in millions	
Current tax (expense) benefit:		
Current year	£ (16.1)	£ (12.8)
Recognition of previously unrecognised tax benefits	—	12.8
Adjustments for previous years	(1.2)	0.4
Total current year (expense) benefit	**(17.3)**	**0.4**
Deferred tax (expense) benefit:		
Origination and reversal of temporary differences and tax losses	(16.5)	183.4
Adjustments for previous years	15.3	31.2
Change in UK statutory tax rate	—	12.0
Recognition of previously unrecognised tax benefits	—	2.8
Total deferred tax (expense) benefit	**(1.2)**	**229.4**
Total income tax (expense) benefit	**£ (18.5)**	**£ 229.8**

During 2024 and 2023, deferred tax benefits of £54.2 million and £20.4 million respectively, were recorded in other comprehensive loss.

Income tax (expense) benefit attributable to our profit (loss) 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	
	2024	2023
	in millions	
Profit (loss) before income taxes	**£ 2.0**	**£ (3,872.0)**
Computed "expected" tax (expense) benefit [(a)]	**£ (0.5)**	**£ 909.9**
Adjustment relating to prior years	14.1	31.6
Foreign taxes	(13.9)	7.6
Expenses not deductible for tax purposes	(10.4)	(7.2)
Fixed asset differences	(7.7)	6.5
Non-deductible goodwill impairment	—	(730.1)
Impact of changes in tax rates on deferred tax assets and liabilities	—	12.0
Other	(0.1)	(0.5)
Total income tax (expense) benefit	**£ (18.5)**	**£ 229.8**

(a)The statutory or "expected" tax rates are the UK statutory rate of 25.0% for 2024 and the UK blended statutory rate of 23.5% for 2023. The UK corporate income tax rate increased from 19.0% to 25.0% from 1 April 2023.

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 2024	Recognised in profit or (loss)	Recognised in other comprehensive income (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)
Deferred tax asset	**£ 318.2**	**£ (1.2)**	**£ 54.2**	**£ 371.2**

	1 January 2023	Recognised in profit or (loss)	Recognised in other comprehensive income (loss)	31 December 2023
	in millions			
Property, plant and equipment	£ 1,641.9	£ (71.1)	£ —	£ 1,570.8
Intangible assets	(1,590.5)	202.4	—	(1,388.1)
Tax losses	217.8	5.5	—	223.3
Pensions	(86.7)	(3.4)	21.5	(68.6)
Other	(114.1)	96.0	(1.1)	(19.2)
Deferred tax asset	**£ 68.4**	**£ 229.4**	**£ 20.4**	**£ 318.2**

Our recognised deferred tax balances as of 31 December 2024 and 2023 are set forth below:

	31 December 2024		31 December 2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	in millions			
Property, plant and equipment	£ 1,381.3	£ —	£ 1,570.8	£ —
Intangible assets	—	(1,168.3)	—	(1,388.1)
Tax losses	213.5	—	223.3	—
Pensions	—	(15.2)	—	(68.6)
Other	79.2	(119.3)	78.2	(97.4)
Deferred tax asset (liability)	**£ 1,674.0**	**£ (1,302.8)**	**£ 1,872.3**	**£ (1,554.1)**
Offset between deferred tax assets and liabilities	(1,302.8)	1,302.8	(1,554.1)	1,554.1
Net deferred tax asset	**£ 371.2**	**£ —**	**£ 318.2**	**£ —**

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 £371.2 million for the year ended 31 December 2024. Of this, the largest component relates to property, plant and equipment (**PPE**) 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 (**PPA**) intangible assets. We have reviewed the financial forecasts as described in note 11 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 PPE will have substantially all unwound within 20 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 10 years.

Our gross unrecognised deferred tax assets and tax loss carryforwards as of 31 December 2024 and 2023 are as follows:

	31 December 2024	2023
	in millions	
Capital losses	£ 12,101.6	£ 12,101.6
Tax losses	29.4	29.4
Deductible temporary differences	117.3	117.1
Total	**£ 12,248.3**	**£ 12,248.1**

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 2024 and 2023, we recorded provisions for uncertain tax positions of £7.5 million and £6.5 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 at 31 December 2024. We will continue to monitor additional guidance as it is issued to assess the impact to our tax position.

A global minimum effective tax rate of 15.0% applies in the UK for accounting periods starting on or after 31 December 2023. The legislation implements a domestic top-up tax and a multinational top-up tax. This legislation did not have an impact on our Consolidated Financial Statements as at 31 December 2024. We will continue to monitor future legislation and any additional guidance that is issued.

(27) 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 Telefonica UK 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 Telefonica UK having joint control over decision-making with respect to the Joint Venture and each Shareholder has the right to initiate an initial public offering after the third anniversary of the closing.

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

During the first quarter of 2024, we changed the terms related to and approach to how we reflect charges for certain products and services received from Liberty Global under the JV Services Agreement, specifically, CPE and embedded essential software. As a result of a contractual change, we now procure and capitalise the combined cost of the CPE and the embedded essential software as property, plant and equipment additions. Prior to 2024, while CPE was capitalised, it was procured directly by VMED O2, with the related embedded essential software procured through Liberty Global and reflected within other expenses in the comparative periods.

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 FTTH network in the UK under the brand name "nexfibre". nexfibre has a target to roll out fibre to five million greenfield homes not currently served by 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.

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	
	2024	2023
	in millions	
Credits (charges) included in:		
Revenue	£ 1,054.6	£ 903.3
Cost of sales	(1.5)	(1.4)
Other expenses	(173.2)	(259.6)
Share-based compensation expense	(2.1)	(15.5)
Included in net profit (loss)	**£ 877.8**	**£ 626.8**
Property, plant and equipment transfers	**£ 50.7**	**£ 5.2**

Revenue. 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.

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

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

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

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

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

	31 December 2024	31 December 2023 Restated
	in millions	
Assets:		
Trade receivables [(a)]	£ 46.2	£ 75.5
Contract assets [(b)]	114.0	112.7
Other current assets [(b)(c)]	79.8	78.0
Total	**£ 240.0**	**£ 266.2**
Liabilities:		
Lease obligations [(d)]	£ 108.1	£ 108.5
Other non-current liabilities [(e)]	117.7	80.2
Current related-party debt [(f)]	22.1	—
Trade payables [(e)]	199.7	225.3
Other current liabilities [(b)(e)]	27.2	7.2
Total	**£ 474.8**	**£ 421.2**

(a) Amounts primarily relate to trade receivables arising from our charges to the Tesco Mobile JV. Expected credit losses in relation to trade receivable balances with related-parties is considered to be immaterial.
(b) Prior year amounts have been restated to align with current year presentation. In the prior year, other current assets amounted to £190.7 million, which included contract assets of £112.7 million. With contract assets being disclosed separately, the restated balance of other current assets amounts to £78.0 million. Additionally, other current liabilities amounted to £87.4 million in the prior year including £80.2 million other non-current liabilities. With other non-current liabilities being disclosed separately, the restated balance of other current liabilities amounts to £7.2 million.
(c) Amounts primarily relate to non-interest bearing receivables due from certain Liberty Global and Telefónica subsidiaries, and accrued income from nexfibre.
(d) Amounts represent lease obligations with certain Liberty Global subsidiaries and associates.
(e) Amounts represent both non-interest payables, accrued capital expenditures, and other accrued liabilities related to transactions with certain Liberty Global and Telefónica subsidiaries and associates, which are periodically cash settled.
(f) Amounts relate to the value associated with Telefónica Factoring España, S.A., which bear interest at a rate of 6.7%.

(28) Reconciliation of Movements in Liabilities to Cash Flows from Financing Activities

	Debt and lease obligations	Derivative (assets) liabilities	Other	Total
	in millions			
1 January 2024	**£ 21,469.4**	**£ (334.3)**		**£ 21,135.1**
Cash flows from financing activities:				
Repayments of third-party debt and lease obligations:				
Principal payments on operating-related vendor financing	(3,142.5)	—	—	(3,142.5)
Debt (excluding vendor financing)	(2,363.0)	—	—	(2,363.0)
Principal payments on capital-related vendor financing	(883.4)	—	—	(883.4)
Principal payments on leases	(196.3)	—	—	(196.3)
Borrowings of third-party debt	2,796.3	—	—	2,796.3
Operating-related vendor financing additions	3,192.0	—	—	3,192.0
Advances from related-party debt	151.1	—	—	151.1
Repayments of related-party debt	(129.1)	—	—	(129.1)
Payment of financing costs and debt premiums	(11.8)	—	—	(11.8)
Net cash paid related to derivative instruments	—	4.1	—	4.1
Cash received from sale of joint operation	—	—	176.0	176.0
Dividends paid to the Shareholders	—	—	(850.0)	(850.0)
Dividends paid to non-controlling shareholders	—	—	(19.9)	(19.9)
Other financing activities, net	(0.4)	—	—	(0.4)
Total cash flows from financing activities	**(587.1)**	**4.1**	**(693.9)**	**(1,276.9)**
Gains on debt extinguishment	(2.2)	—	—	(2.2)
Realised and unrealised losses on derivative instruments	—	(392.3)	—	(392.3)
Interest accruals	32.0	—	—	32.0
Assets acquired under vendor financing arrangements, including VAT	830.3	—	—	830.3
Assets acquired under leases	456.2	—	—	456.2
Effect of changes in foreign exchange rates	18.8	—	—	18.8
Proceeds from interest-related derivatives	—	210.9	—	210.9
Other liability-related changes	(132.1)	0.1	—	(132.0)
31 December 2024	**£ 22,085.3**	**£ (511.5)**	**£ (693.9)**	**£ 20,879.9**

(29) Capital and Reserves

Share Capital

	31 December 2024	31 December 2023
Called up, allotted and fully paid:		
Ordinary shares of £1 each	12	12

Share capital represents the nominal value on issue of the Company's equity share capital, comprising £12 divided into 12 ordinary shares of £1 each.

APIC

APIC comprises of a non-distributable merger reserve of £8,223.1 million resulting from the formation of the Joint Venture. APIC previously included share premium of £7,001.9 million, however, on 9 April 2024, VMED O2 UK Limited implemented a capital reduction to reduce the share premium reserve to nil and increase the accumulated (loss) profit by £7,001.9 million. The capital reduction was effective from 10 April 2024.

Accumulated Profit (Loss)
Accumulated profit (loss) records the Group's retained profit or loss.

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.

Other Reserves
Other reserves includes £212.5 million excess consideration over NBV resulting from the sale of a minority stake in Cornerstone in November 2023, and £110.2 million excess consideration over NBV resulting from an additional sale of a minority stake in Cornerstone in November 2024. For additional information see note 30.

(30) NCI

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

As at 31 December 2024, the beneficial ownership of Cornerstone is; VMED O2 (25.01%); GLIL (16.66%); and Equitix (8.33%).

The NCI arose in 2023 when VMED O2 sold a 33.33% stake in Granstone (representing 16.66% of Cornerstone) to GLIL. There was no change to the 50% shareholding that O2 Networks holds in Cornerstone and VMED O2 retained joint control over Cornerstone.

In September 2024, VMED O2 entered into a sale and purchase agreement to sell an additional 16.66% stake in Granstone, (representing 8.33% of Cornerstone), for a cash consideration of approximately £186 million to the non-controlling shareholders. This follows on from, and is along equivalent terms to, the previous sale in 2023.

In October 2024, Cornerstone declared and paid a £60.0 million dividend to O2 Networks, which in turn paid a dividend of £59.85 million to Granstone. Subsequently, Granstone paid a dividend of £59.7 million to its shareholders in the proportion of their shareholdings at the time, with VMED O2's portion being £39.8 million, of which £9.9 million would be held in trust and paid to the non-controlling shareholders upon completion of the transaction as per the terms of the sale and purchase agreement.

In November 2024, the transaction completed and VMED O2 received £186 million in cash proceeds from the sale and immediately paid the £9.9 million held in trust to the non-controlling shareholders. There was no change to the 50% shareholding that O2 Networks holds in Cornerstone and VMED O2 retained joint control over Cornerstone.

Cornerstone remains a critical supplier to VMED O2 and this transaction has 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 VMED O2's interest in Granstone and the relevant NCI:

	31 December 2024	31 December 2023
	In millions	
Non-current assets	£ 1,051.7	£ 1,067.9
Current assets	199.0	125.6
Non-current liabilities	(534.0)	(559.0)
Current liabilities	(298.3)	(194.3)
Net assets	**£ 418.4**	**£ 440.2**
Net assets attributable to NCI	£ 209.2	£ 146.6

	Year ended 31 December 2024	Period from 15 November 2023 – 31 December 2023
	In millions	
Revenue	£ 293.1	£ 11.0
Net profit (loss)	**£ 37.8**	**£ (1.1)**
Net profit (loss) attributable to NCI	£ 16.5	£ (0.4)

(31) Commitments and Contingencies

Commitments

In the normal course of business, we enter into agreements that commit our Company to make cash payments in future periods with respect to programming contracts, network and connectivity commitments, purchases of customer premises and other equipment and services, other items, and the JV Service Agreements. The following table sets forth the pound sterling equivalents of such commitments as of 31 December 2024. The commitments included in this table do not reflect any liabilities that are included in our 31 December 2024 consolidated statement of financial position.

	Payments due during						
	2025	2026	2027	2028	2029	Thereafter	Total
	In millions						
Programming commitments [(a)]	£ 603.3	£ 604.1	£ 512.1	£ 204.4	£ —	£ —	**£ 1,923.9**
Network and connectivity commitments [(b)]	640.9	92.9	25.9	24.0	19.7	169.1	**972.5**
Purchase and other commitments [(c)]	656.3	156.4	91.0	50.5	3.8	—	**958.0**
JV Service Agreements [(d)]	194.7	191.0	162.7	145.3	149.1	63.7	**906.5**
Total	**£ 2,095.2**	**£ 1,044.4**	**£ 791.7**	**£ 424.2**	**£ 172.6**	**£ 232.8**	**£ 4,760.9**

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

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

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

(d) Pursuant to 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 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 20.

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

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

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

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

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

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

(32) 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
VMED O2 UK Holdings Limited	13047827	Ordinary	100 %

Indirect Shareholdings

Name of company	Company number	Holdings	Proportion held
Birmingham Cable Limited	02244565	Ordinary	100 %
Bitbuzz UK Limited	08178308	Ordinary	100 %
CableTel Herts and Beds Limited	01785533	Ordinary	100 %
CableTel Northern Ireland Limited	NI029131 [(a)]	Ordinary	100 %
CableTel Surrey and Hampshire Limited	02740651	Ordinary	100 %
Cellular Radio Limited	01612599	Ordinary	100 %
DX Communications Limited	SC133682 [(b)]	Ordinary	100 %
Eurobell (Holdings) Limited	02904215	Ordinary	100 %
Flextech Limited	02688411	Ordinary	100 %
General Cable Limited	04925679	Ordinary	100 %
giffgaff Limited	04196996	Ordinary	100 %
Granstone Holdco Limited (formerly VMED O2 Networks Limited)	14907010	Ordinary	50.01 %
ntl (B) Limited	02735732	Ordinary	100 %
ntl (BCM Plan) Pension Trustees Limited	04342230	Ordinary	100 %
ntl (South East) Limited	01870928	Ordinary	100 %
ntl (V)	02719474	Ordinary	100 %
ntl Business Limited	03076222	Ordinary	100 %
ntl CableComms Group Limited	03024703	Ordinary	100 %
NTL CableComms Group LLC	N/A [(c)]	Common Interest Units	100 %
ntl Communications Services Limited	03403985	New Ordinary	100 %
ntl Glasgow	SC075177 [(d)]	Ordinary and Ordinary B	100 %
ntl Glasgow Holdings Limited	04170072	Ordinary	100 %
ntl Kirklees	02495460	Ordinary	100 %
ntl Kirklees Holdings Limited	04169826	Ordinary	100 %
ntl Midlands Limited	02357645	Ordinary	100 %
ntl Pension Trustees II Limited	11258264	Ordinary	100 %
ntl Pension Trustees Limited	03771014	Ordinary	100 %
ntl Rectangle Limited	04329656	Ordinary	100 %
ntl South Central Limited	02387692	Ordinary	100 %
ntl Telecom Services Limited	02937788	Ordinary	100 %
ntl Trustees Limited	02702219	Ordinary	100 %
O2 Cedar Limited	04678681	Ordinary	100 %

Name of company	Company number	Holdings	Proportion held
O2 Communications Limited	04271548	Ordinary	100 %
O2 Holdings Limited	02604354	Ordinary	100 %
O2 Networks Limited	02604351	Ordinary	50.01 %
O2 Redwood Limited	02383186	Ordinary	100 %
O2 Unify Limited	07999361	Ordinary	100 %
Statiq Limited	08702435	Ordinary	100 %
Telefonica Cybersecurity Tech UK Limited	12490724	Ordinary	100 %
Telefonica Europe People Services Limited	486438 (e)	Ordinary	100 %
Telefonica UK Limited	01743099	Ordinary A & B	100 %
Telefonica UK Pension Trustee Limited	04267552	Ordinary	100 %
Telewest Communications (Scotland) Limited	SC080891 (d)	Ordinary	100 %
Telewest Communications Cable Limited	02883742	Ordinary	100 %
Telewest Communications Networks Limited	03071086	Ordinary	100 %
Telewest Limited	03291383	Ordinary	100 %
The Mobile Phone Store Limited	02837875	Ordinary	100 %
Theseus No.1 Limited	02994027	Ordinary	100 %
Theseus No.2 Limited	02994061	Ordinary	100 %
Upp Corporation Limited	12442219	Ordinary	100 %
Virgin Media Bristol LLC	N/A (c)	Common Shares	100 %
Virgin Media Business Limited	01785381	Ordinary	100 %
Virgin Media Communications Limited	03521915	Ordinary	100 %
Virgin Media Finance Holdings Inc.	N/A (c)	Common Stock	100 %
Virgin Media Finance PLC	05061787	Ordinary	100 %
Virgin Media Finco 2 Limited	12581419	Ordinary	100 %
Virgin Media Finco Limited	08045612	Ordinary	100 %
Virgin Media Inc.	N/A (c)	Common Stock	100 %
Virgin Media Intermediary Purchaser Limited	13047371	Ordinary	100 %
Virgin Media Investment Holdings Limited	03173552	Ordinary	100 %
Virgin Media Investments Limited	07108297	Ordinary	100 %
Virgin Media Limited	02591237	Ordinary and New Ordinary	100 %
Virgin Media Mobile Finance Limited	09058868	Ordinary	100 %
Virgin Media National Networks Limited	05174655	Ordinary	100 %
Virgin Media O2 Employee Medical Trust Limited	05993968	Ordinary	100 %
Virgin Media Operations Limited	11118162	Ordinary	100 %
Virgin Media Payments Limited	06024812	Ordinary	100 %
Virgin Media PCHC Limited	01733724	Ordinary A	100 %
Virgin Media Secretaries Limited	02857052	Ordinary	100 %
Virgin Media Secured Finance PLC	07108352	Ordinary	100 %
Virgin Media Senior Investments Limited	10362628	Ordinary	100 %

Name of company	Company number	Holdings	Proportion held
Virgin Media SFA Finance Limited	07176280	Ordinary	100 %
Virgin Media Trade Receivables Intermediary Financing Limited	12552094	Ordinary	100 %
Virgin Media Wholesale Limited	02514287	Ordinary	100 %
Virgin Mobile Telecoms Limited	03707664	Ordinary	100 %
Virgin WiFi Limited	04414701	Ordinary	100 %
VM Transfers (No 4) Limited	02369824	Ordinary	100 %
VMED O2 Secretaries Limited	04272689	Ordinary	100 %
VMED O2 UK Financing I plc	12800739	Ordinary	100 %
VMED O2 UK Financing II plc	12804417	Ordinary	100 %
VMED O2 UK Holdco 1 Limited	12800546	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 6 Limited	16039118	Ordinary	100 %
VMED O2 UK 7 Limited	16039310	Ordinary	100 %
Weve Limited	08178832	Telefonica A B Shares	100 %
Yorkshire Cable Communications Limited	02490136	Ordinary	100 %

Investments in Joint Ventures and Associates

Name of company	Company number	Holdings	Proportion held
Cornerstone Telecommunications Infrastructure Limited	08087551 (f)	Ordinary	25.01 %
Digital Mobile Spectrum Limited	08247385 (g)	Ordinary	25 %
Internet Matters Limited (1)	08822801 (h)	Limited by guarantee	25 %
Tesco Mobile Limited	04780736 (i)	Ordinary	50 %
Travel Technology Initiative Limited (1)(2)	02398368 (j)	Ordinary	14 %

(1) Investment carrying values are nil and thus excluded from note 22.
(2) In January 2025, Virgin Media Business Limited sold our minority stake in Travel Technology Initiative Limited for a consideration of £840.
(3) 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
(4) 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
(5) 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.

All companies are registered at 500 Brook Drive, Reading, RG2 6UU, unless otherwise noted below.

(a) Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP
(b) The Ca'D'Ore, 45 Gordon Street, Glasgow, G1 3PE
(c) 1550 Wewatta Street, Suite 1000, Denver, CO 80202
(d) 1 South Gyle Crescent Lane, Edinburgh, EH12 9EG
(e) Grant Thornton, 13-18 City Quay, Dublin, Dublin 2, D02 ED70
(f) Hive 2, 1530 Arlington Business Park, Theale, Berkshire, RG7 4SA
(g) 24 – 25 The Shard, 32 London Bridge Street, London SE1 9SG
(h) One London Wall, 6th Floor, London EC2Y 5EB
(i) Shire Park, Welwyn Garden City, Hertfordshire, AL7 1GA
(j) 8th Floor Beckett House, 36 Old Jewry, London, England, EC2R 8DD

(33) 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 APMs 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, Opex CTC, 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 CEO, determined to be our chief operating decision maker, to evaluate operating performance and is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for 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, depreciation and amortisation, share-based compensation, impairment, restructuring and other operating expenses and Opex CTC. Other operating expenses 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. Opex CTC generally include incremental, third-party operating costs that are directly associated with integration activities, restructuring activities and certain other costs associated with aligning our business processes to derive synergies. See the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section for a reconciliation to the closest equivalent statutory measure, operating profit or (loss).

	Year ended 31 December	
	2024	2023
	in millions	
Operating profit (loss)	£ 928.2	£ (2,457.9)
Restructuring and other operating expenses	74.5	132.9
Goodwill impairment	—	3,107.0
Share-based compensation expense	40.8	24.9
Depreciation and amortisation	2,853.1	3,205.2
Opex CTC	49.6	83.9
Adjusted EBITDA	**£ 3,946.2**	**£ 4,096.0**

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

	Year ended 31 December	
	2024	2023
	in millions	
Adjusted EBITDA	£ 3,946.2	£ 4,096.0
P&E additions	2,102.7	1,993.4
ROU asset additions	456.2	117.5
Adjusted EBITDA less Capex	**£ 1,387.3**	**£ 1,985.1**
Opex and Capex CTC	(131.3)	(184.7)
Adjusted EBITDA less Capex including CTC	£ 1,256.0	£ 1,800.4

P&E Additions

P&E additions are defined as tangible and intangible asset additions, excluding capex CTC, and ROU asset additions. Capex CTC are capital related costs that are directly associated with integration and aligning our business processes to derive synergies. We believe this is a key metric to understand VMED O2's total capital expenditure and allows for a more meaningful comparison of trends from period to period.

	Year ended 31 December	
	2024	2023
	in millions	
Tangible fixed asset additions (note 12)	£ 2,331.3	£ 1,908.7
Intangible fixed asset additions (note 11)	309.3	303.0
ROU asset additions (note 17)	(456.2)	(117.5)
Capex CTC	(81.7)	(100.8)
P&E additions	**£ 2,102.7**	**£ 1,993.4**

Adjusted Free Cash Flow

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

	Year ended 31 December	
	2024	2023
	in millions	
Net cash provided by operating activities [(a)]	£ 3,027.6	£ 2,679.1
Operating-related vendor financing additions (note 16)	3,192.0	2,509.9
Capital expenditures, net (notes 11 and 12)	(1,502.9)	(1,436.6)
Principal payments on vendor financing (note 16)	(4,025.9)	(2,811.2)
Principal payments on certain leases (note 17)	(196.3)	(219.1)
AFCF	**£ 494.5**	**£ 722.1**

(a) Prior year net cash provided by operating activities has been restated. Please see note 3 for further details.

(34) Subsequent Events

In January 2025, VMED O2 entered into $500 million sustainability-linked term loan facility (**Term Loan Y1**). Term Loan Y1 matures on 31 March 2031 and bears interest at a rate of the Term SOFR plus a credit adjustment spread plus 3.25% per annum (subject to adjustment based on the achievement or otherwise of certain ESG metrics). $495 million of the loan will be an exchange of Term Loan N due 2028 into a new tranche of Term Loan Y1 due 2031, which will become fungible with Term Loan Y on 15 April 2025. As per policy, the interest and foreign currency risk of such financing activity is mitigated through a derivative portfolio.

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

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

Company Statements of Financial Position

	Note References	31 December 2024	2023
		in millions	
ASSETS			
Non-current assets:			
Investments in subsidiaries	6	£ 20,559.8	£ 20,559.8
Debtors: amounts falling due after more than one year	7	117.8	90.0
Total non-current assets		**20,677.6**	**20,649.8**
Current assets:			
Debtors: amounts falling due within one year	7	13.5	26.8
Cash and cash equivalents		482.2	632.5
Total current assets		**495.7**	**659.3**
Total assets		**£ 21,173.3**	**£ 21,309.1**
LIABILITIES AND OWNER'S EQUITY			
Non-current liabilities:			
Creditors: amounts falling due after more than one year	8	£ 15,190.5	£ 13,619.8
Current liabilities:			
Creditors: amounts falling due within one year	8	43.9	80.5
Total liabilities		**15,234.4**	**13,700.3**
Owners' equity:			
Share premium	9	—	7,001.9
Accumulated profit	9	5,938.9	606.9
Total owners' equity		**5,938.9**	**7,608.8**
Total owners' equity and liabilities		**£ 21,173.3**	**£ 21,309.1**

The accompanying notes on pages 165 to 169 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 16 April 2025 by:

Charles Bracken
Director
Company Registration Number: 12580944

Company Statements of Changes in Equity

	Note References	Ordinary shares	Share premium	Accumulated profit	Total owners' equity
		in millions			
Balance at 1 January 2024		**£ —**	**£ 7,001.9**	**£ 606.9**	**£ 7,608.8**
Net loss	3	—	—	(819.9)	(819.9)
Capital reduction [(a)]	9	—	(7,001.9)	7,001.9	—
Dividends paid	5	—	—	(850.0)	(850.0)
Balance at 31 December 2024		**£ —**	**£ —**	**£ 5,938.9**	**£ 5,938.9**

	Note References	Ordinary shares	Share premium	Accumulated profit	Total owners' equity
		in millions			
Balance at 1 January 2023		**£ —**	**£ 7,001.9**	**£ 3,173.6**	**£ 10,175.5**
Net loss	3	—	—	(566.7)	(566.7)
Dividends paid	5	—	—	(2,000.0)	(2,000.0)
Balance at 31 December 2023		**£ —**	**£ 7,001.9**	**£ 606.9**	**£ 7,608.8**

(a) On 9 April 2024, VMED O2 UK Limited implemented a capital reduction to reduce the share premium reserve to nil and increase the accumulated (loss) profit by £7,001.9 million. The capital reduction was effective from 10 April 2024. See note 9.

The accompanying notes on pages 165 to 169 are an integral part of these financial statements.

Notes to the Company Financial Statements 31 December 2024

(1) Company Information

VMED O2 UK Limited (the **Company**) is a private company incorporated and domiciled in England and Wales (registered number 12580944). The registered address is 500 Brook Drive, Reading, RG2 6UU.

(2) Summary of Significant Accounting Policies

A summary of our principal accounting policies is set forth below. All accounting policies have been applied consistently, unless otherwise noted.

Basis of Accounting
These Company financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 and the Financial Reporting Standard 101 Reduced Disclosure Framework (**FRS 101**).

In preparing these Company financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards (**IAS**) in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these Company financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures, where required equivalent disclosures are included within the Consolidated Financial Statements:

- Cash flow statements and related notes;
- Disclosures in respect of related-party transactions with fellow Group undertakings;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IAS;
- Disclosures in respect of compensation of key management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the Consolidated Financial Statements include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following:

- Certain disclosures required by IFRS 13 fair value measurement; the disclosures required by IFRS 7 financial instruments.

No profit or loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006.

Going Concern
These Company financial statements have been prepared on a going concern basis. Management has reviewed business activities, together with factors likely to affect its future development and performance, as well as VMED O2 UK Limited'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 Company and 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 set out below.

At 31 December 2024, the Company had a net current asset position of £451.8 million and net assets of £5,487.1 million. The cash flows generated by the Company are a result of the operations of the Group and as such an evaluation of the Groups liquidity is outlined below.

At 31 December 2024, the Group had net current liabilities of £3,712.7 million and net assets of £12,807.5 million. Liquidity available as at the reporting date was £2,506.3 million (excluding Cornerstone unused borrowing capacity), made up of cash and cash equivalents of £1,128.3 million and unused borrowing capacity under the VMED O2 Credit Facilities of £1,378.0 million. At 31 December 2024, 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.

Forecasts and projections, which take into account reasonably possible downsides in trading performance, are prepared for the Group as a whole. Operating free cash flow reduced by 10%, and not considering the uncommitted revolving credit facility 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 Company financial statements, and consequently we have prepared these Company financial statements on a going concern basis.

Treasury operations and cash management for all of VMED O2 UK Limited's wholly-owned subsidiaries are managed on a group basis, 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.

Investment in Subsidiaries
Investments are recorded at cost, less provision for impairment as appropriate. The Company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the Company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there is an event not foreseen in the original impairment calculations, such as a

change in use of the investment or a change in economic conditions. The reversal of an impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Cash and Cash Equivalents
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.

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 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.

Estimates and Judgements
In preparing these Company financial statements, management has made estimates and judgements that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Carrying Value of Investments
Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

The determination of the recoverable amount, being the higher of the value-in-use and fair value less costs of disposal, is judgemental. The details of the judgement used in determining the value-in-use are included in the Group accounting policy and discussed further within note 11 to the Consolidated Financial Statements.

(3) Loss Attributable to Members of the Company

The Company's net loss for 2024 and 2023 was £819.9 million and £566.7 million, respectively.

(4) Auditor's and Directors' Remuneration

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.

The Directors received no remuneration for qualifying services as Directors of the Company. All Directors' remuneration is paid and disclosed in the Consolidated Financial Statements.

(5) Dividends Paid

	31 December 2024	2023
	in millions	
Dividends paid	**£ 850.0**	**£ 2,000.0**

In 2024, the Company paid cash dividends of £850.0 million to its Shareholders.

In 2023, the Company paid cash dividends of £325.0 million, £325.0 million, £675.0 million and £675.0 million on 21 March, 9 June, 28 September and 20 December, respectively.

(6) Investments in Subsidiaries

The details of our investments for the indicated periods are as follows (in millions):

31 December 2023	**£**	**20,559.8**
31 December 2024	**£**	**20,559.8**

At 31 December 2024 and 2023, the Company owned 100% of the share capital of VMED O2 UK Holdings Limited, which was its sole direct investment.

In the opinion of the Directors, the aggregate value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

(7) Debtors

The details of our non-current and current debtors are set forth below:

		31 December 2024		**2023**
		in millions		
Due after one year:				
Amounts owed by Group undertakings	£	117.8	£	90.0
Total	**£**	**117.8**	**£**	**90.0**
Due within one year:				
Amounts owed by related-parties		—		14.9
Amounts owed by Group undertakings		11.2		7.6
Other debtors		2.3		4.3
Total	**£**	**13.5**	**£**	**26.8**

The details of amounts owed by Group undertakings are as follows:

		31 December 2024		**2023**
		in millions		
Loans advanced to Group undertakings [(a)]	£	—	£	8.8
Other amounts owed by Group undertakings [(b)]		129.0		88.8
Total	**£**	**129.0**	**£**	**97.6**

(a) At 31 December 2023, loans advanced to Group undertakings falling due after one year included notes receivable due from Virgin Media Mobile Finance Limited, which had a carrying value of £8.8 million. The loan notes were denominated in sterling, bore interest of 4.36%, and were fully repaid in 2025.
(b) Other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

(8) Creditors

The details of our non-current and current creditors are set forth below:

	31 December 2024	2023
	in millions	
Due after one year:		
Amounts owed to Group undertakings	£ 15,072.7	£ 13,539.5
Amounts owed to related-parties	117.8	80.3
Total	**£ 15,190.5**	**£ 13,619.8**
Due within one year:		
Amounts owed to Group undertakings	£ 35.4	£ 65.2
Amounts owed to related-parties	8.5	15.3
Total	**£ 43.9**	**£ 80.5**

The details of amounts owed to Group undertakings are as follows:

	31 December 2024	2023
	in millions	
Due after one year:		
Loans advanced by Group undertakings [(a)]	£ 14,241.7	£ 12,899.9
Other amounts owed to Group undertakings [(b)]	831.0	639.6
Total	**£ 15,072.7**	**£ 13,539.5**
Due within one year:		
Loans advanced by Group undertakings [(c)]	£ 4.4	£ 12.2
Other amounts owed to Group undertakings [(b)]	31.0	53.0
Total	**£ 35.4**	**£ 65.2**

(a) Loans advanced by Group undertakings falling due after one year represent:
- Notes payable owed to Virgin Media Finco 2 Limited, which bear interest at a rate of 8.36% (subject to adjustment), mature on 16 July 2025 and had a carrying value of £4,614.0 million and £4,287.2 million as of 31 December 2024 and 2023, respectively;
- Notes payable owed to VMED O2 UK Holdco 4 Limited, which bear interest at a rate of 5.175% (subject to adjustment), mature on 17 May 2030 and had a carrying value of £9,596.5 million and £8,605.3 million as of 31 December 2024 and 2023, respectively;
- Notes payable owed to VMED O2 UK Holdings Limited, which bear interest at a rate of 4.21%, mature on 9 March 2028 and had a carrying value of £7.5 million and £7.4 million as of 31 December 2024 and 2023, respectively, and
- Notes payable owed to Virgin Media Mobile Finance Limited, which bear interest at a rate of 6.16%, mature on 10 June 2026 and had a carrying value of £23.6 million and £0.0 million as of 31 December 2024 and 2023, respectively.

(b) Other amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

(c) Loans advanced by Group undertakings falling due within one year represent:
- Notes payable owed to Virgin Media Inc., which bear interest at a rate of 7.875%, mature on 15 April 2025 and had a carrying value of £4.4 million and £15.6 million as of 31 December 2024 and 2023, respectively. On 15 April 2024, the maturity of this note was extended to 15 April 2025.

(9) Capital and Reserves

Ordinary Shares

	31 December 2024	2023
Called up, allotted and fully paid:		
Ordinary shares of £1 each	12	12

Share Premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. On 9 April 2024, VMED O2 UK Limited implemented a capital reduction to reduce the share premium reserve to nil and increase the accumulated (loss) profit by £7,001.9 million. The capital reduction was effective from 10 April 2024.

Accumulated Profit

Accumulated profit records the Company's retained profit or (loss).

(10) Guarantees

Fellow Group undertakings are party to a senior secured credit facility with a syndicate of banks. As of 31 December 2024, this comprised term facilities that amounted to £7,235.0 million (2023 – £8,030.0 million), of which £nil (2023 – £17.0 million) was undrawn, and revolving credit facilities of £1,378.0 million (2023 – £1,432.0 million), which were undrawn as of 31 December 2024. Borrowings under the facilities are secured against the assets of certain members of the Group.

In addition, a fellow Group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior secured credit facility. The amount outstanding under the senior secured notes as of 31 December 2024 amounted to £8,846.0 million (2023 – £8,067.0 million). Borrowings under the notes are secured against the assets of certain members of the Group.

Furthermore, a fellow Group undertaking has issued senior notes for which certain fellow Group undertakings have guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as of 31 December 2024 amounted to £1,152.0 million (2023 – £1,158.0 million).

(11) Principal Subsidiary Undertakings

For information regarding the Company's direct and indirect subsidiaries, see note 32 to the Consolidated Financial Statements.

(12) Parent Undertaking and Controlling Party

The Company’s ultimate shareholders are Liberty Global Ltd, and Telefónica, SA, with each indirectly holding 50% of the issued share capital of the Company.

Company Information

Directors
Laura Abasolo García de Baquedano
Charles Bracken
Emilio Gayo Rodríguez
Michael Fries
Marc Thomas Murtra Millar
Enrique Rodriguez
Andrea Salvato
Ángel Vilá Boix

Company Secretary
Enrique Medina Malo

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RG2 6UU

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Forward-looking Statements

VMED O2 UK Limited is a joint venture (the **Joint Venture**) or **JV**) of Liberty Global Ltd. (**Liberty Global**) and Telefónica, SA (**Telefónica**), both referred to as "Shareholders".

In this Annual Report (Annual Report), the terms "we", "our", "us", "Group", VMED O2 and Virgin Media O2 refer to VMED O2 UK Limited and its subsidiaries. Reference to "the Company" is VMED O2 UK Limited.

Certain statements in this Annual Report constitute forward-looking statements. To the extent that statements in this Annual Report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under Financial Review may contain forward-looking statements, including statements regarding VMED O2's business, product, foreign currency and finance strategies in 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 risks, target leverage levels, VMED O2's future projected contractual commitments and cash flows and other information and statements that are not historical fact.

Where, in any forward-looking statement, VMED O2 expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved. In evaluating these statements, you should consider the risks and uncertainties discussed under the "Principal Risks and Uncertainties" section within this Annual Report.

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