Registered Number: 04196996

giffgaff Limited

Annual Report and Financial Statements

Year ended 31 December 2025

giffgaff Limited

Registered Number: 04196996

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Company information

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Strategic Report

giffgaff Limited (the 'Company'), is a wholly-owned subsidiary of VMED O2 UK Limited (VMED O2) (Virgin Media O2) (the 'group') and is one of the operating businesses of Virgin Media O2. giffgaff's immediate parent is Telefonica UK Limited ("TUK"), a mobile network operator trading under the O2 brand.

Principal activity

giffgaff is an online Mobile Virtual Network Operator (MVNO) which runs on the O2 mobile network providing telecommunication services including mobile and broadband services to consumers.

Our Purpose and Values

At giffgaff, our purpose is to make connectivity play fair, with clear costs and straightforward terms. In a market where terms change and the deals often shift over time, giffgaff exists to replace the rigid rulebook with a simpler, steadier way to stay connected, so our members always know where they stand.

Our values come from mutual giving. We work with our members, we reward people who recommend us, recognise the help members give each other in our community, and keep listening so that our service improves in the ways that matter. Members have shaped what we offer from the start, and they helped to push us to become B Corp certified, holding us to higher standards of responsibility and transparency.

We believe fairness only counts when you can feel it in real life, so we prove it with flexibility, clarity and support.

Our Strategy

Our strategy is built on actively engaging our members, who are integral to our success.

Key elements of our model include:

- Community-Powered Service: Members contribute ideas, provide feedback, and offer frontline service support through our peer-to-peer community help model.

- Driving Growth: Our advocacy programs including the 'member get member' scheme are a significant driver of growth.

- Results: This member-centric approach results in a highly recommended service (demonstrated by a strong Net Promoter Score (NPS)) and a low-cost operating model. This efficiency allows giffgaff to consistently offer great value tariffs.

Our lean and agile operational structure has been key to our continued and successful growth agenda, even in a challenging economic environment.

Strategic Report (continued)

The period ended 31 December 2025 has seen significant momentum with highlights in:

Our Products: Launching full fibre broadband connectivity

Guided by the same member-first approach that drives our success in mobile, we listened to member frustrations with their existing broadband services and launched a product that breaks the rules by offering three simple and transparent speed tiers and in-built flexibility for consumers. Initial member feedback has been positive and these solid product foundations provide the right support for our ambitions to scale giffgaff broadband in 2026.

We have also evolved our mobile offering across the course of the year, launching travel add ons in July 2025 to give members the opportunity to enhance our in-built 5GB roaming allowance already included in plans as standard, from just £4 available in over 42 countries.

Our Technology: Driving Digital Excellence and Agility

Technology remains the engine of our digital-first approach, with our mature in-house capabilities driving both commercial growth and operational excellence. 2025 was a pivotal year, marking a phase of maturity and a shift towards broader business behaviour change beyond just technology. We restructured our technology organisation into Product Engineering, Platform Engineering, and Data & AI to fully support and embed our Product Operating Model.

A central strategic focus was the adoption of an 'AI-first' strategy and the maturation of our data capabilities, utilising our event-driven data fabric and experimentation frameworks to optimise decision-making and unlock advanced marketing efficiencies.

Key progress during the year included the successful commercial launch of our new Broadband product, and capitalising on our new eCommerce platform to drive handset sales and integrate digital wallets like Apple Pay.

We also successfully executed 'Project Rehoming', a major strategic infrastructure transition of our core telecoms middleware to new partners to ensure long-term stability and agility. Finally, we upheld our rigorous security and regulatory standards, automating data compliance and achieving key PCI-DSS and ISO 27001 milestones.

Our Members and Community: A Foundation for Mutual Benefit

Our members remain central to giffgaff's success in delivering better connectivity services. Beyond our ongoing active community engagement, we have leaned heavily into the value of members fuelling our new product development, this is most clearly evidenced through the launch of our broadband proposition, and the introduction of travel add ons. Member voice, member experience and member feedback gives us valuable insight at scale with a competitive edge.

Members as help and support: Community based help and support remain a key differentiator for the brand and something we are incredibly proud of. Across 2025, we have been reviewing how we continue to offer this level of personalised support whilst also trialling the introduction of more AI chat bot-based servicing to enable members to resolve queries even faster.

Members as a growth engine: Member led referrals continue to be a significant growth lever for the business, advocacy drives close to a quarter of all new prospects joining the giffgaff base. This shows the level of trust placed in giffgaff by our members, something further underlined by our continued industry leading average NPS score of 51.9 for the year ended 31 December 2025.

Strategic Report (continued)

A responsible and resilient business

At giffgaff, responsible business is not a side project – it is how we look after our people, support our members, and reduce our impact on the planet, whilst building a resilient business that is fit for the future.

People

We firmly believe that a highly engaged workforce drives strong performance. To measure this, we utilise the established Gallup Q12 survey methodology. In 2025 our people engagement score was 4.09 (2024: 4.14) out of 5. This level of engagement remains a strong achievement as giffgaff continues to expand and diversify its workforce with more than 300 people now on board.

We want giffgaff to be a place where people can perform their best work. That means progressive, flexible policies that reflect the real world, including hybrid working, job sharing, working abroad, and the freedom to choose your own bank holidays. We support this with a generous family leave package, offering 39 weeks paid maternity leave, 14 weeks paid paternity and adoption leave, and up to 12 weeks for neonatal care.

We invest in growth and development, including funding our people to undertake professional qualifications, supporting attendance at external training courses and running our own accredited management development programme. In 2025, we also introduced Skillsoft, giving our people access to an AI-native, immersive learning platform that is designed to make learning more relevant, personalised and practical.

In 2025, we launched giffgaff Affinity Groups to foster inclusion, provide safe spaces for support and to strengthen our culture of belonging. Covering areas including gender, sexuality, ethnicity and cultural heritage, accessibility and neurodiversity, mental health, career progression and sustainability, these employee-led groups play a key role in building a more diverse, inclusive, connected and supportive culture at giffgaff.

Giving back matters too. giffgaff employees can take up to five days' paid volunteering leave each year - and in 2025 they used it, contributing over 1600 hours to causes spanning digital inclusion, environmental conservation and early-careers coaching.

Supporting members and communities

Members have always been central to who we are at giffgaff, so joining the *Making the Most of Membership* programme, facilitated by the New Citizenship Project, helped to sharpen our focus on membership as a purposeful, participatory relationship - one rooted in dialogue, shared responsibility and trust. As we look ahead, our priority is to continue redefining our commitment to membership and mutuality, ensuring our giffgaff community remains a meaningful, active part of shaping what we build and how we grow.

We also continued our investment in championing digital and financial inclusion, via our multi-year partnership with Big Issue. The partnership provides refurbished smartphones to Big Issue vendors and job seekers involved in the Big Issue Recruit programme, alongside digital and financial skills training and support. In its first year, the programme delivered 687 refurbished smartphones and nearly 3,000 digital and financial inclusion coaching sessions, with 88% of participants reporting increased digital confidence and 81% greater confidence managing their finances. Over its first 14 months, the programme generated £428,000 in social value - a £3.40 return for every £1 invested - demonstrating that inclusion-focused interventions can be both socially impactful and economically robust.

Strategic Report (continued)

Supporting members and communities (continued)

Alongside this, we joined Internet Matters, a UK-based non-profit dedicated to helping parents, carers and professionals ensure children's safety in the digital world, as well as participating in Ofcom's Media Literacy Community of Practice. These areas are important to us because they support collaboration, shared learning and collective responsibility for digital wellbeing and thriving online.

Planet

We remain committed to achieving net zero greenhouse gas emissions across our value chain by 2040. Our original science-based target baseline was set when we operated as a mobile-only business; however, the introduction of our broadband service, alongside our continued growth, has changed the shape of our emissions profile. This has created an important opportunity to reassess our carbon trajectory and ensure our reduction plans remain robust, credible and fit for purpose. In 2025, our focus has been on understanding these changes in detail and establishing the carbon reduction levers available to us, so that decarbonisation can continue to be built into how we grow.

Circularity remains a key priority. In 2025, 66% of devices sold by giffgaff were refurbished, helping to inspire lower-impact choices which are good for the planet and for our members' pockets too. Our continued rollout of eSIM supports this ambition by embedding lower-impact choices directly into the customer journey, reducing the need for physical SIMs and associated materials while making it easier for members to get connected. Beyond this, we're using our trade-in programme to make it easier and more rewarding for members to recycle their old devices responsibly. By linking refurbished purchases with enhanced trade-in rewards, we're nudging members towards choices that extend the life of devices and reduce electronic waste.

We also use our influence beyond our own footprint. Our award-winning Media in Service of Nature Fund, in partnership with MG OMD and Ecologi, invites the media and advertising industry to invest 0.1% of campaign spend in protecting and restoring nature in the UK. In 2025, several media and advertising companies joined the Fund and we unlocked over £88k investment for nature restoration, with projects focused on reforestation, habitat and biodiversity recovery and carbon removal. Working alongside our members, we are exploring how support for nature restoration can be designed into our products and services from the outset, continuing to embed environmental responsibility into the everyday choices we offer.

Governance

Our certified B Corp status provides a strong governance foundation for the business, embedding accountability to people, communities and the planet alongside financial performance. In 2025, we reaffirmed this commitment by progressing our cross-business B Corp improvement plan and formally prepared for recertification. As B Corp standards continue to evolve, we welcome the higher targets they set - strengthening our governance and supporting our commitment to meeting higher standards of social and environmental responsibility.

Our ESG strategy sets out our commitments to protect and restore our planet, improve livelihoods and change lives and deliver inclusive and sustainable growth. In 2025, we established a new ESG forum, chaired by our Chief Finance Officer and supported by key representatives from across the business. The forum meets quarterly to oversee progress, strengthen decision-making and advance our ESG strategy.

We continue to strengthen how we measure and report our social and environmental impact, publishing an annual impact report to track progress and share learning openly.

Strategic Report (continued)

Our recent awards

During 2025, giffgaff was delighted to receive several awards which reflect our commitment to value for money, customer satisfaction and sustainability. These included:

- Uswitch Mobile Network of the Year 2025
- Which? Recommended Provider for Mobile Networks 2025
- Expert Reviews Mobile Network Awards 2025 winners - Best Overall Mobile Network and Best Mobile Network for speed
- Ad Net Zero Awards 2025 - Best Practice in Sustainability - Advertiser/Brand
- Sustainability Excellence - giffgaff and MG OMD

Our people

Our people are our most valuable asset and their enthusiasm and commitment to giffgaff is what makes it possible for us to live up to our purpose. All our people are employed by TUK and as such we benefit from their support, including operating the same employee related policies and procedures. These policies and procedures are communicated to employees via Slack (the Company's communication platform) and all our people have access to the policies through the VMED O2 intranet. Further details of the people engagement and relations can be found in the VMED O2 UK Limited Consolidated Annual Report and Financial Statement 2025, published on the website, https://news.virginmediao2.co.uk/corporate-statements/.

We are committed to improving our gender and ethnicity balance and ensuring that disabled persons can thrive at work. Our Diversity, Equity and Inclusion (DE&I) strategy includes some ambitious goals to be achieved by the end of 2027. These goals include but are not limited to; an equal gender split across senior staff, to achieve 20% global majority across our overall employee population and to create an inclusive environment through training.

Diversity and inclusion, fair treatment of our people and high engagement within the working environment are especially important to us; 36.1% (2024: 35.9%) of our people are female, and 31.9% (2024: 34.2%) of our people are from a global majority background.

Our policies and line manager guidance ensures fair treatment of people with disabilities in relation to their recruitment, training and development and reasonable adjustments and considerations in relation to disabilities.

We have no tolerance for bribery and corruption. We don't offer or receive gifts, hospitality or other incentives which might influence a business decision. We are committed to acting professionally, fairly and with integrity and do not tolerate any form of bribery or corruption. Our anti-bribery and corruption approach is summarised in our Code of Conduct, which is essential for everyone working either for or on our behalf. As a wholly-owned subsidiary of VMED O2, a significant proportion of our policies and processes are cascaded from those of our parent entity.

Our suppliers

Being part of the VMED O2 Group affords benefits such as scale efficiencies in procurement and access to products and services. We benefit from the scale of the supplier base of our parent company but have also developed strong supplier relationships in the Small and Medium-sized Enterprise (SME) sector and remain committed to sustainable procurement and supplier management throughout the value chain.

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

Our suppliers (continued)

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

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

These policies can be found here: https://news.virginmediao2.co.uk/suppliers/

Our standard payment terms range from 30 days to 180 days, determined by category of spend. For example, 180-day payment terms are standard for capital expenditure associated with platform development and other long term asset improvement costs; but where a supplier is deemed to be a UK registered SME, 30-day payment terms are available upon request.

We take a zero-tolerance approach to modern slavery and human trafficking in our operations and supply chains. Following government guidelines, we identify 'at risk' areas of our supply chain and engage with those suppliers to assess how they manage Modern slavery risk. This happens as part of our general management of human rights in the supply chain. A full explanation of our approach to managing Modern slavery risks can be found in our Modern Slavery Statement published annually on the giffgaff website, www.giffgaff.com.

Key Performance Indicators (KPI)

At the end of 2025, the key operating performance highlights of the Company are:

Revenue	giffgaff achieved revenue growth of 5% for the year ended 31 December 2025. Our revenue for the year was £633,783,000 (2024: £605,864,000).
Member numbers	For the core mobile business, these are members who are active during a period of one month. Members are treated as being active if they have used the network (at least five times) or have made a purchase (top-up) in the preceding one month. We added 142,035 (2024: 100,274) members to the mobile business during the year ended 31 December 2025 taking the base to 4,260,368 members (2024: 4,118,333 closing base). Since the launch of our broadband services in 2025, the company has 671 members to the broadband business.
NPS	NPS relates to how likely members are to recommend giffgaff as a mobile provider. The average mobile NPS for 2025 was 51.9 (2024: 51.2). The increase in mobile NPS was driven by a our continued member centric approach, and offering great value tariffs.

The Company's profit for the period, after tax amounted to £44,691,000 (2024: £64,096,000). The decrease in profit for the year is mainly due to an increase in cost of sales and administrative expenses.

The net assets of the Company as at 31 December 2025 were £387,099,000 compared to £342,408,000 at 31 December 2024, the movement of which is due to £44,691,000 of profit for the year.

Strategic Report (continued)

Principal risks and uncertainties

giffgaff employs a comprehensive risk management process to identify, analyse, and report on risks pertinent to the business. The risk register undergoes a quarterly review by the giffgaff Leadership Team and VMED O2, giffgaff's ultimate shareholder. giffgaff's Business Assurance function has access to internal risk management experts, as well as those within VMED O2.

We operate using a risk management framework designed to help us prioritise potential risks and develop necessary mitigating actions. This structure is in line with best practices for Internal Control (specifically, the COSO II Report and ISO31000: 2018 Principles and Guidelines for Risk Management) and receives support from VMED O2's risk and assurance specialists.

The purpose of this framework is to identify, analyse, manage, monitor, and react to significant risks and opportunities that could affect our future success. It allows the management team to quickly allocate the most effective resources in response, while ensuring the risk management process is both company wide and continuous, enabling us to consistently draw on experience and data to inform our identification efforts.

The most significant risks are summarised below:

Risk	Importance	Mitigation Strategies	Outlook
Legal, Regulatory and Compliance	Our members are central to giffgaff's operations. Adherence to the laws and regulations governing our operating markets is essential for consistently delivering positive outcomes for our members.	Specialised teams monitor all applicable requirements. Advisory experts are utilised to effectively minimise risks. All regulatory changes are communicated and acted upon to maintain continuous compliance. Regular risk reviews, compliance monitoring, and internal audit activities to strengthen our operations. To meet our legal and regulatory requirements, giffgaff mandates regular training for all employees.	Stable giffgaff continues to monitor all applicable regulations and have taken strides in monitoring and overseeing our compliance.
Security & Privacy	Failure of any system that prevents giffgaff from delivering contracted services to members, or that hinders general business operations, leading to a loss of revenue.	We utilise advanced technological solutions to reduce the likelihood and impact of breaches. giffgaff maintains and continuously enhances a suite of controls designed to detect potential issues and apply necessary patches.	Stable giffgaff maintains a proactive stance on monitoring security and privacy risks to align with the current threat landscape and to protect our data assets.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk	Importance	Mitigation Strategies	Outlook
Supply Chain	giffgaff depends on a number of partners for various aspects of its operations. The ability of these outsourced partners to fulfil their contractual service agreements is therefore, considered a key risk.	Partners are bound by contract to comply with all Terms and Conditions, including agreed upon deliverables and Service Level Agreements (SLAs). We enforce a rigorous due diligence process, outlined in our Procurement Policy, during the onboarding stage, followed by periodic ongoing checks. We maintain regular communication with our suppliers through an established relationship management framework.	Stable Although economic and geopolitical disruption has lessened, this risk factor remains present.
Market Dynamics	The danger of market competitors eroding giffgaff's unique selling points, potentially resulting in a significant loss of existing members and failure to attract new ones. The integrity of the business and its brand equity are of great importance to giffgaff.	We adjust and expand our current service offerings to respond to the prevailing economic environment. We invest in giffgaff's core differentiators and strive to maximise their advantages. We stay closely connected to the giffgaff community to ensure members' evolving needs are heard and reflected throughout the organisation. The Senior Leadership and Marketing Team track a set of agreed upon metrics frequently and continuously to ensure we maintain an outperforming position in the market.	Stable Competition within the MVNO market and difficulties in the wider economic climate persist.
People	giffgaff is committed to a strategy of attracting, developing, and retaining a diverse and talented team. This foundation is necessary to achieve the organisation's objectives while simultaneously offering an Employee Value Proposition (EVP) that makes	The risks associated with talent attraction and retention, as the Company continues its growth trajectory, are primarily managed through our strong EVP, our People team's annual engagement surveys, and partnerships with expert recruitment organisations that seek candidates with the skillsets giffgaff requires.	Stable Despite operating in a challenging and competitive employment market, giffgaff has successfully continued to recruit and retain an engaged workforce.

Strategic Report (continued)

	giffgaff a desirable place to work.		

Principal risks and uncertainties (continued)

Risk	Importance	Mitigation Strategies	Outlook
Financial	The critical necessity of planning for and managing unfavourable shifts in financial variables to ensure we can consistently meet our financial obligations. This includes considering: a. The overall economic environment and financial market conditions related to interest rates, inflation, foreign exchange rates, and taxes. b. Potential asset impairment c. Counterparty risk d. Compliance with and changes to accounting standards e. Our ability to generate cash and maintain liquidity. f. Sustainable value creation for stakeholders g. Accurate fair value estimation of cash and cash equivalents	The Company's primary credit exposure relates to its cash and cash equivalents and amounts receivable from group companies. Credit risk exposure stems from a counterparty's potential default, with the maximum exposure being equal to the carrying value of the instruments. Liquidity risk is controlled by being part of the larger VMED O2 Group. The Company's interest rate risk is mainly driven by interest earned on cash and cash equivalents and the loan extended to the immediate parent Company, TUK. The Company's capital management goals are to protect its ability to continue as a going concern, maintain a risk and return appropriate capital structure, and minimise the cost of capital. The fair value of the Company's cash, cash equivalents, and amounts due from group companies equals the book carrying value due to the short term or on demand nature of these instruments.	Stable Key financial considerations are still present, but the position is stable year on year.

Regulators and Government

Our three main Regulators are the Office of Communications (Ofcom), the Information Commissioner's Office (ICO) and the Financial Conduct Authority (FCA). We engage with all these regulators to foster a constructive relationship and support our business strategy.

We respond to formal requests for information and otherwise engage with Ofcom both directly through consultations and in correspondence to assist them in the development of the UK's mobile strategy.

The ICO is the UK's independent body set up to uphold information rights through regulation and enforcement of legislation. We monitor relevant regulatory developments and take appropriate measures accordingly. We engage constructively with the ICO in relation to any enquiries we may receive from the regulator under relevant data protection law.

giffgaff is authorised by the FCA to act as a credit broker. We are committed to treating customers fairly and giving due regard to the FCA's objectives of protecting consumers, ensuring market integrity, and promoting effective competition.

Non-Financial and Sustainability Information statement

Further details of our Non-Financial and Sustainability Information, including climate related financial disclosures are disclosed at group level in VMED O2 UK Limited Consolidated Annual Report and Financial Statement for the year ended 31 December 2025, published on the website, https://news.virginmediao2.co.uk/corporate-statements/.

Task Force on Climate-Related Disclosures (TCFD)

Details of 'Task Force on Climate-Related Disclosures (TCFD)' during the financial year ended 31 December 2025 are included in the 2025 Consolidated Annual Report of VMED O2 UK Limited published on the website https://news.virginmediao2.co.uk/.

Strategic Report (continued)

giffgaff Limited– Section 172(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 has acted in good faith in the interest of the shareholders, 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 when taking principal decisions of strategic importance which are significant to any of our key stakeholders.

Introduction

In discharging our responsibilities, a governance framework has been put in place which 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.

The Directors of the Company (which consists of the giffgaff CEO and members of the VMED O2 Senior Leadership Team) are supported by the Company's Leadership Team in discharging the statutory duties in the best interest of the Company and VMED O2. Some key stakeholder engagements are conducted at group level led by members of the VMED O2 Executive Management Team as Executive Sponsors (Executives). We find that this is the most efficient and effective approach and helps us achieve a greater positive impact on environmental, social and other issues that are relevant to our business. With the support of VMED O2, giffgaff has continued to balance profit, planet and people with our B Corp certification in mind. Certified B Corporations are companies verified by B Lab (a non-profit organisation) to meet high standards of social and environmental performance, transparency and accountability.

Some examples of how we considered matters of concern to our key stakeholders including the outcomes are detailed below:

Members

Our member base comprises of consumers. Member satisfaction is essential to our long-term success and putting our members first is, and will always be, a foundational strategic priority for the Company. The business remains increasingly focused on meeting and exceeding members needs as the household economic outlook continues to prove challenging.

Topic	How we engage and monitor	Outcomes
Providing high quality and reliable connectivity including product expansion. Ensuring that our members are well served in every interaction with us. Building a connection with members to make them feel valued through member schemes. Continued macroeconomic challenges for consumers and businesses.	**How we engage:** giffgaff works with its members to source ideas and feedback and provide frontline service support through its community. Pioneers, are a member research panel allowing for member surveys, discussions and workshops. **How we monitor:** Member insight from NPS. Member insight from giffgaff community forums and social media. Insight gathered from research, surveys, panels and workshops for member.	We launched travel add ons in July 2025 to give members the opportunity to enhance our in-built 5GB roaming allowance already included in plans as standard, from just £4 available in over 42 countries. We continued to review how we offer our members personalised support whilst also trialling the introduction of more AI chat bot-based servicing to enable members to resolve queries even faster. We listened to member frustrations with their existing broadband services and launched a product that breaks the rules by offering three simple and transparent speed tiers and in-built flexibility for consumers.

Strategic Report (continued)

Suppliers

We rely on several partners for many aspects of our operations, in particular the provision of products and services to our members. We recognise that effective management of suppliers is important to the business reputation and long-term success of the Company. The Company leverages off the procurement processes of our ultimate parent, VMED O2.

Topic	How we engage and monitor	Outcomes
Maintaining supply continuity and service quality amid a backdrop of geopolitical volatility. Driving supply chain decarbonisation in line with our net zero targets	**How we engage:** We continue to ensure our suppliers adhere to the VMED O2 Supplier Code of Conduct that is used by all entities in the group. 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. Decarbonisation requirements are integrated into procurement processes to ensure climate protection remains a core expectation for major suppliers. We analyse individual suppliers' carbon contributions and work directly with those that represent the largest share of emissions to accelerate reductions. We collaborate with industry initiatives such as the Joint Alliance for CSR, to advance sustainability standards across ICT supply chains **How we monitor:** Operational Processes and Supply Chain is one of eight principal risks on our risk register. We periodically measure our Scope 1, 2 and 3 carbon emissions to ensure we are on track for our net zero targets. We periodically capture and review Payment Practices and Performance reporting.	Despite heightened geopolitical volatility, our supply chains demonstrated strong resilience, enabling us to maintain continuity of supply and uphold service quality throughout 2025. Through proactive risk assessments, conducted independently and with our procurement partners, we identified potential exposures early and experienced no material impact on operations. Management of our supply chain enabled progress in our journey to net zero emissions across our value chain. During 2025, on average 97% of giffgaff invoices were paid within the agreed payment terms.

Strategic Report (continued)

People

Our people are core to the continuing success of our business, and the wellbeing of our people is important to us.

Topic	How we engage and monitor	Outcomes
Employee retention and commitment. Diversity, Equity and Inclusion (DE&I). Wellbeing, health and safety	**How we engage:** Our eight employee DE&I networks (Affinity Groups) provide an open forum, with each network receiving sponsorship from members of our Leadership team and senior management. Use of Slack as an interactive platform enabling two-way communication across the organisation. Monthly companywide virtual or in-person progress updates led by the Leadership Team (including the CEO) to provide an update on the company objectives & KPI's, with the opportunity to ask questions. **How we monitor:** Annual Gallup Q12 engagement survey to understand the views and perceptions of employees. Annual employee performance reviews.	Continued to increase awareness of the Company's DE&I strategy through launching giffgaff Affinity Groups to foster inclusion, provide safe spaces for support and to strengthen our culture of belonging. Our Q12 people engagement score was 4:09 out of 5. We saw improvement in clarity of role and manager care. To bring more value, purpose and opportunity for employees to share opinions, we are moving away from using Q12 in 2026 to Inpulse, where we can track employee engagement and context more clearly. The 2025 annual salary review provided a flat rate increase across all eligible employees. In collaboration with VMED O2 we have reinforced our zero-tolerance stance to discrimination, bullying and harassment, introducing a new mandatory training module on 'Preventing Sexual Harassment in the Workplace', and supporting guidance for our leaders on looking after their teams at corporate and informal events. In 2025, we also introduced Skillsoft, giving our people access to an AI-native, immersive learning platform that is designed to make learning more relevant, personalised and practical.

Strategic Report (continued)

Regulators

Our regulators direct how we deliver on our business strategy and provide services to our members at affordable prices in a competitive market whilst considering the wider economic challenges impacting businesses and members.

Topic	How we engage and monitor	Outcomes
Monitor relevant regulatory developments and take appropriate measures.	**How we engage:** We respond and engage with Ofcom both directly through consultations and to any queries we may receive from the regulator. We engage constructively with the ICO in relation to any enquiries we may receive from the regulator under relevant data protection law. We respond and engage constructively with the FCA in relation to any enquiries arising from our routine returns or any other relevant matter. **How we monitor:** Dedicated teams monitor the requirements that are applicable to us. Any changes to regulation are communicated and acted upon to ensure ongoing compliance. The use of regular risk reviews, compliance monitoring and internal audit activities reinforce our operations.	Ongoing engagement and discussions with Ofcom on a range of issues affecting the telecommunications industry. We passed our bi-annual total metering & billing solution audit with our external auditors ensuring regulatory compliance with Ofcom.

Other measures taken

Regular updates are provided by the Company to the VMED O2 Board and the Executive Management Team (including the Directors of the Company) to help them understand the interests and views of VMED O2's key stakeholders and other relevant factors, which ensures that the Directors and Leadership team can take them into account when making decisions and can comply with their Section 172 duty to promote the success of the Company.

At the beginning of 2025, we considered and set Company objectives, with associated key results (that would indicate the fulfilment of an objective (OKRs)). These covered: (i) driving in year performance by hitting financial and member growth targets, along with member NPS; (ii) member experience by extending the giffgaff product portfolio and offerings including the launch of Broadband; (iii) maintaining regulatory compliance; and (iv) building future platform technology capability to enhance service for members and were therefore closely aligned with the Section 172 duties. The Company OKRs were shared with all giffgaff people and constantly reviewed by the Company's Leadership Team throughout the year, who shared companywide progress updates monthly.

To further ensure compliance with their Section 172 duties (and appropriate governance more generally) the Directors and the Leadership Team follow an electronic contract approval mechanism. This requires all commercial arrangements to be explicitly approved by the Leadership Team, with the Section 172 requirements explicitly flagged during the approval process to the relevant Director or Leadership Team member (who by giving their approval, indicate that they are acting in accordance with the duties).

Strategic Report (continued)

Other measures taken (continued)

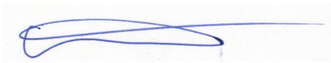
Additionally, bi-monthly Assurance Forum meetings and quarterly Risk Forum meetings are held with the Leadership Team to provide oversight of key risks and issues relating to the long-term success of the Company. This provides the Chief Executive Officer and their Leadership Team the clear facts to allow them to fulfil their Section 172 duties and take strategic decisions with full knowledge of the business health and risks. During the year the Company has also continued to enhance its risk management framework, giving clearer and more comprehensive risk management insight to the Leadership Team and to the Company's shareholder.

Conclusion

All the above measures ensured that Section 172 duties have been met and that strategic decisions happened with full oversight of the Directors and the Leadership Team, enabling the Company and its people to remain true to the Company’s purpose.

The Strategic Report was approved by the Board on 07 July 2026.

By Order of the Board



Vivienne Aziba
for and on behalf of VMED O2 Secretaries Limited
Company Secretary

Energy and Carbon Report

We are pleased to report on our Energy and Carbon Report for the financial year ending 31 December 2025.

The scope of the report includes our office and business travel. The data used to calculate emissions includes office meter readings and datasets from travel booking providers and travel expense systems. Emissions factors have been taken from the Department of Business, Energy and Industrial Strategy (BEIS) 2025 Conversion Factors and emissions have been calculated in line with the GHG Protocol Corporate Standard.

Emissions	**2025 (tCO2e)**	**2024 (tCO2e)**
Scope 1 - Direct emissions from activities owned or controlled by the Company. This is low impact and fuel used is primarily for Company lease vehicles.		
Static combustion – Gas for heating	21.8	29.8
Mobile combustion – Fleet fuel	-	-
Total	**21.8**	29.8
Scope 2 - Indirect emissions into the atmosphere associated with purchased electricity, heat, steam and cooling Electricity Consumed at our office		
Total Electricity Consumption (Location based)	17	20.1
Renewable Energy Purchase	17	20.1
Scope 3 a consequence of an indirect source (e.g. business travel by vehicles not owned by the Company) Business travel (business mileage).		
Air Travel	21.6	9.0
Land travel	26.7	23.0
Total	**48.3**	**32.0**
Methodology for scope data	GHG Protocol	GHG Protocol
Intensity Ratio using the UK Gov BEIS emissions factors Kg carbon dioxide equivalent per £m revenue (scope 1 and 2 market based)	34.4 kgCO2e/£m revenue	49.2 kgCO2e/£m revenue
Intensity Ratio using the UK Gov BEIS emissions factors Kg carbon dioxide equivalent per £m revenue (scope 1 and 2 location based)	61.2 kgCO2e/£m revenue	82.4 kgCO2e/£m revenue
Carbon offsets (tCO_2e)	Zero	Zero

We purchased 95,908 kWh (2024: 97,072 kWh) of electricity for consumption (renewable) in our own or controlled sources. The renewable energy has a zero-emission factor using the market approach. (NB: December consumption was estimated for gas and electricity used in the office on a pro rata basis).

Our energy supplier is TotalEnergies Gas and Power, which provides a 2-year tariff with 100% certified renewable electricity.

Giffgaff HQ is based in a BREEAM certified building (rated 'Excellent') and EPC Rating A. The building has 50㎡ solar panels to roof and 200㎡ of photovoltaic cells. An intelligent lighting control system is used throughout, including LED lighting with perimeter daylight dimming function. Boiling water taps are also installed. giffgaff also operates a zero waste to landfill policy, ensuring that all waste is recycled or diverted from landfill through waste to energy.

Directors' report

The Directors of the Company present their report for the Company, which has been prepared in accordance with the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008.

In accordance with Section 414C (11) of the Companies Act 2006 the Directors have chosen to set out in the Strategic Report certain information which fulfils the requirement of the Directors' Report.

Directors and secretary

The Directors who held office during the year and up to the date of signing the Annual Report were as follows:

Mark David Hardman
Soeren Christian Benyamin Grigorius Hindennach - appointed on 1 December 2025
Ashley Schofield - resigned on 28 January 2026
Katelyn Dohaney - appointed on 28 January 2026

The Secretary who held office during the year was VMED O2 Secretaries Limited.

Directors' liability insurance and indemnity

In accordance with the Company's articles of association the Directors shall be indemnified out of the Company's assets to the extent permissible by UK Company Law. This indemnity was in force during the financial year and at the date of approval of the financial statements.

Corporate Governance

The giffgaff Board, which was comprised of the Chief Executive Officer of giffgaff, the Finance Director - Finance Operations/ Interim Chief Finance Officer of VMED O2 and the Chief Commercial Officer of VMED O2, are responsible for the overall conduct of the business and its long-term success.

The Board is assisted in its function by the Executive Committee (comprising of giffgaff's Chief Executive Officer and Chief Financial Officer). Aiding the Executive Committee is the giffgaff Leadership Team consisting of the Chief Marketing Officer, Chief Product Officer, Chief Growth/ Commercial Officer, Chief Operating and Technical Officer, General Counsel and People Director. Priorities for the Leadership Team include maintaining our growth performance, ensuring our product offering remains relevant to our members and growing the business responsibly in an evolving regulatory environment.

As part of the wider Group governance framework the Chief Executive Officer of giffgaff is accountable to the Executive Management Team of VMED O2.

Stakeholder Statement

Details of how we have fostered business relationships with key stakeholders and the effect on principal decisions can be found in Section 172(1) Statement on pages 12 to 16.

Directors' report (continued)

UK employee engagement statement

The Company does not have any employees in its own right; the Company's employees are employed by Telefonica UK Limited which operates solely in the UK and employees are based in the UK except for a handful which are seconded to other Group companies from time to time. Details on how the Company engages with employees can be found in Section 172(1) Statement on page 14.

The Company is committed to employment policies that follow good practice based on equal opportunities for all, and recognise diversity, including fair treatment of people with disabilities in relation to their recruitment, training, and development. The Company supports the health and wellbeing of its employees and, specifically, is committed to making improvements to the issue of mental health in the workplace as well as providing a range of occupational health and support services to employees.

These policies contain guidance for line managers and employees including recruitment processes and additional arrangements which can be made as required due to any disability.

Further disclosure in relation to the employees can be found on pages 6 of the Strategic Report.

Results and Dividends

The Company's profit for the period, after tax amounted to £44,691,000 (2024: £64,096,000).
The Company did not pay a dividend for the year ended 31 December 2025 (2024: £nil).

Financial risk management objectives, policies and exposure

Details of the Company's approach to financial and business risk management are set out in the Strategic Report.

Important events since the end of the financial year

There are no important events affecting giffgaff which have occurred since the financial year end.

Capital structure and rights attached to shares

The details of the Company's capital structure including the rights attached to shares are detailed in note 20 of the financial statements.

Directors' report (continued)

Going concern

The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the reasons below.

The Company prepares detailed annual budgets and forecasts as part of its own planning processes, which show continued strong financial performance. In these forecasts the Company does not anticipate that an unexpected fall in volumes and/or prices will result in sustained losses that have a material impact on its' ability to continue in operation. In the current financial period, the Company had net assets of £387,099,000 (2024: £342,408,000) and made a profit of £44,691,000 (2024: £64,096,000). The financial position of the Company is described on page 6 of the strategic report. In addition, the principal risks and uncertainties section of the financial statements on pages 8 to 10 includes the Company's objectives, policies, and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk, liquidity risk and interest rate risk. The Directors believe that the Company is well placed to manage its financing and business risks successfully.

In addition, the Company is operationally and financially integrated with the wider VMED O2 Group, so for the purposes of making this going concern assessment the Directors have made suitable enquiries and obtained the necessary assurances, including a letter of support from VMED O2 UK Limited, that sufficient resources would be made available to the Company if required to meet any liabilities as they fall due. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Forecasts and projections which consider reasonably possible downsides in trading performance, have been prepared for the VMED O2 Group as a whole and these showed that cash on hand, together with cash from operations and the revolving credit facility, are expected to be sufficient for the group and hence the Company's cash requirements through to at least 12 months from the approval of these financial statements.

When taking into account its own financial position, the VMED O2 Group forecasts and projections and after making enquiries, the Directors have a reasonable expectation that the Company has adequate support and resources to continue in operational existence for the foreseeable future. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Political donations

The Company made no political donation during the year ended 31 December 2025 (2024: £nil).

Research and Development

Details of our Research and Development during the year ended 31 December 2025 are included in VMED O2 UK Limited Consolidated Annual Report and Financial Statements for the year end 31 December 2025 published on the website https://news.virginmediao2.co.uk/.

Statement as to disclosure to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

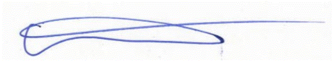
Directors’ report (continued)

Auditor

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

The Directors’ report was approved by the Board on 07 July 2026.

By Order of the Board



Vivienne Aziba
for and on behalf of VMED O2 Secretaries Limited
Company Secretary

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

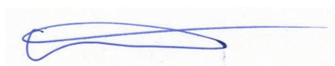
Directors' confirmation

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Statement of Directors' responsibilities was approved by the Board on 07 July 2026.

By Order of the Board



Vivienne Aziba
for and on behalf of VMED O2 Secretaries Limited
Company Secretary

Independent Auditor's report to the members of giffgaff Limited

Opinion

We have audited the financial statements of giffgaff Ltd ("the Company") for the year ended 31 December 2025 which comprise the Profit and Loss Account, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that 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 its ability to continue as a going concern for at least a year 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 Company's business model and analysed how those risks might affect the 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 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 Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

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
- Considering remuneration schemes for directors.

Independent Auditor’s report to the members of giffgaff Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

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 the 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. High-risk criteria included journal entries with unusual characteristics compared to the total population, with consideration of end-of-period reporting and irregular amounts in the general ledger.

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.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
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 non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company’s licence to operate. We identified the following areas as those most likely to have such an effect: data protection laws reflecting the growing amount of personal data held and competition and markets regulation, anti-bribery, employment law, recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance 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.

Independent Auditor's report to the members of giffgaff Limited (continued)

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

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 non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Strategic Report, Directors' Report and the Statement of Directors' Responsibilities. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the strategic report and the directors' report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit 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 their statement set out on page 18, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

Independent Auditor's report to the members of giffgaff Limited (continued)

Auditor's responsibilities (continued)

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.

Signed by:
Gareth Knight
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Gareth Knight (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
United Kingdom
E14 5GL

08 July 2026

Profit and Loss Account
For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Revenue	3	**633,783**	605,864
Cost of sales		**(517,499)**	(480,196)
Gross profit		**116,284**	125,668
Administrative expenses		**(104,733)**	(94,913)
Operating profit		**11,551**	30,755
Financial income	8	**33,196**	32,850
Financial costs	9	**(80)**	(98)
Profit before taxation	4	**44,667**	63,507
Taxation credit	10	**24**	589
Profit for the year		**44,691**	64,096
Total comprehensive income for the year		**44,691**	64,096

The accompanying notes on pages 30 to 44 are an integral part of these financial statements.

All results were derived from continuing operations.

giffgaff Limited Registered Number: 04196996

Balance Sheet
As at 31 December 2025

	Note	2025	2024
		£000	£000
Fixed assets			
Property, plant and equipment	11	**7,340**	8,850
Intangible assets	13	**25,561**	21,033
Right-of-use assets	12	**2,418**	3,023
		35,319	32,906
Current assets			
Inventories	14	**5,554**	5,572
Trade and other receivables	15	**562,054**	538,922
Cash and cash equivalents		**574**	596
		568,182	545,090
Creditors: amounts falling due within one year	16	**(212,137)**	(230,445)
Net current assets		**356,045**	314,645
Total assets less current liabilities		**391,364**	347,551
Creditors: amounts falling due after more than a year	17	**(3,177)**	(3,900)
Provision for liabilities	19	**(1,088)**	(1,243)
		(4,265)	(5,143)
Net assets		**387,099**	342,408
Equity			
Share capital	20	**-**	-
Retained earnings		**387,099**	342,408
Total Equity		**387,099**	342,408

The accompanying notes on pages 30 to 44 are an integral part of these financial statements.

The financial statements on pages 30 to 44 were approved and authorised for issue by the Board of Directors on 07 July 2026 and were signed on its behalf by:

Kate Dohaney

Katelyn Dohaney
Director

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

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2024	**-**	**278,312**	**278,312**
Profit and total comprehensive income for the year	-	64,096	64,096
At 31 December 2024	**-**	**342,408**	**342,408**
Profit and total comprehensive income for the year	-	44,691	44,691
At 31 December 2025	**-**	**387,099**	**387,099**

The accompanying notes on pages 30 to 44 are an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

General information

The principal activity of giffgaff Limited (the "Company") is that of a mobile virtual network operator running on the O2 network, providing telecommunication and Broadband services to consumers. The Company is incorporated in England and Wales and is domiciled in the United Kingdom. giffgaff Limited is a private Company limited by shares registered in England and Wales under the number 04196996. The registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

Basis of preparation

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

These financial statements have been prepared on a going concern basis and under the historical cost basis in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards (UK-adopted IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, VMED O2 UK Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of VMED O2 UK Limited are prepared in accordance with the UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliation for share capital, property, plant and equipment and intangible assets;
- Disclosure in respect of related party transactions with fellow Group undertakings;
- Disclosure in respect of capital management;
- The effects of new but not yet effective IFRSs.
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations

As the consolidated financial statements of VMED O2 UK Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in the respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures requirement by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company's financial statements are presented in Pound Sterling ('GBP') and all values are rounded to the nearest thousand GBP (£000) except where otherwise indicated.

Going concern

The Directors believe that the Company is well placed to manage its business risk successfully and have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of our going concern statement can be found in the directors' report on pages 19 to 21.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Presentation of financial information

Operating items in the statement of comprehensive income are derived from the primary operations of the Company as a telecommunications provider. Items in the statement of comprehensive income recognised below operating profit represent activities that are not directly attributable to the Company's primary operations.

Revenue

Revenue, which excludes value added tax and other sales taxes, comprises mobile service revenue, hardware revenue and Broadband revenue (each described in more detail below).

Mobile service revenue

Mobile service revenue includes revenue earned for usage of the TUK wireless network for voice, text message and data transmission by the Company's members, as well as outbound roaming and interconnect revenue. Mobile service revenue is received on a pre-pay basis from our SIM only plans which include pay as you go, monthly rolling and 18-month contracts.

Revenue for pre-pay members is recorded as deferred revenue prior to commencement of services and is recognised as the pre-pay services are rendered. Outbound roaming revenue, earned from the Company's members roaming outside their domestic coverage area, is recognised based upon usage. Interconnect revenue, earned from other telecommunications operators whose customers terminate calls on giffgaff numbers, is recognised based upon usage.

Hardware revenue

Hardware revenue principally consists of revenue from the sale of mobile handsets. The revenue and related expenses associated with the sale of mobile handsets are recognised when the devices are delivered and accepted by the member.

Handsets can be bought by members but paid for over time, these are funded by third party loans, brokered by the Company. The revenue related to these handsets is recognised when the products are delivered and accepted by the member because this is when the funds from the third party are received by the Company.

Broadband revenue

Broadband revenue relates to revenue from providing broadband internet services. Revenue is received on a pre-pay basis and starts to be recognised at the point of installation. Broadband revenue is deferred based on when the service is rendered.

Subscriber acquisition and loyalty programme cost

Member acquisition and retention costs are recognised as an expense for the period in which they are incurred. Advertising, promotion, sponsoring, communication and brand marketing costs are also expensed as incurred.

Cost of sales

Cost of sales principally includes the costs of acquiring, retaining and servicing members, hardware costs and the cost recharged by our immediate parent for using the O2 network.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Administrative expenses

Administrative expenses principally include staff costs, IT and system support costs, commissions and marketing costs comprising of advertising, promotion, sponsorship and communication. These costs are expensed as incurred.

Employee benefits

Pension obligations

The Company does not have any contractual employees. Since September 2015 the Company's employees are seconded from TUK (previously seconded from Telefonica Digital Limited), an associate Company within the Telefonica Group, which participates in the TUK Pension Plan ("Telefonica PP"), a scheme sponsored by TUK that provides benefits for the majority of UK employees within TUK.

During the reporting year, the Telefonica PP had both defined benefit and defined contribution plans. Only the defined contributions schemes of the Telefonica PP remain open to new participants. The assets of the Telefonica PP are held independently of the Company's finances.

In TUK's capacity as a participating employer of the defined contribution section of the Telefonica PP, TUK pays contributions into the plan on behalf of employees of the Company. 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, TUK has no further obligation to contribute to a defined contribution plan. The contributions are recharged to the Company and are recognised as employee benefit expenses when they are due. Further disclosures on the Telefonica PP can be found in the financial statements of Telefonica UK Limited.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. Deferred income tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax and current tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. 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 item will flow to the Company and the cost of the item can be measured reliably.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is provided on property, plant and equipment from the date they are brought into use over their estimated useful lives on a straight-line basis. The lives assigned to property, plant and equipment is 2 to 11 years.

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each statement of financial position date. No depreciation is provided on freehold land or assets in the course of construction.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Intangible assets

<u>Software</u>

Software development costs are capitalised when it meets the criteria set out in the accounting standard for capitalisation which includes: the technical feasibility of completing the asset so that it will be available for use or sale; an intention to complete the asset and use or sell it; an ability to use or sell the asset; future economic benefit is expected; adequate technical, financial and other resources are available; and an ability to reliably measure expenditure. Software development costs are directly associated with the production of identifiable unique software products controlled by the Company, including portal related assets which are expected to generate economic benefits over a period of more than one year, are recognised as intangible assets.

Software development costs are initially recognised as intangible assets under construction. These assets are not amortised while classified as assets in the course of construction. Only once they are available for use, they will be reclassified to the appropriate category of intangible assets and amortised over their estimated useful lives of between 2 and 6 years on a straight-line basis. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Inventories

Inventories comprise SIM cards and handsets and are stated at the lower of cost and 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.

Financial assets

The Company's financial assets consist of cash and cash equivalents, accrued income, intra-group receivables and other receivables.

Financial assets are recognised on the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Financial assets (continued)

At initial recognition, the Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company assesses the expected credit losses associated with its financial assets carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Trade and other payables

Trade payables and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

The Company acts as a lessee on an office building. The Company has elected not to apply the general requirements to short-term leases and leases of low-value assets. The Company has also elected not to recognise non-lease components separately from lease components for those classes of assets in which non-lease components are not significant with respect to the total value of arrangement.

Right of use assets are initially recognised at the initial measurement of lease liabilities plus any lease payments made at or before the commencement date; less any lease incentives received; plus any initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right of use assets are subsequently measured using the cost model by charging depreciation to profit and loss over the term of the lease and adjusting for any remeasurement of the lease liability or impairment of the asset.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Lease (continued)

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease if it can be readily determined, or the incremental borrowing rate of interest required to finance the expected payments during the lease term. Lease payments included in initial measurement comprise fixed payments, less any incentives receivable; variable lease payments that depend on an index or rate; amounts expected to be paid under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments for penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The lease term is based on the non-cancellable period; plus periods covered by options to extend the lease, where such options depend only on the Company and where exercise is assessed to be reasonably certain, taking into account the specific situation of the lease.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications. Interest is charged to profit and loss.

2. Critical accounting estimates and judgements

The preparation of financial statements is in accordance with UK-adopted International Accounting Standards but makes amendments where necessary in order to comply with the Companies Act 2006 which requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. A significant change in the facts and circumstances on which these estimates are based could have a material impact on the Company's earnings and financial position. There are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Revenue

Significant revenue streams are detailed below:

	2025	2024
	£000	£000
Mobile service revenue	**506,213**	499,264
Handsets revenue	**127,548**	106,600
Broadband revenue	**22**	-
Total revenue	**633,783**	605,864

Notes to the financial statements (continued)

4. Profit before taxation

The following items have been included in arriving at the profit before taxation:

	2025	2024
	£000	£000
Staff costs (note 5)	**21,559**	19,423
Depreciation and amortisation (note 11, 12, 13)	**10,624**	9,009
Marketing and commissions	**53,045**	48,274
IT and system support	**9,876**	9,058
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	**85,495**	83,132

5. Employees

The Company does not have contractual employees in its' own right. All employees are seconded from TUK, who incur the employee costs and recharge these to the Company on a monthly basis.

	2025	2024
Monthly average number of full-time employee equivalents (including executive Directors)	**No.**	No.
Member Operations	**269**	238
Administration	**30**	26
Total employees	**299**	264

The benefits expense incurred in respect of these employees was:

	2025	2024
	£000	£000
Wages and salaries	**14,091**	13,328
Social security costs	**3,291**	2,508
Cost of defined contribution scheme	**2,887**	2,711
Long term incentive schemes	**1.290**	876
Total employee benefits expense	**21,559**	19,423

6. Key management and Directors' compensation

As disclosed in note 5, the Company does not have contractual employees in its own right. All employees are seconded from TUK, who incur the employee costs and recharge these to the Company monthly. The emoluments of the key management and the Directors were therefore all paid by TUK. During the year ended 31 December 2025, the services provided by two out of the three directors of the Company are not considered to represent a significant amount of their time and are considered to be incidental, consequently no disclosure has been made in respect of the emoluments of these two directors during this period. These two directors provided services to entities throughout the whole VMED O2 Group. Therefore, key management is defined as one Director and the giffgaff Leadership Team.

Notes to the financial statements (continued)

6. Key management and Directors' compensation (continued)

The Company's employees and directors participated in employee incentive share schemes operated by Telefonica and VMED O2 (see note 1 for further details).

During the current year, no directors accrued retirement benefits under a defined benefit pension plan (2024: None). One disclosed director (2024: One) accrued retirement benefits under a defined contribution pension plan during the year. One disclosed director was entitled to receive gains in respect of qualifying service under long-term incentive plans (2024: One).

Key management compensation for services to the Company for the period were as follows:

	2025	2024
	£000	£000
Salaries and short-term employee benefits	**1,768**	1,516
Post-employment benefits	**77**	94
Key Management gains on long term incentive plans (a)	**699**	69
Total key management compensation	**2,544**	1,679

(a) In addition to the amounts in the table above, a payable of £0.3 million related to the VMED O2 long term incentive plan is due to key management with vesting expected from 2026.

The remuneration of the Director paid for by the Company for the year ended 31 December was as follows:

	2025	2024
	£000	£000
Directors' emoluments in respect of qualifying services	**371**	350
Company contributions to defined contribution pension schemes	**10**	10
Directors' gains on long term incentive plans	**246**	69
Total Directors' remuneration	**627**	429

7. Auditors' remuneration

The aggregate fees paid to auditors during the year for audit and other services are analysed below:

	2025	2024
	£000	£000
Audit services:		
UK statutory audit fees	**127**	121
PSD2 exemption assurance reporting services	**-**	-
Total auditors' remuneration	**127**	121

The fees relating to services for PSD2 were paid to TUK SUD Limited, these services were exempted from assurance reporting.

Notes to the financial statements (continued)

8. Finance income

	2025 £000	2024 £000
Financial income:		
Interest income on Loan to parent company	**8,800**	10,217
Interest income on Loan to other group company	**24,391**	22,621
Other interest income	**5**	12
Total financial income	**33,196**	32,850

9. Finance costs

	2025 £000	2024 £000
Financial costs:		
Lease interest	**(80)**	(98)
Total financial costs	**(80)**	(98)

10. Taxation

	2025 £000	2024 £000
Deferred tax - current year	**(113)**	(24)
Deferred tax – adjustments in respect of prior year	**89**	(565)
Taxation (credit)	**(24)**	(589)

	2025 £000	2024 £000
Profit before taxation	**44,667**	63,507
Profit before taxation multiplied by rate of corporation tax in the UK of 25% (2024: 23.5%)	**11,167**	15,877
Effects of:		
Expenses not deductible for tax purposes	**347**	245
Income not taxable	**(18)**	(18)
Adjustments in respect of prior year	**89**	(565)
Effect of change in tax rate	**-**	-
Group relief not paid for	**(11,609)**	(16,128)
Total taxation (credit)	**(24)**	(589)

The UK corporate income tax rate increased from 19.0% to 25.0% from 1 April 2023. The statutory tax rate for the year ended 31 December 2025 is 25%

Notes to the financial statements (continued)

11. Property, Plant and Equipment

	Plant and Equipment £000	Assets in the course of construction £000	Total £000
Cost			
At 31 December 2024	**28,069**	**507**	**28,576**
Additions	-	2,038	2,038
Reclassifications	1,827	(1,827)	-
Disposals	(2,772)	-	(2,772)
At 31 December 2025	**27,124**	**718**	**27,842**
Accumulated depreciation and impairment			
At 31 December 2024	**19,726**	**-**	**19,726**
Charge for the year	3,548	-	3,548
Disposals	(2,772)	-	(2,772)
At 31 December 2025	**20,502**	**-**	**20,502**
Net book amount			
At 31 December 2025	**6,622**	**718**	**7,340**
At 31 December 2024	8,343	507	8,850

12. Right of use assets

	Land and buildings £000	Asset Restoration Provision £000	Total £000
Cost			
At 1 January 2025	**5,940**	**625**	**6,565**
Addition	-	-	-
At 31 December 2025	**5,940**	**625**	**6,565**
Accumulated depreciation			
At 1 January 2025	**3,240**	**302**	**3,542**
Charge for the year	540	65	605
At 31 December 2025	**3,780**	**367**	**4,147**
Net book amount			
At 31 December 2025	**2,160**	**258**	**2,418**
At 31 December 2024	2,700	323	3,023

Notes to the financial statements (continued)

13. Intangible Assets

	Software £000	Intangible assets in construction £000	Total £000
Cost			
At 1 January 2025	**55,705**	**2,362**	**58,067**
Additions	-	10,999	10,999
Reclassifications	12,432	(12,432)	-
Disposals	(1,073)	-	(1,073)
At 31 December 2025	**67,064**	**929**	**67,993**
Accumulated amortisation and impairment			
At 1 January 2025	**37,034**	**-**	**37,034**
Charge for the year	6,471	-	6,471
Disposals	(1,073)		(1,073)
At 31 December 2025	**42,432**	**-**	**42,432**
Net book amount			
At 31 December 2025	**24,632**	**929**	**25,561**
At 31 December 2024	18,671	2,362	21,033

14. Inventories

	2025 £000	2024 £000
Handsets held for resale	**4,494**	4,964
SIM cards	**1,060**	608
Inventories	**5,554**	5,572

15. Trade and other receivables

	2025 £000	2024 £000
Prepayments	**4,312**	4,314
Other debtors	**1,950**	1,830
Accrued revenue	**3,023**	2,868
Amounts owed by immediate parent	**166,577**	166,903
Amounts owed by other group companies	**386,192**	363,007
Trade and other receivables	**562,054**	538,922

On 17 December 2020 a loan was issued to the Company's immediate parent, Telefonica UK Limited, for £165,000,000. The terms of the facility allow for further advances up to a total value of £200,000,000 subject to agreement between both parties. The loan is repayable upon the demand of the Company at any time. Interest is payable on the loan at the rate of 100 basis points plus 3 month Compounded SONIA. The balance included within amounts owed by immediate parent as at 31 December 2025 was £165,000,000 (2024: £165,000,000) plus interest accrued and not repaid of £1,375,000 (2024: £1,627,000).

Notes to the financial statements (continued)

15. Trade and other receivables (continued)

On 1 June 2021 an agreement was put in place between the Company and VMED O2 UK Holdco 4 Limited, a subsidiary of VMED O2 UK Limited. This agreement stipulated that the Company's excess cash would be swept into VMED O2 UK Holdco 4 Limited's investment account on a monthly basis. The principal amount and accrued interest are repayable 9 years after the effective date or at any time prior to the repayment date. Interest is payable on the loan at the rate of Virgin Media's quarterly WACD plus 12.5 basis points. The balance included within the amounts owed by other group companies as at 31 December 2025 was £361,800,934 (2024: £340,386,932) plus interest accrued in the year of £24,390,000 (2024: £22,620,000).

All other amounts owed by group companies (including the immediate parent) relate to trading activities. These amounts are unsecured, interest free and repayable on demand.

At the end of the year ended 31 December 2025, the Company had no provisions relating to amounts owed by other group companies (2024: nil). This assessment is undertaken each financial year through an examination of the financial position of the related party.

16. Creditors: amount falling due within one year

	2025	2024
	£000	£000
Amounts owed to group companies	**136,519**	160,553
Other taxation and social security	**31,767**	26,998
Accrued expenses	**8,762**	9,010
Deferred income	**34,235**	33,048
Lease liabilities	**699**	681
Provision	**155**	155
Creditors: amount falling due within one year	**212,137**	230,445

Amounts owed to group companies relate to trading activities (including group tax relief). These amounts are unsecured, interest free and repayable on demand. The total future revenue of £34,235,000 as at 31 December 2025 for performance obligations not yet delivered to members is expected to be recognised within 12 months of the year end.

17. Creditors: amounts falling due after more than one year

	2025	2024
	£000	£000
Deferred tax (note 18)	**1,158**	1,182
Lease liability	**2,019**	2,718
Creditors: amounts falling due after more than one year	**3,177**	3.900

Notes to the financial statements (continued)

18. Deferred tax

Deferred tax is calculated on temporary differences under the liability method using a tax rate of 25%
The movement on the deferred tax asset/ (liability) is as shown below:

	£000
At 1 January 2025	**(1,182)**
Prior year charge to statement of comprehensive income	(89)
Current year credit to statement of comprehensive income	113
At 31 December 2025	**(1,158)**

Deferred tax assets/(liabilities)	Accelerated tax depreciation £'000	Other £'000	Total £'000
At 1 January 2025	**(762)**	**(420)**	**(1,182)**
Prior year charge to statement of comprehensive income	-	(89)	(89)
Current year credit to statement of comprehensive income	113	-	113
At 31 December 2025	**(649)**	**(509)**	**(1,158)**

19. Provisions

A breakdown of the Company's current and non-current provisions is as follows:

	Asset retirement obligation £000	Lease Incentive £000	Total £000
Current	-	155	155
Non-current	625	463	1,088
	625	**618**	**1,243**

	Asset retirement obligation £000	Lease Incentive £000	Total £000
At 1 January 2025	**625**	**773**	**1,398**
Charge for the year	-	(155)	(155)
At 31 December 2025	**625**	**618**	**1,243**

Notes to the financial statements (continued)

19. Provisions (continued)

Asset Retirement Obligation

The Company is required to restore the lease premises of its office to its original condition at the end of its lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the right of use asset and are amortised over the shorter of the term of the lease and the useful life of the asset.

Lease Incentive

The Company's lease accommodation includes partial fit-out costs provided by the lessor as a lease incentive. The assets obtained by the Company have been recognised as furniture and equipment at fair value and are depreciated over the shorter of their useful life and the lease term. The lease incentive is unwound to the statement of comprehensive income on a straight-line basis over the lease term. The remaining value will be taken in equal instalments for the term of the lease.

Lease liabilities

	Lease liabilities £000
At 1 January 2025	**3,399**
Lease payments	(761)
Interest applied	80
At 31 December 2025	**2,718**

Maturity of lease liabilities

	2025 £000	2024 £000
Within one year	**699**	681
Later than one year but not later than five years	**2,019**	2,718
Total lease liabilities	**2,718**	3,399

20. Share capital

	Number of shares	**2025 £**	Number of shares	2024 £
Called up, allotted and fully paid				
Ordinary shares of £1 each	**1**	**1**	1	1

The Company has one class of issued share capital, comprising ordinary shares of £1. Subject to the Company's articles of association, and applicable law, the Company's ordinary shares confer on the holder the right to receive notice of and vote at general meetings of the Company, the right to receive any surplus assets on a winding up of the Company and an entitlement to receive any dividend declared on ordinary shares.

Notes to the financial statements (continued)

21. Guarantees

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2025, this comprised term facilities that amounted to £6,221 million (2024 - £7,235million) of which nil was undrawn (2024 - £nil) and revolving credit facilities of £1,378 million (2024 - £1,378 million), which were undrawn as at 31 December 2025 and 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 at 31 December 2025 amounted to £10,316 million (2024 - £8,846 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 at 31 December 2025 amounted to approximately £1,124 million (2024 - £1,152 million).

The company is a member of the group, which manages its liquidity at the consolidated group level. As such, while the company is not itself a guarantor of the credit facilities, senior secured notes and senior notes discussed above, any action to enforce the guarantees and security given by fellow group undertakings could impact upon the company as a part of that group.

22. Parent Company and controlling party

The Company's immediate parent undertaking is Telefonica UK Limited. The registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU..

The smallest and largest groups of which the Company is a member and into which the Company's accounts were consolidated at 31 December 2025 are VMED O2 UK Holdings Limited and VMED O2 UK Limited, respectively.

The Company's ultimate parent undertaking and controlling party at 31 December 2025 was VMED O2 UK Limited.

Copies of VMED O2 UK Limited accounts referred to above which include the results of the Company are available at 500 Brook Drive, Reading, United Kingdom, RG2 6UU and published on their website https://news.virginmediao2.co.uk/corporate-statements/.