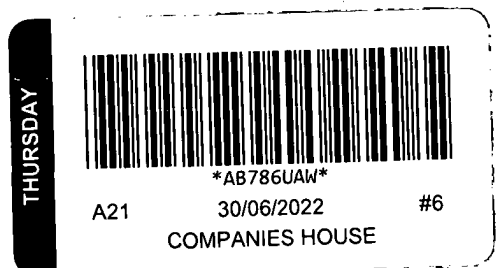


Registered number: 12800739

**VMED O2 UK FINANCING I PLC  
(FORMERLY NEWCO FINANCING I PLC)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE SEVENTEEN MONTH PERIOD ENDED 31 DECEMBER 2021**



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**VMED O2 UK FINANCING I PLC**

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**COMPANY INFORMATION**

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<b>Directors</b>	J L Boyle M D Hardman
<b>Company secretary</b>	V Aziba
<b>Registered number</b>	12800739
<b>Registered office</b>	Griffin House 161 Hammersmith Road London United Kingdom W6 8BS
<b>Independent auditor</b>	KPMG LLP 1 St Peter's Square Manchester M2 3AE

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**VMED O2 UK FINANCING I PLC**

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## VMED O2 UK FINANCING I PLC

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

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#### Principal activities and business review

VMED O2 UK Financing I plc, (the company) was incorporated on 10 August 2020.

The company is a wholly-owned subsidiary of VMED O2 UK Limited (VMED O2) (the group).

The principal activity of the company was, and will continue to be, to provide funding to fellow group subsidiaries.

VMED O2 is an integrated communications provider of mobile, broadband internet, video and fixed-line telephony to residential customers and businesses in the United Kingdom (UK). As of 31 December 2021, the primary subsidiaries of VMED O2 include (i) Virgin Media Inc. and its subsidiaries (collectively, Virgin Media), (ii) VMED O2 UK Holdco 1 Limited and its subsidiaries (collectively, O2) and (iii) VMED O2 UK Financing I plc.

VMED O2 is a 50:50 joint venture formed on 1 June 2021 between Liberty Global plc (Liberty Global) and Telefónica, SA (Telefónica) (the JV Transaction). Combining the operations of Virgin Media Inc. and its subsidiaries in the UK with the operations of O2 Holdings Limited and its subsidiaries in the UK (the joint venture). Further detail of the joint venture is provided in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

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

At 31 December 2021, the group's fixed-line network passed 15.6 million homes and served 5.8 million fixed-line customers with 5.6 million customers taking a broadband internet product. In addition, at 31 December 2021, the group served 32.2 million retail mobile connections and 10.0 million wholesale mobile connections.

Under the Virgin Media brand, the group provides broadband internet, video, fixed-line telephony, mobile ("Mobile - Virgin Media MVNO Based Offerings") and broadcasting services in the UK. The group is one of the UK's largest providers of residential communications services in terms of the number of customers. The group believes that using its advanced, deep-fibre cable access network enables the group to offer faster and higher quality broadband internet services than digital subscriber line (DSL) market participants. As a result, the group provides its customers with a leading next generation broadband internet service and one of the most advanced interactive television services available in the UK market.

Virgin Media provides mobile services to customers in the UK using third-party networks through mobile virtual network operator (MVNO) arrangements. Following the formation of the joint venture, these services will migrate to the group's own mobile network and these MVNO arrangements will be unwound.

In addition, through the Virgin Media Business brand, the group provides broadband internet, fixed-line and mobile telephony and other connectivity services to businesses, public sector organizations and service providers in the UK across its fixed-line network.

The group's mobile network is operated under the O2 brand and is a leading UK mobile network operator (MNO), whose primary business is providing mobile telecommunications and related services to consumer and business customers. Under the premium O2 brand, the group offers a comprehensive range of mobile services and products to consumer and business customers, including mobile voice, messaging and data services, and sales of handsets, tablets, wearable devices and other hardware. In addition, the group offers a wide range of value-add services and products including Wi-Fi services, security services, cloud services, digital payment services, certain fixed-line services for businesses and insurance products. O2 has also developed innovative value-add services and products, including services and products relating to the 'Internet of Things', insurance, and big-data and insight services for businesses. Through its digital loyalty program, Priority, O2 offers its customers a range of exclusive deals and perks and this program was extended to the group's fixed-line customers in November 2021.

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## VMED O2 UK FINANCING I PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

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#### Principal activities and business review (continued)

In addition, O2 provides MVNO based offerings, through its digital brand giffgaff, providing telecommunications services to the consumer mobile segment.

#### Principal risks and uncertainties

Financial and operational risk management is undertaken as part of the group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

#### Brexit

Following the UK's departure from the European Union (EU), the group has not identified any material adverse effect on the group's business, financial condition, results of operations or liquidity. The group does not anticipate any material effect going forwards and will continue to monitor any potential risk that may arise as the government continues to negotiate trade deals.

#### COVID-19

The global COVID-19 pandemic continues to adversely impact the economy of the UK. However, during the period ending 31 December 2021, the adverse impact on the group was relatively minimal as demand for products and services remained strong. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the full adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, therefore no assurance can be given that an extended period of global economic disruption would not have a material adverse impact on the group's business, financial condition and results of operations in future periods.

#### Key performance indicators (KPIs)

The directors do not use KPIs to assess the performance of the company as its principal activity is to provide funding to fellow group companies.

#### Future outlook

It is the intention of the directors that this entity will continue to provide funding to fellow group companies. The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

#### Section 172 Statement

As directors we have a responsibility to promote the success of the company in good faith for the benefit of our shareholders whilst having regard, at least, to the following matters:

- the likely consequences of any decisions in the long term;
- the interests of our employees;
- the need to foster the business relationships with suppliers, customers and others;
- the impact of our operations on the community and environment;
- the desire to maintain high standard of reputation and business conduct; and
- the need to act fairly between our shareholders.

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**VMED O2 UK FINANCING I PLC**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**Section 172 Statement (continued)**

In discharging our responsibilities as directors to the company and the group as a whole, we have adopted the group's governance framework which includes best practice procedures to support the assessment of those matters necessary to make informed decisions in furtherance of the long-term success and sustainability of the company and the group as a whole.

The affairs of the group (including the company, which is an intermediate holding company within the group structure) are conducted in accordance with the provisions of the shareholders' agreement between the ultimate shareholders of the group and the articles of association of VMED O2 UK Limited, as well as in the case of the company and its articles of association, which include processes to make sure that each shareholder's interests are taken into account in decision-making.

From the perspective of the directors, and as a result of the group governance framework, the matters that the directors are responsible for considering under section 172 (1) of the Companies Act 2006, as set out above, have been considered to an appropriate extent by the Board of VMED O2 UK Limited and the Executive Management Team of the group in relation to both the group and the company. The directors have also considered relevant matters where appropriate. As an intermediate holding company within the group structure, the company has a sole shareholder (another company within the group) and does not have any employees or direct relationships with suppliers (other than funding providers) or customers, however as part of the wider group the directors are committed to running the company's business responsibly including engaging with funding providers with the same ethical standards.

During the period the company was involved in raising certain funds for the formation of group, which was formed to bring together two major businesses in the UK, O2 and Virgin Media, to create a connectivity challenger in the market. Whilst performing their duty under section 172(1) in relation to entering into these funding arrangements, the directors had regard to the decision by the Board of VMED O2 UK Limited that it was in the best interests of the group's stakeholders to form the joint venture, as well as the ability for the company to enter into the funding arrangements and the long-term consequences of the arrangements. The decision of the directors was supported by management information provided by the professional advisors to the group and having considered the group's internal controls as to the integrity of the management information provided to them. As a result, the directors were satisfied that such financial arrangements will benefit the company and the group as a whole.

This report was approved by the board on 29 June 2022 and signed on its behalf by:

*Mark Hardman*

**M D Hardman**  
Director

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## VMED O2 UK FINANCING I PLC

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

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The directors present their report and audited financial statements of the company for the seventeen month period ended 31 December 2021.

#### Results and dividends

On 20 August 2020, the name of the company was changed from Newco Financing I plc to VMED O2 UK Financing I plc.

The result for the period, after tax, amounted to £nil.

The directors have not recommended an ordinary dividend.

#### Directors

The directors who served the company during the period and thereafter were as follows:

J L Boyle (appointed 1 October 2021)  
C H R Bracken (appointed 10 August 2020, resigned 1 June 2021)  
J L Evans (appointed 10 August 2020, resigned 1 June 2021)  
M D Hardman (appointed 1 October 2021)  
R G McNeil (appointed 1 June 2021, resigned 1 October 2021)  
L Milner (appointed 1 June 2021, resigned 31 August 2021)  
C B E Withers (appointed 1 June 2021, resigned 1 October 2021)

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

#### Political donations

The company did not make any political donations during the period.

#### UK employee engagement statement

The company does not have any employees in its own right; group's employees are employed by Telefonica UK Limited or Virgin Media Limited, both of which solely operate in the UK and their respective employees are based in the UK with the exception of a handful which are seconded to other group companies from time to time. As part of the group governance framework the Board has delegated its duties in respect of the group's employees to the Executive Management Team of the group. The Board and the Executive Management Team have regard to the interest of employees, including the outcome of any engagement where appropriate, in the decisions taken (in particular in principal decisions) by the group during the financial period. Examples of the group's engagement with its employees include:

- *CEO & executive live streams and roadshows:* Through 2021 we continued regular CEO and Executive Management Team digital livestreams, in addition to face to face Roadshows. These events are an opportunity for the Executive Management Team to share important updates and provide an opportunity for our people to ask questions and to make comments.
- *Employee network groups:* Our six employee network groups (Enrich, Proudly, Gender Equality, Ultraviolet, Extra Ordinary and We Care) work to ensure the views, needs and sentiment of our diverse populations are represented on an on-going basis within and across the business. There are both formal and informal collaborative working sessions.

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## VMED O2 UK FINANCING I PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

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#### UK employee engagement statement (continued)

- *Executive management team briefings:* Each month the Executive Management Team brings together VMED O2's senior leaders to discuss a range of commercial, customer and leadership priorities. These forums are opportunities to invite questions, feedback, views and insights from the wider senior leadership community.
- *Workplace:* Our internal social media platform actively drives and encourages openness, communication and collaboration. All of our people have access to Workplace and are able to post comments, questions, ideas and set up groups. Workplace is a key vehicle in our communications and employee engagement approach, supporting business updates, dissemination of key information e.g. COVID-19 updates, and bespoke campaigns centred on key topics e.g. internal career opportunities. Workplace provides an always-on forum for people to share updates, feedback, ideas and news from around the Business.
- *Engagement survey and pulse surveys:* These tools gather our people's views and enable everyone to have a voice through the year. The results provide a company-wide view of our people's levels of motivation and identify what is going well and what can be improved.
- *Quarterly update:* Each quarter, members of the Executive Management Team share our commercial and financial results and business strategy updates with all of our people. These have been held digitally via Workplace through 2021, are accessible to all of our people and provide the opportunity for questions or comments.
- *Employee representatives for the O2:* We work continuously and in partnership with our Trade Unions (CWU and Prospect) and employee representatives on a broad range of employee related matters to maintain a positive and collaborative industrial climate within the business.
- *Employee representatives for the Virgin Media:* We work continuously and in partnership with our Voice Forum on a broad range of employee related matters to maintain a positive and collaborative industrial climate within the business.

Further examples of how the group has had regard to the interests of its employees and the effect this has had on the decisions taken by the group can be found in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

#### Corporate governance

The company adopts the same governance framework for the group and full details of the governance arrangement can be found in the Corporate Governance Statement of VMED O2 UK Holdings Limited Consolidated Annual Report, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

#### Going concern

Notwithstanding net current liabilities of £28,915,000 as at 31 December 2021 and a result for the period then ended of £nil, the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

After making suitable enquiries and obtaining the necessary assurances, including a letter of support from VMED O2 UK Limited, that sufficient resources will be made available to meet any liabilities as they fall due, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so, and continued operations are key to the wider group.



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**VMED O2 UK FINANCING I PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**Going concern (continued)**

It is not VMED O2's practice to prepare forecasts and projections for individual entities that are wholly owned by the group, as operational and financial management is undertaken at a group level.

However, forecasts and projections which take into account of reasonably possible downsides in trading performance, have been prepared for the 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.

Taking into account these forecasts and projections and after making enquiries, the directors have a reasonable expectation 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. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

**Disclosure of information to auditor**

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

**Auditor**

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

This report was approved by the board on 29 June 2022 and signed on its behalf by:

*Julia Boyle*

**J L Boyle**  
Director

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**VMED O2 UK FINANCING I PLC**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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

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

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## VMED O2 UK FINANCING I PLC

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING I PLC

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#### 1 Our opinion is unmodified

We have audited the financial statements of VMED O2 UK Financing I plc ("the company") for the period from 10 August 2020 to 31 December 2021 which comprise the Balance Sheet, Statement of Profit or Loss, Statement of Changes in Equity, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2021 and of the result for the period then ended;
- the financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities 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 as applied to listed other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### 2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

##### **Recoverability of loans to group undertakings**

###### **The risk – Accounting treatment:**

The carrying amount of loans to group undertakings represent 99.96% of the company's total assets.

The recoverability of loans to group undertakings is not considered a significant risk or subject to significant judgement. However, due to the materiality of this balance in the context of the financial statements, this is considered to be the area that had the greatest effect on the company audit.

###### **Our response**

**Tests of details** – We compared the carrying amount of the company's loans to group undertakings, with the relevant subsidiary balance sheet to identify whether the net assets of the subsidiary, being an approximation of the subsidiary's minimum recoverable amount, were in excess of the carrying amount and assessed whether the subsidiary group has historically been profit-making.

###### **Our results**

We found the carrying amounts of the loans due from group undertakings to be acceptable.

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**VMED O2 UK FINANCING I PLC**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING I PLC  
(CONTINUED)**

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**3 Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at £41,900,000, determined with reference to a benchmark of total assets of £4,191,889,000, which represents 1%. We consider total assets to represent the most relevant benchmark for the purposes of our materiality assessment.

Performance materiality was set at 85% of materiality for the financial statements as a whole, which equates to £35,630,000.

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £2,095,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

**4 Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group's and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period"), as the group has received a letter of intent from its parent entity VMED O2 UK Limited.

Our procedures included:

- We assessed the appropriateness of the letter of intent provided by VMED O2 UK Limited, the company's ultimate parent undertaking, to the directors of the company and the ability to provide that support.
- Critically assessing assumptions in VMED O2 UK Limited's base case and downside scenarios relevant to liquidity and covenant metrics, in particular by comparing to economic forecasts, approved budgets and our knowledge of the group and the sector in which it operates.
- We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.

We considered whether the going concern disclosure in note 2.2 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's or company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

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

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**VMED O2 UK FINANCING I PLC**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING I PLC  
(CONTINUED)**

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**5 Fraud and breaches of laws and regulations – ability to detect**Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation made available by VMED O2 UK Limited to VMED O2 UK Financing I plc and adherence to it by its group companies, addressing procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud. 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 because there are no revenue transactions. We did not identify any additional fraud risks. We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement related to 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 (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations. 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 and 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. This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**6 We have nothing to report on the Strategic Report and the Directors' Report**

The directors are responsible for the Strategic Report and Directors' Report and the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

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**VMED O2 UK FINANCING I PLC**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING I PLC  
(CONTINUED)**

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**Strategic Report and Directors' Report**

Based solely on our work on the other information:

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

**7 We have nothing to report on the other 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.

We have nothing to report in these respects.

**8 Respective responsibilities**

***Directors' responsibilities***

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements including 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.

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

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**VMED O2 UK FINANCING I PLC**

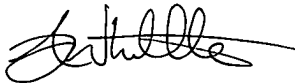
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK FINANCING I PLC  
(CONTINUED)**

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**9 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.



**Antony Whittle (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 St Peter's Square  
Manchester  
M2 3AE

Date: 30 June 2022

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**VMED O2 UK FINANCING I PLC**


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**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2021**


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	<b>Note</b>	<b>2021 £000</b>
Gain on foreign exchange		<b>1,418</b>
Other operating expenses		<b>(1,418)</b>
<b>Operating profit</b>	<b>4</b>	<b>-</b>
Finance income	<b>7</b>	<b>156,885</b>
Finance costs	<b>8</b>	<b>(156,885)</b>
<b>Profit before tax</b>		<b>-</b>
Income tax expense		<b>-</b>
<b>Result for the period</b>		<b>-</b>

The notes on pages 16 to 23 form part of these financial statements.

There was no other comprehensive income or expenditure for 2021 other than that included in the profit and loss account.

All results were derived from continuing operations.



**VMED O2 UK FINANCING I PLC**  
**REGISTERED NUMBER: 12800739**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000
<b>Current assets</b>		
Debtors: amounts falling due after more than one year	9	4,108,881
Debtors: amounts falling due within one year	9	82,773
Cash and cash equivalents		235
		<u>4,191,889</u>
Creditors: amounts falling due within one year	10	(111,923)
<b>Net current assets</b>		<u>4,079,966</u>
Creditors: amounts falling due after more than one year	11	(4,079,916)
<b>Net assets</b>		<u>50</u>
<b>Capital and reserves</b>		
Ordinary shares	13	50
Retained earnings		-
<b>Total shareholder's funds</b>		<u>50</u>

The financial statements were approved and authorised for issue by the board on 29 June 2022 and were signed on its behalf by:

*Mark Hardman*

**M D Hardman**  
 Director

The notes on pages 16 to 23 form part of these financial statements.

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**VMED O2 UK FINANCING I PLC**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021**


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	Ordinary shares £000	Total shareholder's funds £000
Balance as at 10 August 2020	-	-
Shares issued during the period (see note 13)	50	50
<b>Balance as at 31 December 2021</b>	<b>50</b>	<b>50</b>

The notes on pages 16 to 23 form part of these financial statements.

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**VMED O2 UK FINANCING I PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**1. Company information**

VMED O2 UK Financing I plc (the company), was incorporated on the 10 August 2020. On 20 August 2020, the name of the company was changed from Newco Financing I plc to VMED O2 UK Financing I plc.

The principal activity of the company is the provision of financing to fellow group subsidiaries and that of a holding company.

The company is a public company incorporated, domiciled and registered in the UK. The registered number is 12800739 and the registered address is Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS.

**2. Accounting policies**

**2.1 Basis of accounting**

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's intermediate parent undertaking, VMED O2 UK Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of VMED O2 UK Holdings Limited are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and are available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

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;
- disclosures in respect of related party transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

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**VMED O2 UK FINANCING I PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.2 Going concern**

Notwithstanding net current liabilities of £28,915,000 as at 31 December 2021 and a result for the period then ended of £nil, the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

After making suitable enquiries and obtaining the necessary assurances, including a letter of support from VMED O2 UK Limited, that sufficient resources will be made available to meet any liabilities as they fall due, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so, and continued operations are key to the wider group.

It is not VMED O2's practice to prepare forecasts and projections for individual entities that are wholly owned by the group, as operational and financial management is undertaken at a group level.

However, forecasts and projections which take into account of reasonably possible downsides in trading performance, have been prepared for the 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.

Taking into account these forecasts and projections and after making enquiries, the directors have a reasonable expectation 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. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

**2.3 Finance income**

Finance income is recognised as interest accrues according to the effective interest rate method, which uses the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

**2.4 Trade receivables and other debtors**

Trade receivables and other debtors are initially measured at fair value and subsequently reported at amortised cost, net of an allowance for impairment of trade receivables.

The company uses a forward looking impairment model which uses a lifetime expected loss allowance which is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

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**VMED O2 UK FINANCING I PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

**2.6 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

**2.7 Loans and borrowings**

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs using the effective interest method.

Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortised over the term of the related debt using the effective interest method.

Borrowings are classified as creditors: amounts falling due within one year unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

**2.8 Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management has made estimates and judgements that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

**Estimates and assumptions*****Recoverability of intercompany receivables***

Intercompany receivables are stated at their recoverable amount less any necessary provision. Recoverability of intercompany receivables is assessed annually and a provision is recognised if any indications exist that the receivables are not considered recoverable.

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**VMED O2 UK FINANCING I PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**


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**4. Operating profit**

The operating profit is stated after crediting:

	<b>2021</b>
	<b>£000</b>
Gain on foreign exchange	<b>1,418</b>

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Certain expenses are specifically attributed to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

The directors received no remuneration for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2021 is disclosed in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

**5. Auditor's remuneration**

Auditor's remuneration of £10,800 for the audit of the financial statements has been borne by a fellow group undertaking and not recharged.

**6. Employees**

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group.

**7. Finance income**

	<b>2021</b>
	<b>£000</b>
Interest on amounts owed by group undertakings	<b>156,885</b>

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**8. Finance costs**

	<b>2021</b>
	<b>£000</b>
Other finance charges	<b>156,885</b>

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**VMED O2 UK FINANCING I PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**


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**9. Debtors**

	2021 £000
<b>Due after more than one year</b>	
Amounts owed by group undertakings	4,108,881
	<u>4,108,881</u>
<b>Due within one year</b>	
Other receivables	7
Amounts owed by group undertakings	82,766
	<u>82,773</u>

**The analysis of amounts owed by group undertakings is:**

	2021 £000
Loans advanced by group undertakings	4,189,489
Other amounts owed by group undertakings	2,158
	<u>4,191,647</u>

Amounts owed by group undertakings include loan notes which had a carrying value of £4,189,489,000 at the balance sheet date. Loan notes are denominated in sterling, euro and US dollar, which bear interest ranging from 3.25% to 4.75%, and mature between 2029 and 2031.

Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**10. Creditors: amounts falling due within one year**

	2021 £000
Amounts owed to group undertakings	31,166
Accruals	80,757
	<u>111,923</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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**VMED O2 UK FINANCING I PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**


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**11. Creditors: amounts falling due after more than one year**

	2021 £000
Bank loans (note 12)	4,079,916

**12. Loans and borrowings**

	2021 £000
Senior secured notes	4,079,916
	2021 £000
4.0% senior secured notes due 2029 (principal £600 million)	600,000
4.25% senior secured notes due 2031 (principal \$1,350 million)	997,414
3.25% senior secured notes due 2031 (principal €950 million)	799,200
4.75% senior secured notes due 2031 (principal \$1400 million)	1,037,265
4.5% senior secured notes due 2031 (principal £675 million)	675,000
<b>Carrying value of bank and other borrowings</b>	<b>4,108,879</b>
Less: issue costs	(28,963)
	<b>4,079,916</b>

In September 2020, the company issued 2031 senior secured notes with principal amounts of \$1,350 million and €950 million. In addition, the company issued a 2029 senior secured note with the principal amount of £600 million. The net proceeds were used for general corporate purposes.

In July 2021, the company issued 2031 senior secured notes with principal amounts of \$850 million and £675m (together known as the Green Bonds). The Green Bonds were issued following the requirements of the International Capital Markets Association's Green Bond Principles 2021. The net proceeds from the issuance of these notes were used to partially redeem debt borrowings held by fellow group subsidiaries, which included (1) \$210 million outstanding principal amount of the 2026 senior secured note and (2) £1,124 million of a term loan facility (Term Loan P).



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**VMED O2 UK FINANCING I PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**


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**13. Share capital**

	2021 £
<b>Allotted, called up and fully paid</b>	
50,000 Ordinary shares of £1.00 each	<b>50,000</b>

On 10 August 2020, the company issued 1 ordinary share with a nominal value of £1 for a consideration of £1.

On 8 September 2020, the company issued 49,999 shares with a nominal value of £1 for a consideration of £49,999.

**14. Reserves****Ordinary shares**

The balance classified as share capital represents the nominal value on issue of the company's share capital, comprising £1 ordinary shares.

**Share premium**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Accumulated losses**

Includes all accumulated losses since incorporation.

**15. Guarantees**

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2021, this comprised term facilities that amounted to £5,916 million and revolving credit facilities of £1,378 million, which were undrawn as at 31 December 2021. 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 2021 amounted to £8,066 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 2021 amounted to approximately £1,103 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.

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**VMED O2 UK FINANCING I PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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**16. Controlling parties**

The company's immediate parent undertaking is VMED O2 UK Holdings Limited.

The largest group of which the company is a member and in to which the company's accounts were consolidated at 31 December 2021 are VMED O2 UK Holdings Limited.

The company's ultimate parent undertaking and controlling party at 31 December 2021 was VMED O2 UK Limited.

A copy of VMED O2 UK Holdings Limited accounts referred to above which include the results of the company, is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.