

Results for the year ended 31 December 2025

Highlights

In million	Post-IFRS 16 ⁽¹⁾ Basis		
	2025 EURO	2024 EURO	Reported currency change
Total Revenue⁽²⁾	11,387	10,458	+9%
Total EBITDA⁽²⁾	3,145	3,699	-15%
Add back: One-off items ⁽³⁾	898	–	
Underlying EBITDA	4,043	3,699	+9%
Total EBIT/(LBIT)⁽²⁾	(230)	526	-144%
Add back: One-off items ⁽³⁾	898	–	
Underlying EBIT	668	526	+27%
Profit/(Loss) Attributable to Ordinary Shareholders	(733)	47	-1660%
Add back: One-off items ⁽³⁾	898	–	
Underlying Profit Attributable to Ordinary Shareholders	165	47	+251%

In million	Pre-IFRS 16 ⁽¹⁾ Basis		
	2025 EURO	2024 EURO	Reported currency change
Total Revenue⁽²⁾	11,387	10,458	+9%
Total EBITDA⁽²⁾	2,180	2,855	-24%
Add back: One-off items ⁽³⁾	948	–	
Underlying EBITDA	3,128	2,855	+10%
Total EBIT/(LBIT)⁽²⁾	(412)	405	-202%
Add back: One-off items ⁽³⁾	948	–	
Underlying EBIT	536	405	+32%
Profit/(Loss) Attributable to Ordinary Shareholders	(796)	19	-4289%
Add back: One-off items ⁽³⁾	948	–	
Underlying Profit Attributable to Ordinary Shareholders	152	19	+700%

Note 1: The Group has adopted International Financial Reporting Standard 16 “Leases” (“IFRS 16”) accounting standard for its statutory reporting but its management reporting has remained on the precedent lease accounting standard International Accounting Standard 17 “Leases” (“IAS 17”). The Group believes that the IAS 17 basis (“Pre-IFRS 16 basis”) metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis (“Post-IFRS 16 basis”), better reflect management’s view of the Group’s underlying operational performance. Pre-IFRS 16 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group’s EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases. Unless otherwise specified, the discussion of the Group’s operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA and EBIT include the Group’s proportionate share of associated company and joint ventures’ respective items.

Note 3: One-off items represent one-time non-cash loss arising from the UK merger and related impacts of €898 million under Post-IFRS 16 basis and €948 million under Pre-IFRS 16 basis.

Management Discussion and Analysis

CK Hutchison Group Telecom Key Strategies

Operational strategies

CK Hutchison Group Telecom (the “Group”) aims to offer its customers the best network quality and coverage. Key operational strategies include:

Network

The Group focuses on improving its network through data-centric digitisation to optimise service quality, whilst also increasing overall network coverage to expand market share.

- **UK** – the merger of 3 UK and Vodafone UK was completed on 31 May 2025, forming the combined business, VodafoneThree, a 49% associated company of the Group. Upon completion, VodafoneThree became the largest mobile network operator in the United Kingdom with over 28 million customers. Spectrum and network sharing are ahead of plan to deliver seamless access of both network to customers through activation of more than 8,000 radio sites and removal of 16,500 km² “not spot” area at the end of 2025 which already resulted in notable network improvements recognised by independent tests.
- **Italy** – consolidation of OpNet’s network into Wind Tre’s footprint continued during 2025 with customer migration on track. Looking ahead, a significant number of overlapping network sites will be decommissioned in 2026 to drive operational efficiencies and cost synergies.
- **Sweden** – the operation has shut down 3G by the end of 2025 so that the spectrum bands which were previously used for 3G would be refarmed and used for 4G/5G. Starting from 2026, there will be a new spectrum license that allows the operation to use 10MHz for 4G which results in significant capacity improvement in the network.
- **Denmark** – the number of sites in the country was over 2,900 by the end of 2025 with more than 1,900 sites deployed with C-band. The operation expects to expand by over 130 sites during 2026.
- **Austria** – continuing 5G radio rollout in Austrian cities and rural areas. During 2025, 3 Austria was awarded as Global Leader in 5G Voice App and 5G Video experience by Opensignal, and ranked number one mobile provider and B2B Internet provider by Connect.
- **Ireland** – the operation’s network was awarded the fastest network and the fastest and the most consistent 5G network in the country by Ookla in 2025. 5MHz of 900MHz spectrum will be refarmed from 3G to 4G in response to the drop-off in 3G traffic and to further enhance 4G customer experience.
- **Hong Kong** – in 2025, the 5G network expansion and optimisation projects have been extended to cover major hotspots, transport hubs and tunnels, substantially improving the overall coverage and capacity.

IT platform

The Group’s focus on its IT transformation program encompasses customer relationship management, retail point-of-sales, billing systems and new product catalogues to enhance customer experience.

- **UK** – focusing on integration and customer migration between IT stacks to drive future year synergies.
- **Italy** – completion of the new IT platform in 2025 for the launch on the new energy revenue stream which commenced in 2026. In addition, several IT projects to enhance the business segment capabilities were also completed during the year.
- **Sweden & Denmark** – the Scandinavia IT environment is shared between Sweden and Denmark with country localisation when needed. In 2025, the operations rolled out the new Xstore POS improving in-store reliability and checkout speed. The GenAI chatbots also reached high level of automation and satisfaction.
- **Austria** – continuous enhancement of dedicated digital product lineup “up” (former known as “up³”) with further functionalities. Rework of all digital customer touchpoints towards a digital shopping and care experience and launch of WIFI/Router Service App to improve customer experience. Implementation of portfolio enlargements such as travel insurance and virus defense, as well as focusing on AI supported Customer Service Agents.
- **Ireland** – continues improvement in customer facing online channels and digitalisation of sales flow to enhance customers’ user experience. Launched new self-service application with new features and enhanced security. Performed various upgrades to IT platforms to strengthen system security and operational efficiency.
- **Hong Kong** – launched Corporate Market AI Technical Helpdesk by automating the process of answering incoming emails from customers regarding technical inquiries and other commonly inquired issues. The operation also launched a new digital platform for business partner, which streamlines service activation by shortening wholesale partner integration lead times, enhancing onboarding capacity and overall competitiveness.

5G

The Group is actively involved in developing and standardising the fifth generation mobile communications standard. 5G is anticipated to make it possible to operate fixed and mobile communications networks more efficiently and to improve the quality of critical services.

- **Spectrum and coverage:** the Group has already obtained sufficient spectrum for 5G in most operations and has launched 5G services in all markets in which it operates. Key 5G coverage developments in selected markets include:
 - UK** – more than 11,000 live 5G sites at the end of 2025, reaching 69% outdoor coverage and awarded the UK's fastest 5G network. VodafoneThree plans to invest £11 billion in the next 10 years to create one of Europe's most advanced 5G networks.
 - Italy** – over 9,700 live 5G sites as at the end of 2025, providing more than 95% 5G FDD population coverage and 80% TDD coverage. Wind Tre plans to continue its 5G rollout with approximately 650 additional sites during 2026.
 - Sweden** – continued the 5G rollout in some of the major cities in Sweden. During 2025, the operation has further increased its 5G overall population coverage in Sweden by about 15%-points to reach over 90% by the end of 2025.
 - Denmark** – the operation was awarded fastest 5G network in the Nordics by Opensignal in 2025.
 - Austria** – over 4,300 live 5G sites at the end of 2025 with 5G FDD and TDD population coverage increased to 95% and 80% respectively. The operation expects approximately 600 new 5G sites to be rolled out in 2026.
 - Ireland** – approximately 1,800 sites rolled out as of December 2025 with about 45% 5G FDD population coverage and over 55% TDD coverage. During 2026, continuous 5G sites rollout are planned to increase service availability to the existing customer base and grow the FWA servicing area.
 - Hong Kong** – the operation continues to focus on enhancing the coverage, capacity and customer connectivity experience of its 5G network across various major hotspots and public transportation.
- **Digitisation of core network:** through digitisation, the Group aims to give customers a leading experience that is online, multichannel and real-time. The Group has continued to focus on standardisation and automation across operation support systems and core networks, with the introduction of new technologies such as virtualisation, orchestration and network slicing, to ensure the customer journey meets the evolving needs of digital consumers and enterprises. The Group has established a central digital aggregation platform to deliver value creation and innovation on a global scale, as well as leveraging on partnership ecosystems.

Business strategies

Key business strategies include:

- **Increase contract customer base:** the Group continues to target increasing its contract customer base to protect short term volatility, through flexible tariff propositions and handset financing arrangements. As at 31 December 2025, 3 Group Europe had approximately 40.3 million active contract customer base, representing approximately 70% of total active customer base.
- **Expanding revenue streams:** the Group continues to expand its revenue streams to increase margins and drive growth. Key "other revenue" segments include:
 - Fixed-wireless access** - since the launch of FWA in recent years, which is now offered by all countries in which the Group operates, the broadband segment has been a growth driver in 2025 and is expected to continue deliver margin improvement in 2026.
 - Beyond the core** - the Group's "Beyond the core" offering incorporates enhanced B2B services, IoT, gas and electricity utilities, personal insurance, cybersecurity, digital subscription marketplaces, which aim to increase and diversify the Group's revenues and, over time, are expected to contribute an increasing proportion of the Group's total revenues. Wind Tre is the forerunner of the "beyond the core" offerings within the Group as they continue to diversify its revenue base outside of traditional mobile and fixed services. In 2025, Wind Tre started to transition from a white-label utility model to a fully integrated energy and gas offering, which aims to significantly increase margin per customer and accelerate customer uptake. Additionally, it is enhancing its insurance and security product portfolio with new offerings such as car insurance. Other operations have started to look at these offerings during the year, leveraging the Group's trusted partner position. The Group has or will also roll-out personal security products across other footprints.
 - Travel e-SIM** - in line with evolving consumer preferences, and significant market potential, the Group is also launching its own branded Travel eSIM, called HelloGlobe, in 2025. The product is currently at its initial phase and expected to be introduced across the Group's EU markets, with potential for expansion into additional markets.
 - Artificial Intelligence Applications** – through delivering data and AI solutions, the Group developed products, such as Generative AI Virtual agents and AI applications to serve entities in the technologies, utilities, transport, infrastructure, travel, retail and hospitality sectors. In 2025, CK Delta advanced the Group's AI strategy with a generative AI-powered Customer Agent for UK Power Networks and a prototype Field Services Agent for Northumbrian Water, both built on the Workforce Agentic AI Platform to streamline operations. CK Delta also deployed a unified IoT data platform that consolidates sensor data across the network, establishing a robust foundation for future AI applications and industry specific predictive analytics system under the Net Zero Research Village project.
 - Accessories sales** – the Group continued accessories sales through its retail network, online sales channel and APP to support an extended range of products and 5G services.

- **Enhancing cost structure and capex investment strategy:** the Group continues to increase margins by enhancing its cost structures, capturing full cost efficiencies from network and IT transformations, as well as maintaining stringent controls over both opex and capex spending. Key strategies include:

Increased use of Group Scale

- **Handset purchasing and vendor management** - the procurement of handsets/other hardware and related marketing contributions are managed centrally under global framework agreements with vendors and suppliers. Strategic partnerships built with the mainstream vendors have enabled significant cost rationalisation and enhanced marketing contributions, whilst the development of strong relationships with challenger vendors has diversified the Group's portfolio and enhanced competition.
- **Centralised wholesale roaming** - all negotiations and deals with roaming partners are conducted by a central roaming team who act on behalf of the operating entities enabling the consolidation of volume and single strategic roaming and wholesale business approach.
- **Procurement** - central procurement and contract management with large global suppliers is conducted centrally under a clear governance framework. The utilisation of the Group's scale enables significant ongoing buying efficiencies to be achieved.

Significant potential to use AI across operations

- the Group is committed to continuing to identify and sharing best practices within the Group, remaining focused on improving profitability margins through disciplined cost management while maintaining high service quality. A centralised strategic framework is expected to be implemented supporting decentralised execution where appropriate, unlocking significant opportunities for cost savings annually.
- there are significant potential to deploy AI across its operations to drive both cost efficiency and operational transformation. By leveraging AI, the Group predicts it will be able to reduce costs across labour intensive areas, such as contact centres, network, and general and administrative functions. AI is expected to enhance network planning and performance, including reducing energy usage. The Group sees an opportunity to cut these costs through the deployment of multiple AI initiatives and efficiency improvements.
- the Group also plans to continue exploring innovative network sharing models to drive capital efficiency, as well as optimising network roll-outs and decommissioning 2G and 3G networks appropriately.

Centralised disciplined capex investment strategy

- the rapid evolution of next-generation wireless technologies, particularly 5G, is redefining the telecommunications landscape across enterprise and consumer markets. Recognising its transformative potential early on, the Group made significant strategic investments to build out its 5G networks, especially in mature markets. Having been through the peak of the investment cycle enables the Group to realise the benefits of disciplined spending with lower capital expenditure and, in turn, realise stronger cashflow generation. The Group has also entered into multiple network sharing agreements that facilitate efficient and extensive network coverage and enhancement through continued 5G roll-out, which enhances financial flexibility and strengthens cashflow generation. Moreover, the Group uses FWA and as capex efficient models to deliver broadband service offerings.

Financial strategies

The Group has strong EBITDA margins demonstrating its operational efficiency and disciplined cost control. The Group's financial strategy also ensures that company's balance sheet remains strong. Key financial strategies include:

- **Prudent financial management and strong financial flexibility:** regular and close cash flow monitoring for all operating units, ensuring no major deviations from projections and appropriate rectification or mitigation actions are taken. Aims to maintain investment grade rating and CKHH's standard of financial management, discipline and system.
 - At the end of 2025, the Group has a net leverage⁽¹⁾ of 0.2x EBITDA (2024: 0.9x EBITDA).
- **Stringent capex approval policies consistent with CKHH standards:** rigorous process to control capex and investment spending.
- **Strict dividend policy:** strict dividend payouts with net debt to EBITDA threshold to provide an implicit form of parental support to maintain liquidity of all operating units.

Note 1: Net leverage ratio is defined as total gross principal amount of bank and other debts less total cash and listed investments to EBITDA ratio.

CK Hutchison Group Telecom

The Group comprises the 3 Group businesses in Europe (“3 Group Europe”) and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings (“HTHKH”), which is listed on the SEHK. 3 Group Europe operates in six countries across Europe. HTHKH holds the Group’s interests in mobile operations in Hong Kong and Macau as of December 2025, with Macau operation being disposed of in January 2026.

In million	2025 EURO	2024 EURO	Change	Local currencies change
Total Revenue	11,387	10,458	+9%	+10%
Total Margin	8,150	7,531	+8%	+9%
Total CACs	(1,710)	(1,860)	+8%	
Less: Handset revenue	1,205	1,372	-12%	
Total CACs (net of handset revenue)	(505)	(488)	-3%	
Operating Expenses	(4,517)	(4,188)	-8%	
Loss on UK merger and related impacts ⁽¹⁾	(948)	–		
EBITDA ⁽²⁾	2,180	2,855	-24%	-37%
Underlying EBITDA ⁽³⁾	3,128	2,855	+10%	+10%
Depreciation & Amortisation	(2,592)	(2,450)	-6%	
EBIT/(LBIT) ⁽²⁾	(412)	405	-202%	-296%
Underlying EBIT ⁽³⁾	536	405	+32%	+30%

Note 1: The €948 million on a Pre-IFRS 16 basis one-time losses included €782 million of non-cash disposal loss and €166 million of transactional related expenses. Under Post-IFRS 16 basis, the one-time loss arising from the UK merger and related impacts totalled €898 million. The one-time losses in HK\$ and Euro included different reserves recycling impact arising from the UK merger completion.

Note 2: Under Post-IFRS 16 basis, EBITDA was €3,145 million (2024: €3,699 million); LBIT was €(230) million (2024: EBIT of €526 million).

Note 3: Underlying results of CKHGT exclude one-time non-cash loss arising from the UK merger and related impacts of €948 million under Pre-IFRS 16 basis and €898 million under Post-IFRS 16 basis.

On 31 May 2025, the merger of 3 UK and Vodafone UK was completed with the formation of the combined business, VodafoneThree, now a 49% associated company of the Group. CK Hutchison Group Telecom (“CKHGT”) also received approximately £1.3 billion net proceeds on completion of the merger.

On a Pre-IFRS 16 basis, revenue of CKHGT was €11,387 million, 9% higher against last year in reported currency. EBITDA and EBIT included one-time non-cash loss on the UK merger and related impacts, excluding which, underlying EBITDA of €3,128 million was 10% higher against last year in reported currency, primarily due to treasury gains of €71 million from bond buybacks and higher underlying EBITDA contribution from 3 Group Europe. Underlying EBIT of €536 million was 32% higher due to the higher EBITDA mentioned above, partly offset by higher depreciation of 3 Group Europe from the share of higher depreciation from an enlarged company following the UK merger completion.

On a Pre-IFRS 16 basis, after taking into account of the one-time non-cash loss on the UK merger and related impacts, the Group reported loss attributable to ordinary shareholders of €(796) million (Post-IFRS 16 basis: €(733) million) for the year ended 31 December 2025.

3 Group Europe

In million	2025 EURO	2024 EURO	Change	Local currencies change
Total Revenue	10,547	9,669	+9%	+10%
Total Margin	7,693	7,037	+9%	+10%
Total CACs	(1,659)	(1,807)	+8%	
Less: Handset revenue	1,177	1,343	-12%	
Total CACs (net of handset revenue)	(482)	(464)	-4%	-4%
Operating Expenses	(4,306)	(3,837)	-12%	-13%
<i>Opex as a % of total margin</i>	56%	55%		
Loss on UK merger and related impacts	(88)	–		
EBITDA⁽⁴⁾	2,817	2,736	+3%	+3%
<i>EBITDA Margin %⁽⁵⁾</i>	30%	33%		
Underlying EBITDA⁽⁶⁾	2,905	2,736	+6%	+6%
Depreciation & Amortisation	(2,465)	(2,316)	-6%	-7%
EBIT⁽⁴⁾	352	420	-16%	-18%
Underlying EBIT⁽⁶⁾	440	420	+5%	+4%

Note 4: Under Post-IFRS 16 basis, EBITDA was €3,773 million (2024: €3,530 million); EBIT was €570 million (2024: €539 million).

Note 5: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 6: Underlying results of 3 Group Europe exclude one-time non-cash loss arising from the UK merger and related impacts of €88 million under Pre-IFRS 16 and Post-IFRS 16 basis.

3 Group Europe's total revenue of €10,547 million and total margin of €7,693 million were both 10% higher than last year in local currencies, primarily driven by growth in net customer service revenue from an increase in the customer base and favourable revenue initiatives, coupled with share of seven-month accretive contribution from VodafoneThree. Higher total revenue also reflects growth in MVNO, other wholesale and beyond the core contribution.

Active customer base as at 31 December 2025 of 56.9 million was 40% higher than 2024 following the completion of the merger of 3 UK and Vodafone UK in end of May 2025. Average monthly customer churn rate of the contract customer base improved to 1.1% for the year (2024: 1.2%). 3 Group Europe's 2025 net ARPU of €13.08 and net AMPU of €12.12 were both 3% higher as compared to 2024, primarily reflecting the accretive contribution from VodafoneThree and the result of various revenue initiatives on net customer service revenue, partly offset by dilutive impact of a higher mix of low value Internet of things (IoT) customers in Ireland and intensified price pressure in Austria.

The 49% share of accretive contribution from the enlarged UK operation resulted in an uplift of UK's net customer service margin and total margin compared to last year. For other 3 Group Europe's operations, majority of which reported net customer service margin growth benefited from annual adjustment or inflation-linked adjustment embedded in customer contracts. In addition, Sweden and Denmark reported higher contract base and growth in second brand customer number, and Ireland's business and Fixed Wireless Access segments continued to deliver good contribution. Italy's net customer service margin was stable against last year, while Austria reported a drop driven by keen market competition from aggressive offerings launched by MVNO and other operators. Other margin of 3 Group Europe grew year-on-year, reflecting accretive contribution following the UK merger completion and expansion of revenue streams beyond traditional service offerings. Overall, these resulted in a 10% total margin growth in local currencies.

3 Group Europe's underlying EBITDA was 6% higher year-on-year in local currencies, primarily due to seven-month accretive EBITDA contribution from VodafoneThree and margin growth of other operations. However, depreciation and amortisation increased by 7% in local currencies due to the share of higher depreciation of VodafoneThree as well as an enlarged network asset base across the footprint, partly offset by favourable variance from one-time accelerated depreciation from the swap out of certain network equipment in Denmark which was recognised in 2024 not recurred in 2025. Correspondingly, underlying EBIT was 4% higher against last year in local currencies. The accretive EBITDA contribution from VodafoneThree has been more than offset by share of higher depreciation from an enlarged company following the UK merger completion. Excluding VodafoneThree, consolidated EBITDA and EBIT for all other operations in 3 Group Europe year on year were 2% and 13% higher in local currencies respectively.

CKHGT - Results by operations

In million	UK ⁽⁷⁾		Italy ⁽⁸⁾		Sweden		Denmark		Austria		Ireland		3 Group Europe		HTHKH		Corporate and Others		CKHGT	
	GBP		EURO		SEK		DKK		EURO		EURO		EURO		HK\$		HK\$		EURO	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Total Revenue	3,475	2,748	3,820	3,782	8,549	8,205	2,651	2,485	923	957	635	630	10,547	9,669	5,576	4,782	1,896	1,879	11,387	10,458
% change	+26%		+1%		+4%		+7%		-4%		+1%		+9%		+17%		+1%		+9%	
Total margin	2,305	1,790	2,998	2,952	5,825	5,447	2,229	2,088	692	727	496	484	7,693	7,037	3,259	3,322	800	851	8,150	7,531
% change	+29%		+2%		+7%		+7%		-5%		+2%		+9%		-2%		-6%		+8%	
Total CACs	(862)	(987)	(331)	(323)	(722)	(737)	(254)	(239)	(130)	(128)	(94)	(91)	(1,659)	(1,807)	(458)	(448)	-	-	(1,710)	(1,860)
Less: Handset Revenue	621	751	224	219	260	324	80	67	117	112	79	86	1,177	1,343	252	244	-	-	1,205	1,372
Total CACs (net of handset revenue)	(241)	(236)	(107)	(104)	(462)	(413)	(174)	(172)	(13)	(16)	(15)	(5)	(482)	(464)	(206)	(204)	-	-	(505)	(488)
Operating Expenses	(1,422)	(1,013)	(1,630)	(1,599)	(2,408)	(2,455)	(1,264)	(1,165)	(334)	(367)	(302)	(304)	(4,306)	(3,837)	(1,804)	(1,828)	(109)	(1,134)	(4,517)	(4,188)
Opex as a % of total margin	62%	57%	54%	54%	41%	45%	57%	56%	48%	50%	61%	63%	56%	55%	55%	55%	N/A	N/A	55%	56%
Loss on UK merger and related impacts	(75)	-	-	-	-	-	-	-	-	-	-	-	(88)	-	-	-	(10,586)	-	(948)	-
EBITDA/(LBITDA)	567	541	1,261	1,249	2,955	2,579	791	751	345	344	179	175	2,817	2,736	1,249	1,290	(9,895)	(283)	2,180	2,855
% change	+5%		+1%		+15%		+5%		-		+2%		+3%		-3%		-3396%		-24%	
EBITDA margin % ⁽⁹⁾	20%	27%	35%	35%	36%	33%	31%	31%	43%	41%	32%	32%	30%	33%	23%	28%	N/A	N/A	21%	31%
Underlying EBITDA/(LBITDA)	642	541	1,261	1,249	2,955	2,579	791	751	345	344	179	175	2,905	2,736	1,249	1,290	691	(283)	3,128	2,855
% change	+19%		+1%		+15%		+5%		-		+2%		+6%		-3%		+344%		+10%	
Depreciation & Amortisation	(653)	(518)	(1,133)	(1,106)	(1,874)	(1,848)	(546)	(913)	(191)	(176)	(138)	(135)	(2,465)	(2,316)	(1,124)	(1,122)	(2)	(3)	(2,592)	(2,450)
EBIT/(LBIT)	(86)	23	128	143	1,081	731	245	(162)	154	168	41	40	352	420	125	168	(9,897)	(286)	(412)	405
% change	-474%		-10%		+48%		+251%		-8%		+3%		-16%		-26%		-3360%		-202%	
Underlying EBIT/(LBIT)	(11)	23	128	143	1,081	731	245	(162)	154	168	41	40	440	420	125	168	689	(286)	536	405
% change	-148%		-10%		+48%		+251%		-8%		+3%		+5%		-26%		+341%		+32%	
Capex (excluding licence) ⁽¹⁰⁾		(436)	(700)	(693)	(1,202)	(1,517)	(205)	(276)	(199)	(225)	(87)	(95)		(1,699)	(440)	(434)	(1)	(1)		(1,751)
Depreciation & Amortisation ⁽¹¹⁾		(433)	(746)	(723)	(1,026)	(1,091)	(370)	(772)	(139)	(124)	(99)	(98)		(1,658)	(558)	(539)	(2)	(3)		(1,723)
Depreciation & Amortisation ⁽¹¹⁾ less Capex		(3)	46	30	(176)	(426)	165	496	(60)	(101)	12	3		(41)	118	105	1	2		(28)
Reported EBITDA less Capex		105	561	556	1,753	1,062	586	475	146	119	92	80		1,037	809	856	(9,896)	(284)		1,104
Licence ⁽¹²⁾		-	-	-	-	-	-	-	-	(7)	-	-		(7)	-	-	-	-		(7)
EURO equivalents of Reported EBITDA and EBIT are summarised as follows:																				
EBITDA-pre IFRS 16 basis (EURO)	658	641	1,261	1,249	268	226	106	101	345	344	179	175	2,817	2,736	142	153	(779)	(34)	2,180	2,855
EBITDA-post IFRS 16 basis (EURO)	829	738	1,844	1,837	299	257	120	114	376	375	217	209	3,685	3,530	189	203	(729)	(34)	3,145	3,699
EBIT-pre IFRS 16 basis (EURO)	(102)	28	128	143	98	64	33	(23)	154	168	41	40	352	420	15	19	(779)	(34)	(412)	405
EBIT-post IFRS 16 basis (EURO)	(54)	40	194	230	99	66	34	(21)	157	175	52	49	482	539	17	21	(729)	(34)	(230)	526

	UK		Italy		Sweden		Denmark		Austria		Ireland		3 Group Europe		HTHKH ⁽¹⁴⁾	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Total registered customer base (million)	28.6	11.6	18.9	18.8	2.9	2.7	1.8	1.7	3.0	3.1	5.4	4.9	60.6	42.8	4.1	4.2
Total active customer base (million)	26.1	10.8	18.0	17.8	2.9	2.7	1.8	1.7	2.7	2.8	5.4	4.9	56.9	40.7	3.4	3.4
Contract customers as a % of the total registered customer base	74%	81%	50%	49%	69%	70%	56%	55%	79%	78%	85%	83%	67%	65%	34%	34%
Average monthly churn rate of the total contract registered customer base (%) ⁽¹³⁾	1.2%	1.6%	1.2%	1.3%	1.4%	1.3%	1.8%	1.8%	0.5%	0.5%	0.4%	0.4%	1.1%	1.2%	0.9%	1.0%
Active contract customers as a % of the total contract registered customer base	100%	99%	97%	96%	100%	100%	100%	100%	99%	99%	100%	100%	99%	98%	100%	100%
Active customers as a % of the total registered customer base	91%	93%	95%	94%	100%	100%	100%	100%	91%	90%	100%	100%	94%	95%	84%	81%
LTE coverage by population (%)		97%	100%	100%	100%	99%	100%	100%	99%	99%	99%	99%	-	-	99%	99%
Full year data usage per active customer (Gigabyte)													345.7	326.4	305.6	261.1

Note 7: 2025 represents five months results of 3 UK for January to May 2025 prior to the formation of VodafoneThree that was completed in end of May 2025 and the Group's 49% share of seven months results of VodafoneThree for June to December 2025, of which the Group's share of fixed line business revenue was €366 million. 2024 represents 3 UK 100% standalone results for full year of 2024.

Note 8: Wind Tre's results include fixed line business revenue of €1,171 million (2024: €1,066 million) and EBITDA of €235 million (2024: €198 million).

Note 9: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 10: UK capex is not presented for 2025, since upon completion of the VodafoneThree merger, the capex is no longer consolidated into CKHGT's total capex.

Note 11: For comparability to capex, depreciation & Amortisation excludes amortisation of customer relationship intangibles, amortisation of licences, amortisation of capitalised CACs, as well as share of joint venture's depreciation of Wind Tre and HTHKH.

Note 12: 2024 licence cost for Austria represents investment for 600 MHz of 26 GHz spectrum acquired in March 2024.

Note 13: 2025 key business indicator of UK was calculated based on five months (January to May 2025) of 3 UK's standalone figures and seven months (June to December 2025) of VodafoneThree's figures.

Note 14: HTHKH's customer base has been adjusted to enhance comparability across CKHGT. Consequently, there is a corresponding effect on HTHKH's net ARPU and net AMPU. These changes do not impact HTHKH's total revenue and total margin.

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 31 December 2025 ('000)			Registered Customer Growth (%) from 30 June 2025 to 31 December 2025			Registered Customer Growth (%) from 31 December 2024 to 31 December 2025		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom ⁽¹⁵⁾ ⁽¹⁶⁾	7,558	21,062	28,620	-1%	-	-1%	+247%	+124%	+148%
Italy ⁽¹⁵⁾	9,396	9,565	18,961	-1%	+1%	-	-1%	+3%	+1%
Sweden	882	2,007	2,889	+4%	+3%	+3%	+8%	+3%	+5%
Denmark	780	1,009	1,789	+2%	+6%	+4%	+5%	+10%	+8%
Austria	623	2,340	2,963	-3%	-1%	-1%	-6%	-2%	-3%
Ireland	829	4,577	5,406	-1%	+4%	+3%	-2%	+12%	+9%
3 Group Europe Total	20,068	40,560	60,628	-1%	+1%	-	+36%	+45%	+42%
HTHKH ⁽¹⁷⁾	2,685	1,385	4,070	-1%	-1%	-1%	-4%	-3%	-4%

	Active ⁽¹⁸⁾ Customer Base								
	Active Customers at 31 December 2025 ('000)			Active Customer Growth (%) from 30 June 2025 to 31 December 2025			Active Customer Growth (%) from 31 December 2024 to 31 December 2025		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom ⁽¹⁵⁾ ⁽¹⁶⁾	5,048	21,062	26,110	-	-	-	+237%	+126%	+142%
Italy ⁽¹⁵⁾	8,735	9,271	18,006	-1%	+1%	-	-1%	+3%	+1%
Sweden	877	2,007	2,884	+4%	+3%	+3%	+8%	+3%	+5%
Denmark	780	1,009	1,789	+2%	+6%	+4%	+5%	+10%	+8%
Austria	372	2,326	2,698	-1%	-1%	-1%	-3%	-2%	-2%
Ireland	829	4,577	5,406	-1%	+4%	+3%	-2%	+12%	+9%
3 Group Europe Total	16,641	40,252	56,893	-	+1%	-	+27%	+46%	+40%
HTHKH ⁽¹⁷⁾	2,045	1,385	3,430	+4%	-1%	+2%	+2%	-3%	-

Note 15: In addition to the above, VodafoneThree has 1.7 million fixed line customers and Wind Tre has 2.6 million fixed line customers.

Note 16: United Kingdom's customer base as at 31 December 2025 was based on 100% of VodafoneThree.

Note 17: HTHKH's customer base has been adjusted to enhance comparability across CKHGT. Consequently, there is a corresponding effect on HTHKH's net ARPU and net AMPU. These changes do not impact HTHKH's total revenue and total margin.

Note 18: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

**12-month Trailing Average Revenue per Active User ("ARPU")⁽¹⁹⁾
to 31 December 2025**

	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2024
United Kingdom ⁽²⁰⁾	£8.45	£17.00	£15.51	-7%
Italy	€8.84	€12.96	€10.95	-
Sweden	SEK120.85	SEK228.47	SEK196.13	-1%
Denmark	DKK95.24	DKK134.66	DKK117.18	-1%
Austria	€9.27	€22.82	€20.95	-3%
Ireland	€14.69	€7.49	€8.65	-6%
3 Group Europe Average⁽²¹⁾	€9.67	€15.94	€13.93	-4%
HTHKH ⁽²²⁾	HK\$19.07	HK\$181.55	HK\$86.18	+7%

**12-month Trailing Net Average Revenue per Active User ("Net ARPU")⁽²³⁾
to 31 December 2025**

	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2024
United Kingdom ⁽²⁰⁾	£8.54	£16.57	£15.15	+11%
Italy	€8.84	€12.23	€10.57	-
Sweden	SEK120.85	SEK123.01	SEK185.32	+2%
Denmark	DKK95.24	DKK128.64	DKK113.83	-
Austria	€9.27	€18.47	€17.20	-3%
Ireland	€14.69	€5.92	€7.33	-6%
3 Group Europe Average⁽²¹⁾	€9.67	€14.70	€13.08	+3%
HTHKH ⁽²²⁾	HK\$19.07	HK\$170.89	HK\$81.78	+9%

**12-month Trailing Net Average Margin per Active User ("Net AMPU")⁽²⁴⁾
to 31 December 2025**

	Non-contract	Contract	Blended Total	% Variance compared to 31 December 2024
United Kingdom ⁽²⁰⁾	£7.50	£15.35	£13.97	+13%
Italy	€8.30	€11.57	€9.97	-
Sweden	SEK106.43	SEK191.66	SEK166.05	+3%
Denmark	DKK82.55	DKK112.27	DKK99.09	-
Austria	€8.59	€17.35	€16.14	-3%
Ireland	€13.70	€5.52	€6.84	-6%
3 Group Europe Average⁽²¹⁾	€8.90	€13.64	€12.12	+3%
HTHKH ⁽²²⁾	HK\$15.57	HK\$144.72	HK\$68.92	+7%

Note 19: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 20: United Kingdom's ARPU, net ARPU and net AMPU were calculated based on five months (January to May 2025) of 3 UK's standalone figures and seven months (June to December 2025) of VodafoneThree's figures.

Note 21: 3 Group Europe ARPU, net ARPU and net AMPU were calculated based on 100% of 3 UK's standalone figures from January to May 2025 and 49% contribution from VodafoneThree for June to December 2025.

Note 22: HTHKH's customer base has been adjusted to enhance comparability across CKHGT. Consequently, there is a corresponding effect on HTHKH's net ARPU and net AMPU. These changes do not impact HTHKH's total revenue and total margin.

Note 23: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 24: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

United Kingdom

The merger of 3 UK and Vodafone UK was completed on 31 May 2025, forming the combined business, VodafoneThree, a 49% associated company of the Group. Upon completion, VodafoneThree became the largest mobile network operator in the United Kingdom with over 28 million customers. Spectrum and network sharing are ahead of plan to deliver seamless access of both networks to customers through activation of more than 8,000 radio sites and removal of 16,500 km² "not spot" area at the end of 2025.

The results of the telecommunications business in the United Kingdom represented five months of 3 UK and the Group's 49% share of seven months results of VodafoneThree. Total margin grew 29% from accretive contribution of VodafoneThree and wholesale growth pre-merger. Underlying EBITDA increased by 19% in local currency driven by growth in total margin, partly offset by higher costs of VodafoneThree and higher network costs of 3 UK from the expanded network. Underlying LBIT was 148% adverse in local currency against last year, mainly due to share of higher depreciation from VodafoneThree's larger asset base, more than offsetting the higher EBITDA.

Italy

Italy's EBITDA increased by 1% against last year in local currency, mainly driven by growth in new revenue streams such as energy, insurance and cybersecurity products with stable net customer service margin, partly offset by higher operating expenses from an enlarged network asset base. EBIT decreased by 10% as full year depreciation and amortisation from OpNet acquired in the second half of 2024 more than offset the EBITDA growth, excluding which EBIT was relatively stable compared to 2024. 5G rollout continues at a moderate pace with Wind Tre achieving over 95% FDD and 80% TDD coverage by the end of 2025.

Sweden

Sweden, where the Group has 60% interest, reported 7% increase in total margin compared to last year primarily from 5% customer base growth and higher net AMPU. EBITDA and EBIT grew by 15% and 48% respectively in local currency driven by a foreign currency gain of SEK201 million on the translation of an intercompany loan and strong growth in total margin, partly offset by higher customer acquisition costs as the business continues to increase its market share. Sweden's 5G population coverage further increased by about 15%-pts from end of 2024 to reach over 90% by the end of 2025.

Denmark

The Denmark operation, where the Group has 60% interest, reported 5% increase in EBITDA in local currency mainly driven by total margin growth of 7% from customer base growth, partly offset by higher operating costs from enlarged network base and higher selling and distribution costs. Denmark's EBIT further improved against last year due to lower depreciation following network asset swap being finalised in the second half of 2024. The operation was awarded fastest 5G network in the Nordics by Opensignal in 2025.

Austria

Austria's EBITDA remained flat against last year in local currency, primarily driven by reduced total margin from intensified competition in core mobile business, fully offset by lower operating expenses from lower electricity costs and stringent cost control measures to combat the reducing revenues. EBIT in local currency decreased by 8% compared to 2024, reflecting increased depreciation from an enlarged asset base as 5G network rollout continues. Austria's 5G coverage has reached approximately 95% and 80% FDD and TDD coverage respectively in 2025.

Ireland

Total margin grew by 2% against last year driven by customer base growth, partly offset by the lower net AMPU from the dilutive impact of higher mix of low margin IoT customers. EBITDA and EBIT in local currency increased by 2% and 3% respectively compared to 2024 driven by better total margin with stable operating expenses, partly offset by true-up of handset receivables bad debt provision recognised in 2025. 3 Ireland has reached over 95% 5G coverage in 2025.

Hutchison Telecommunications Hong Kong Holdings

Total margin decreased by 2% against last year despite higher total revenue mainly due to lower net customer service margin driven by a higher mix of low margin revenue streams, together with lower bank interest income, partly offset by higher hardware margin. EBITDA of HK\$1,249 million was 3% lower against last year mainly due to reduced total margin and a one-off provision for an onerous contract for Macau operations which was disposed of in January 2026, partly offset by effective cost-saving initiatives. EBIT of HK\$125 million was 26% lower than 2024 as a result of the aforesaid drop in EBITDA, while depreciation and amortisation expenses remained largely stable.

Capital Expenditure and Licences

2025				
EUR million	Fixed assets	Telecommunications licences	Brand names and other rights	Total
United Kingdom	227	–	–	227
Italy	470	–	230	700
Sweden	109	–	–	109
Denmark	28	–	–	28
Austria	199	–	–	199
Ireland	87	–	–	87
Hong Kong	49	–	–	49
Corporate and others	–	–	–	–
Total	1,169	–	230	1,399

2024				
EUR million	Fixed assets	Telecommunications licences	Brand names and other rights	Total
United Kingdom	516	–	–	516
Italy	467	–	226	693
Sweden	133	–	–	133
Denmark	37	–	–	37
Austria	225	7	–	232
Ireland	95	–	–	95
Hong Kong	52	–	–	52
Corporate and others	–	–	–	–
Total	1,525	7	226	1,758

For the year ended 2025, the Group's capital expenditure, decreased by 20% or €359 million compared to 2024. Capex, excluding licences, as a percentage of total revenue was 12% in 2025 (2024: 17%).

The spectrum spending of €7 million in 2024 represented investment for 600 MHz of 26 GHz spectrum in Austria acquired in March 2024.

Risk Factor

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Global Economy

As a global mobile telecommunications operators, the Group is exposed to the developments in the global economy as well as developments in the telecommunications industry and geographical markets in which it operates. Any adverse economic developments, whether as a result of a global recession or a recession in one or more of the Group's key markets, credit and capital markets volatility, an economic or financial crisis, or otherwise, could result in reduced consumer spending on telecommunications products and services, which in turn could result in lower revenue and reduced profit for the Group. As a result, the Group's financial condition and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. Any significant decrease in the level of economic growth in the global or regional or a specific economy could adversely affect the Group's financial condition or results of operations.

In general, volatility in the US and worldwide credit and financial markets, the COVID-19 pandemic, fluctuations in commodity prices and rising energy costs, mounting inflationary pressures, potential interest rate hikes, increasing geopolitical risks and political turbulence, global trade competition, trade conflicts and supply chain disruptions have all contributed to the increased uncertainty of global economic prospects and dampen economic growth.

The Group's overall success depends, in part, upon its ability to succeed in different economic, social, and political conditions. There can be no assurance that the Group will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business. Moreover, any deterioration in the economic, social and/or political conditions in the markets in which the Group conducts business could have a material adverse effect on the Group's financial condition and results of operations.

Industry Trends, Interest Rates and Currency Markets

The Group's results are affected by trends in the telecommunications industry. While the Group believes that its geographical spread and extensive customer base reduce its exposure, its results have in the past been adversely affected by industry trends. For example, the Group's results have been negatively impacted by keen competition and volatility in currencies and interest rates, as well as increase in inflationary pressures, including energy costs. There can be no assurance that the combination of industry trends, currencies and interest rates experienced by the Group in the future will not adversely affect its financial condition and results of operations.

In particular, income from the Group's finance and treasury operations is dependent upon interest rates, the currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not materially and adversely affect the Group's financial condition and results of operations.

Widespread Health Epidemic or Other Outbreaks or Natural Disasters

The Group's business could be materially and adversely affected by the outbreak of a widespread health epidemic, such as COVID-19, swine flu, avian influenza, severe acute respiratory syndrome, Ebola and Zika; natural disasters, such as earthquakes, snowstorms, storm surges, floods, fires, drought and other extreme weather events and other effects of climate change; or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments or adverse social and economical events could materially disrupt the Group's industry and the Group's business and operations, and have a material adverse effect on our business, financial condition and results of operations. The Group's business could be impacted in a number of ways, including:

- the deterioration of socio-economic conditions leading to disruptions to the Group's operations, such as decline in footfall in the Group's telecommunications retail stores;
- reductions or volatility in consumer demand for the Group's products due to quarantine or illness, or other travel restrictions, economic hardship, or store closures, which may impact the Group's revenue and market share;
- significant volatility in financial markets (including interest rate and foreign currency rate volatilities) and measures adopted by governments and central banks, which may limit the Group's access to funds, lead to shortages of cash or increase the cost of raising such funds; and
- an adverse impact on the Group's ability to engage in new, or consummate pending, strategic transactions on the agreed terms and timetable or at all.

These impacts have threatened and could continue to threaten the Group's facilities and transport of the Group's products, cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of the Group's employees, and have and could continue to have a material adverse effect on the Group's results of operations, cash flows and financial condition.

Political Unrest, Terrorist Attacks and Military Tensions

The Group has presence in various countries/markets around the world. There can be no assurance that all of these jurisdictions will remain politically stable or immune to terrorist attacks or military tensions, and if any of these countries suffers from political unrest or terrorist attacks or military tensions, it may have an adverse impact on the Group's financial condition and results of operations.

Climate Change Related Risks and Disclosure Requirements

Scientific evidence has shown that the Earth's temperature is rising due to an increase in greenhouse gases. This has already created, and will continue to create, a number of negative effects to the environment including loss of sea ice, rise in sea levels, and more frequent and severe water events.

Some of the Group's assets, businesses and supply chain are located in areas that would be affected in the medium to long term by the effects of climate change, such as operation disruption, assets damages and interrupt supply chains. Extreme weather events may also pose increased risk for the Group's stakeholders such as the Group's employees, customers, suppliers living and working in those locations. Further, as many countries seek to transition to low carbon economies, governments are increasingly introducing legislations to restrict emissions and incentivise environmental protection measures, which may increase financial costs to the Group. Other market changes may also influence the Group's business such as changing consumer preferences in favour of companies that are more sustainable.

In addition, new sustainability disclosure requirements are being adopted across multiple jurisdictions. Operations in regions such as Europe and Hong Kong are now subject to enhanced reporting standards, which demand additional resources to comply. Businesses across the Group may also be exposed to other local reporting obligations. The adoption and implementation of policies to fulfil these new reporting requirements, as well as the physical and transition risks arising from climate change could have a material impact on the Group's business and adversely affect the Group's financial condition and results of operations.

Cash Flow and Liquidity

From time to time, the Group accesses short-term and long-term capital markets to obtain financing. The availability of financing with acceptable terms and conditions may be impacted by many factors which include, among others, liquidity in the capital markets and the Group's credit, Environmental, Social and Governance (ESG) ratings. Although the Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings, actual credit ratings may deviate from these levels due to economic circumstances or other factors such as how the Group formulates, implements and integrates its strategies (including sustainability strategy) in relation to its core businesses. If liquidity in the capital markets declines, and/or credit ratings and/or ESG ratings of the Group decline or other factors, such as the availability of financing reduces and cost of borrowings increases, these changes could impact the Group's financial condition and results of operations, liquidity and cash flows.

Currency Fluctuations

The Group reports its results in Euro but its subsidiaries and joint ventures receive revenue and incur expenses in various local currencies. The Group's subsidiaries, associate and joint ventures may also incur debt in these local currencies. Consequently, the Group is exposed to potential adverse impact of currency fluctuations on translation of the results and balance sheet items of these subsidiaries, associate and joint ventures and also on repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, depreciation or fluctuation of the currencies in which the Group conducts its operations relative to the Euro could have a material adverse effect on the Group's financial condition and results of operations.

Highly Competitive Markets

The Group's principal business operations face significant competition across the diverse markets in which they operate. Competition among providers of mobile and fixed-line telecommunications services, including new market entrants (such as mobile virtual network operators), intensification of price competition by existing competitors, product innovation or technological advancement could adversely affect the Group's financial condition and results of operations. Competitive risks faced by the Group include:

- new entrants, new services, aggressive pricing and tariff plans and customer acquisition and retention strategies by telecommunications competitors may impact the Group's pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services; and
- frequent introductions of new or innovative products and services which require the Group to respond to quickly, risk of competition from disruptive alternate telecommunications access technologies and potential competition in the future from substitute telecommunications technologies being developed or to be developed or if the Group fails to develop, or obtain timely access to new technologies and equipment.

In addition, mobile number portability policies and procedures in markets where the Group currently operates enable customers to switch their providers of mobile telecommunications services without changing their mobile phone numbers. This has led to increased movement of customers among providers of mobile telecommunications services. Such movements increase marketing, distribution and administrative costs, slow growth in customer numbers and reduce revenues. The Group's marketing position also depends on effective marketing initiatives and its ability to anticipate and respond to various competitive factors affecting the industry. This includes new services, pricing strategies by competitors and changes in consumer preferences and economic, political and social conditions in the countries in which it operates. Any failure by the Group to compete effectively, including in terms of pricing of services, acquisition of customers and retention of existing customers, could decrease the revenue that the Group receives as a major provider of telecommunications services and negatively impact its profitability and financial condition. Furthermore, competition in the Group's principal lines of business could lead to price and margin erosion for its traditional products and services, loss of market share in the Group's core markets, loss of existing or prospective customers and greater difficulty in retaining existing customers.

Strategic and Business Partners

The Group conducts some of its businesses through non-wholly-owned subsidiaries, associate and joint ventures in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, other investors in the Group's non-wholly-owned subsidiaries, associates and joint ventures may undergo a change of control or financial difficulties, which may negatively impact the Group's financial condition and results of operations.

The Group's ability to provide high quality mobile and fixed-line telecommunications services depends on its ability to interconnect with the telecommunications networks and services of other mobile and fixed-line operators, particularly those of the Group's competitors. The Group also relies on third-party operators for the provision of international roaming services for its mobile subscribers. While the Group has interconnection agreements and international roaming agreements in place with other telecommunication operators, it does not have direct control over the quality of their networks and the interconnections and roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Group on a consistent basis, could result in a loss of subscribers or a decrease in traffic for the Group, which would reduce the Group's revenues and adversely affect the Group's business, financial condition and results of operations. There can be no assurance that the Group will be able to maintain its interconnection and international roaming agreements on terms that are commercially acceptable to it.

The Group has relationships with a number of key vendors for mobile and fixed-line network equipment, software and for the provision of content. The Group's ability to grow its subscriber base depends in part on its ability to source adequate supplies of network equipment, mobile handsets, software and content in a timely manner. Suppliers of network equipment have limited resources, which may impact the speed at which the Group expands its network. The business operation and provision of related services by the third-party vendors are also regulated to varying degrees by national, state, regional or local governmental and regulatory authorities in the countries where the Group operates. The Group does not have direct operational or financial control over its key suppliers and has limited influence with respect to the manner in which these key suppliers conduct their businesses. The Group's reliance on these suppliers exposes it to risks related to delays in the delivery of their services,

and, from time to time, the Group has experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors. There can also be no assurance that the relevant authorities will not take any action that could materially adversely affect the third-party vendors' operations. The Group's business and financial performance could be materially harmed if export and re-export restrictions impact its suppliers' ability to procure products, technology, or software from the United States or other jurisdictions that are necessary for the production and timely and satisfactory delivery of the supplies and equipment that the Group sources from these suppliers.

It cannot be assured that the Group's suppliers will continue to provide equipment and services to the Group at acceptable prices or that the Group will be able to obtain such equipment and services in the future from these or other providers on the scale and within the time frames the Group requires, if at all. In such event, the Group's ability to attract subscribers or offer attractive product offerings could be negatively affected, which in turn could materially adversely affect the Group's business, financial condition and results of operations.

In addition, following the disposal of the Group's interests in tower assets supporting the Group's mobile businesses in Austria, Denmark, Ireland, Italy and Sweden and the UK, respectively, to a third party, the Group's ability to provide telecommunications services in such jurisdictions depends, in part, on the relevant third party companies, which through their respective operating subsidiaries have entered into master services agreements with subsidiaries of the Group operating the Group's telecommunications business in the relevant jurisdictions. While each master services agreement provides for the relevant counterparty to provide infrastructure and built-to-suit services to the Group's telecommunication business in such jurisdictions, such agreements may be terminated for cause by either party and may be partially terminated in respect of part of the telecommunications infrastructure services which are affected by any material failure to meet service levels. Should any of these arrangements be terminated, this could result in delays or disruptions to the Group's telecommunications operations in the relevant jurisdictions and could result in the Group incurring additional costs. There can be no assurance that changes in the relationship or rearrangements between the Group and the relevant counterparties will not materially and adversely affect the Group's financial condition and results of operations.

Equipment and Network Stability

The Group's technological infrastructure (including its network infrastructure for mobile telecommunications and fixed-line services, including Internet services) is vulnerable to damage or disruptions from numerous events, including fire, flood, windstorms or other natural disasters, power outages, terrorist acts, cyberattacks, equipment or system failures, human errors or intentional wrongdoings, including breaches of the Group's network or information technology security. Unanticipated problems at the Group's facilities, network or system failures or hardware or software failures or computer viruses, or the occurrence of such unanticipated problems at the facilities, network or systems of third party-owned local and long distance networks on which the Group relies for the provision of interconnection and roaming services could result in reduced user traffic and revenue as a result of subscriber dissatisfaction with poor performance and reliability, result in regulatory penalties or require unanticipated capital expenditures. The occurrence of network or system failures could also harm the Group's reputation or impair its ability to retain current subscribers or attract new subscribers, which could have a material adverse effect on its business, financial condition and results of operations.

Technology

The telecommunications industry is characterised by rapid technological change and frequent introductions of new products. For example, many Internet products have been developed with the proliferation of Internet usage. The development of Internet products and applications such as over-the-top content and voice-over-IP have resulted in a reduction in the usage of traditional text messaging and long distance voice call services provided by the Group. Technological change and the emergence of alternative technologies for the provision of telecommunications services that are technologically superior, cheaper or otherwise more attractive than those that the Group provides may render its services less profitable, less viable or obsolete. At the time the Group selects and advances one technology over another, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage and the Group may develop or implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies. Furthermore, the Group's competitors or new market entrants may introduce new or technologically superior mobile and fixed-line services before the Group does. In addition, the Group may not receive the necessary licences to provide services based on these new technologies or may be negatively impacted by unfavourable regulation regarding the usage of these technologies. If the Group is unable to effectively anticipate or react to technological changes in the telecommunications market, it could lose subscribers, provide a diminishing portion of its subscribers' total telecommunications usage or fail to attract new subscribers, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group must continue to upgrade its existing mobile and fixed-line networks in a timely manner in order to retain and expand its customer base in each of its markets and to successfully implement its strategy. Among other things, the needs of the Group's business could require it to:

- upgrade the functionality of the Group's networks to allow for the increased customisation of services;
- increase its UMTS/HSDPA coverage in some of its markets;
- enhance its 5G network based on customers' demand and on coverage requirements;
- maintain, expand and enhance customer service, network management and administrative systems;
- upgrade older systems and networks to adapt them to new technologies; and
- acquire or renew its telecom licences.

Many of these tasks, which require substantial additional investments, could create additional financial strain on the Group's business and financial condition, are not entirely under the Group's control and may be affected by applicable regulation. If the Group fails to execute them successfully, the Group's services and products may be less attractive to new customers and the Group may lose existing customers to its competitors, which could adversely affect its business, financial condition and results of operations. In addition, the Group may not be able to fund such capital expenditures or source the necessary resources to keep pace with technological developments or successfully anticipate or react to these changes, which could have a material adverse effect on the Group's financial condition and results of operations.

Future Growth

The degree to which the mobile telecommunications market may expand is uncertain and will depend on numerous factors. Such factors include, among others, the business strategies and capabilities of the Group and its competitors, prevailing market conditions, the development of new and/or alternate technologies for mobile telecommunications products and services, the development of new devices that require a mobile connection and the effect of applicable regulations. Many of these factors are beyond the Group's control. The Group's ability to attract new and retain existing subscribers or to grow its ARPU from both new and existing subscribers will depend in large part upon its ability to offer innovative services on new devices, stimulate and increase subscriber usage, convince subscribers to switch from competing mobile operators to its services and its ability to minimise subscriber discontinuation. In addition, the success of the Group relies on increasing its customer base and operating margins to remain profitable as well as growing profitability. In order to grow and retain its customer base, the Group has made significant investments in CACs in each of the markets in which it operates. The Group may need to incur more capital expenditure to expand or improve its mobile network and incur more CACs to retain and build its customer base. The Group may not be successful in growing its customer base and improving operating margins to a level sufficient for covering incremental operating costs, customer acquisition and retention costs and capital expenditure requirements.

The Group continues to cautiously expand through undertaking selective mergers, acquisitions and disposal activities when appropriate opportunities in the market arise. Success of the Group's mergers and acquisitions will depend on, among other things, the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully or a longer than projected period to realise the expected synergies will not have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group has made substantial investments in acquiring telecommunications licences and developing and upgrading its mobile networks and growing its customer bases in Europe, Hong Kong and Macau. The Group may need to incur more capital expenditure to expand, improve or upgrade its mobile networks, acquire additional spectrum licences, and incur more customer acquisition and retention costs to retain and build its customer bases. There can be no assurance that any additional investments will further increase customer levels and operating margins, and consequently, additional investments may materially and adversely impact the Group's financial condition and results of operations.

As of 31 December 2025, the Group had a total deferred tax asset balance⁽¹⁾ of €327 million. The ultimate realisation of deferred tax assets recognised depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In each of the countries and locations that the Group operates, taxation losses may be carried forward indefinitely. In addition, in the UK, the Group benefits from the availability of group relief in relation to taxation losses generated by its telecommunications operations to offset taxable profits from other businesses of the parent company, CKHH, in the same period. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections. If there is a significant

Note 1: Under Post-IFRS 16 basis, the Group had a total deferred tax asset balance of €332 million.

adverse change in taxation rates and legislations, or in the projected performance and resulting cash flow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have a material adverse effect on the Group's financial condition and results of operations.

Completion Risk of Mergers, Acquisitions and Disposals

The Group may from time to time engage in mergers, acquisitions, joint ventures, other consolidation transactions between its businesses and certain third-party companies (including competitors), or disposals. From time to time, the Group receives proposals and explores and evaluates opportunities that may be available, with a view to enhancing long term value for shareholders, including possible transactions relating to certain assets and businesses of the Group. Contemplated transactions may not be consummated for a range of reasons; such an outcome may have a negative impact on the Group's business. Such transactions are typically subject to negotiations and agreements to be entered into, and even if final agreements are entered into, may still be subject to merger, anti-trust, national security, foreign investment, foreign subsidy and other regulatory approvals by the competent authorities who may only approve the transaction subject to conditions, or who may prohibit the transaction. Significant mergers, acquisitions and dispositions are often complex and may require a range of consents and approvals from authorities and regulatory bodies in multiple jurisdictions, the process of which could be unpredictable. There can be no assurance that any such transaction and proposals will proceed, or any such approvals or other conditions would be obtained or satisfied and even if such approvals are obtained, third parties may initiate proceedings to appeal against such approvals. If a proposed transaction does not proceed, or is prohibited or the relevant approvals are revoked and the transaction cannot be completed, the Group will have incurred significant resources, such as legal, accounting and other costs in connection with the transaction without realising its anticipated benefits, which may have included increased earnings, scale, competitive strength and market share. As a consequence, the Group's financial position and results of operations could be negatively impacted. In the case of potential mergers or acquisitions, such third-party companies may also choose to merge with or be acquired by another of the Group's competitors, which could result in a new competitor with greater scale, financial strength and other resources. As a result, if a transaction is prohibited by a competent authority, it could have a material adverse impact on the Group's business, financial condition and results of operations. Furthermore, any potential merger, acquisition or disposition may attract media attention and public scrutiny, and it is uncertain how this would affect the Group's public perception and brand equity and, as a result, the Group's business both domestically and abroad.

National, European Union and International Law and Regulatory Requirements

As a global business, the Group is exposed to local business risks in several different countries, which could have a material adverse effect on its financial condition and results of operations. The Group operates in various countries around the world and may increasingly become exposed to different and changing government policies, political, social, legal and regulatory requirements at the national or international level, including but not limited to those required by the European Union ("EU") or the World Trade Organisation ("WTO") or national authorities. These include:

- changes in tariffs and trade barriers, including changes which may result from the UK's withdrawal from the EU (see "Risk Factors – UK's Exit from the EU" for further details);
- changes in taxation regulations and interpretations;
- competition (anti-trust) laws applicable to the Group's activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and merger control, national security, and foreign investment and foreign subsidy laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions and/or result in imposition of fines on the relevant operations;
- state aid and/or state subsidy control rules which could require the repayment of grants or other financial support if aid or subsidies have been provided by national governments and/or public authorities to the Group's businesses;
- changes in the process of or the conditions or criteria to obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses;
- conditions or criteria to obtaining or maintaining assets that may be viewed by governments or regulatory authorities as critical assets for national security purposes;
- comprehensive sustainability disclosure requirements for the Group, with the requirements varying from jurisdiction to jurisdiction, for example, the Corporate Sustainability Reporting Directive in the EU ("CSRD"), Task Force on Climate-related Financial Disclosures ("TCFD") recommendations in the UK and the local sustainability disclosure standards in Hong Kong to be developed to align with the International Sustainability Standards Board standards;
- emerging regulation around the development and use of Artificial Intelligence ("AI"), including the introduction of the EU AI Act in August 2024; and
- environmental, safety, security and cybersecurity, employee and consumer protection laws, rules and regulations.

There can be no assurance that the European institutions and/or the regulatory authorities of the jurisdictions in which the Group operates will not make decisions or interpret and implement regulations in a manner that materially and adversely affects the Group's financial condition and results of operations in the future.

The Group is only permitted to provide telecommunications services and operate networks under licences (including spectrum licences for mobile telecommunications) and/or authorisations granted under the national laws of each jurisdiction in which it operates. Some spectrum licences have historically been issued for fixed terms and subsequently renewed and/or reauctioned. The Group's mobile telecommunications licences in Italy effectively provide for perpetual renewal rights. There can be no assurance, however, that any renewal or participation in any auction of one or more of the Group's licences will be successful or renewed or granted on equivalent or satisfactory financial or other terms. Governments and/or regulatory authorities may also impose auction rules and/or licence conditions relating to national security, which could result in an operator being denied access to the spectrum and/or revocation of a licence.

In addition, the Group may not be successful in obtaining licences for spectrum bands enabling new mobile technologies that may be developed in the future and will likely face competition for any such licences. Telecommunications licences (including spectrum licences) and authorisation may contain regulatory requirements and carrier obligations regarding the way the operator must conduct its business (such as price controls and non-discrimination obligations), as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences to the Group or other parties (such as spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), or changes to the process of or the conditions or criteria to obtaining or maintaining spectrum or other licences necessary for the Group's mobile telecommunications business, could result in the Group facing unforeseen competition and/or could materially and adversely affect the Group's financial condition and results of operations.

Accounting Standards

The International Accounting Standards Board ("IASB") has from time to time issued new and revised IFRS. The IASB may in the future issue new and revised standards, amendments and interpretations. In addition, interpretations on the application of the IFRS will continue to develop. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new IFRS will not have a significant impact on the Group's financial condition and results of operations.

Regulatory Reviews

A subsidiary of the Group and investments issued by subsidiaries of the Group are listed on various stock exchanges around the world and are subject to regulatory reviews of their various filings by the respective stock exchange's regulatory bodies and/or other regulatory authorities. While such subsidiaries of the Group endeavour to comply with all regulatory requirements of the various stock exchanges and other authorities in the jurisdictions in which they operate, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with the Group's interpretations and judgements and that any required actions mandated by the authorities will not have an adverse impact on the Group's reported financial position and results of operations.

Possible Economic Sanctions on Business Partners, Suppliers or Businesses in General

Governments and multinational organisations (including the State Department and the Department of the Treasury's Office of Foreign Assets Control (OFAC) of the US and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners or suppliers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers is impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners is affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

Cyber Security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorised access to or disrupting the operation of the networks, systems and data base of the Group or its suppliers, vendors and other service providers, could have an adverse effect on the Group's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to the Group's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external parties operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or a loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to certain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources. The Group may also suffer a loss of revenue owing to business interruption and claims from regulators and other third parties. The potential costs associated with these attacks could exceed the insurance coverage the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, adversely impact customer and investor confidence, and materially and adversely affect the Group's financial condition and results of operations.

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the Group collect, store and use data that is protected by data protection laws in the different jurisdictions in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within the Group's business are expected to intensify. For example, the General Data Protection Regulation (EU) (2016/679) ("GDPR"), the UK GDPR (the UK's retained EU law version of the GDPR) and the United Kingdom's Data Protection Act 2018, which apply to Group companies in applicable jurisdictions, levy administrative penalties of up to 4 per cent. of Group global annual turnover in cases of significant non-compliance and direct liability for breach by data processors.

In the event that any relevant member of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial condition and results of operations.

Labour disputes

In case of material changes to current terms and conditions of employment, and the Group's employees react adversely to any such changes, the Group may experience significant labour disputes and work disruption at one or more of its operating offices. The Group also relies on a number of third parties, for example equipment and telecommunications providers. Labour disputes involving such third parties may affect provision of services or products to the Group. Both cases could materially adversely affect the Group's business, financial condition and results of operations.

UK's Exit from the EU

The UK left the EU on 31 January 2020. The Trade and Cooperation Agreement between the UK and the EU was signed on 30 December 2020 and entered into force on 1 May 2021. It sets out preferential arrangements in various aspects such as trade, security, areas on ongoing collaboration/cooperation and governance.

Brexit may continue to create uncertainty about the new economic and social partnership between the UK and the EU, and has impacted trade intensity, labour availability, supply chain, exchange rates and gross domestic product levels in the UK.

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group contained within this Results Announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within this Results Announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Results Announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Sustainability

Action on climate change continued to be a key focus during 2025. CKHGT continued to work toward its approved Science Based Targets initiative (“SBTi”) near-term targets, which are:

- Reduce scope 1 and 2 emissions by 50% by 2030, versus a 2020 baseline; and
- Reduce scope 3 emissions by 42% by 2030, versus a 2020 baseline.

CKHGT has also set a long-term target to achieve net-zero by 2050, which incorporates all three GHG emission scopes, and was validated by the SBTi in 2025.

In 2025, CKHGT achieved a year-on-year reduction in Scope 1, 2 and 3 emissions of approximately 2%, while reaching approximately 30% overall reduction compared to the 2020 baseline, driven primarily by a combination of increased renewable electricity procurement across CKHGT, and a reduction in the emissions factor associated with the ‘residual mix’ of electricity in Italy. CKHGT maintained a strong focus on decarbonising its electricity consumption, with renewable electricity supported with Energy Attribute Certificates accounting for over 55% of total electricity use. **3** Austria, **3** Ireland and Wind Tre produce renewable energy through their solar photovoltaic systems, and **3** Hong Kong is trialing solar power in the mobile network for the first time. All operations continued to invest in energy efficiency measures with the implementation of network and data centre optimisation measures, virtualisation of core network and network services, and implementation of free or passive cooling. For example, **3** Sweden piloted a network optimisation AI model to reduce energy consumption and **3** Denmark began the introduction of passive cooling, reducing the required fan power and electricity consumption for air circulation. **3** Hong Kong will commence enhancing network operations and management through AI and big data via cloud transformation, boosting overall network efficiency and providing customers with more reliable telecommunication services.

To create a thriving digital economy, CKHGT continues rolling out 5G and its related smart city solutions. During 2025, Wind Tre signed 9 new smart city cooperation agreements, bringing the total number of cities active in the “smart partner of 100 smart cities” project to 50. **3** Ireland supports over 3 million IoT connections in Ireland with a market share of over 80% and has become a leader in integrated IoT solutions, helping to achieve energy efficiency and other sustainability benefits across a range of sectors.

On circular economy, **3** Ireland and **3** Hong Kong offer device trade-in schemes, while in 2025 Wind Tre launched “Reload Forever”, a flexible service designed to extend the usable life of smartphones through repair and replacement options. **3** Austria launched its ‘Mobile Phone Freedom’ offering, which allows customers to upgrade to the latest device after 12 months, returning used devices for refurbishment or resale.

In terms of workplace inclusiveness and diversity, **3** Ireland, **3** Sweden **3** Denmark and **3** Austria have all established gender balance targets, either for leadership roles or across the entire workforce. Wind Tre has also committed to increasing its share of women in executive positions and targets a 50:50 balance for internal promotions. It has embedded gender equality into recruitment and promotion processes, monitored pay practices and linked gender diversity targets to executive compensation through proprietary ESG composite index. In 2025, Wind Tre was certified for the second year according to the UNI/PdR 125:2022 - an Italian standard that defines guidelines for implementing a gender equality management system within organisations. In 2025, **3** Ireland became a signatory of Business in the Community Ireland’s ‘Elevate Pledge’ – a commitment to concrete actions that advance equality, diversity, and inclusion within the workplace. Wind Tre and **3** Sweden were also named ‘Top Employer Italy’ in 2025 and one of Sweden’s Best Workplaces, respectively.

CKHGT maintains a focus on sustainable procurement. Its Supplier Code of Conduct outlines supplier expectations on a range of topics including ethical conduct, environmental management and human rights. In 2025, **3** Ireland continued to expand its assessment of ESG risk, covering 96% of its supplier base, up from 87% at the end of 2024. As a group, CKHGT engaged with over 300 suppliers on GHG disclosure, requesting information on GHG emissions and reduction targets. It was awarded an ‘A-’ score on climate change by CDP, an improvement from its score of ‘B’ in prior years, and was also awarded an ‘A’ score by CDP in its Supplier Engagement Assessment.

CKHGT also received external recognition including earning a Silver Medal in its first EcoVadis sustainability assessment, ranking at 93rd percentile of all assessments conducted by EcoVadis in the past year, retaining rating at ‘low risk’ in the re-assessment by Sustainalytics, and achieving an A- rating on climate change from CDP, a leading international environmental disclosure system for companies, capital markets, cities, states and regions.

CK Hutchison Group Telecom

Financial Performance Summary

	Post-IFRS 16 2025 EURO million	Post-IFRS 16 2024 EURO million	Change %
Total Revenue ⁽¹⁾			
3 Group Europe	10,547	9,669	9%
- UK	4,039	3,250	24%
- Italy	3,820	3,782	1%
- Sweden	775	717	8%
- Denmark	355	333	7%
- Austria	923	957	-4%
- Ireland	635	630	1%
Hong Kong	627	568	10%
Corporate and others	213	221	-4%
Total Revenue	11,387	10,458	9%
EBITDA ⁽¹⁾			
3 Group Europe	3,773	3,530	7%
- UK	917	738	24%
- Italy	1,844	1,837	-
- Sweden	299	257	16%
- Denmark	120	114	5%
- Austria	376	375	-
- Ireland	217	209	4%
Hong Kong	189	203	-7%
Corporate and others	81	(34)	338%
Total Underlying EBITDA	4,043	3,699	9%
One-off items ⁽²⁾	(898)	-	
Total Reported EBITDA	3,145	3,699	-15%
EBIT ⁽¹⁾			
3 Group Europe	570	539	6%
- UK	34	40	-15%
- Italy	194	230	-16%
- Sweden	99	66	50%
- Denmark	34	(21)	262%
- Austria	157	175	-10%
- Ireland	52	49	6%
Hong Kong	17	21	-19%
Corporate and others	81	(34)	338%
Total Underlying EBIT	668	526	27%
One-off items ⁽²⁾	(898)	-	
Total Reported EBIT/(LBIT)	(230)	526	-144%
Interest expenses and other finance costs ⁽¹⁾	(373)	(290)	-29%
Profit/(Loss) Before Tax	(603)	236	-356%
Tax ⁽¹⁾			
Current tax	71	103	-31%
Deferred tax	(168)	(290)	42%
	(97)	(187)	48%
Profit/(Loss) after tax	(700)	49	-1529%
Non-controlling interests	(33)	(2)	-1550%
Reported Profit/(Loss) Attributable to Ordinary Shareholders	(733)	47	-1660%
Add back: One-off items ⁽²⁾	898	-	
Underlying Profit Attributable to Ordinary Shareholders	165	47	251%

Note 1: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated company and joint ventures' respective items.

Note 2: One-off items represent one-time non-cash loss arising from the UK merger and related impacts of €898 million.

CK Hutchison Group Telecom

Financial Performance Summary

	Pre-IFRS 16 ⁽¹⁾ 2025 EURO million	Pre-IFRS 16 ⁽¹⁾ 2024 EURO million	Change %
Total Revenue ⁽²⁾			
3 Group Europe	10,547	9,669	9%
- UK	4,039	3,250	24%
- Italy	3,820	3,782	1%
- Sweden	775	717	8%
- Denmark	355	333	7%
- Austria	923	957	-4%
- Ireland	635	630	1%
Hong Kong	627	568	10%
Corporate and others	213	221	-4%
Total Revenue	11,387	10,458	9%
EBITDA ⁽²⁾			
3 Group Europe	2,905	2,736	6%
- UK	746	641	16%
- Italy	1,261	1,249	1%
- Sweden	268	226	19%
- Denmark	106	101	5%
- Austria	345	344	-
- Ireland	179	175	2%
Hong Kong	142	153	-7%
Corporate and others	81	(34)	338%
Total Underlying EBITDA	3,128	2,855	10%
One-off items ⁽³⁾	(948)	-	
Total Reported EBITDA	2,180	2,855	-24%
EBIT ⁽²⁾			
3 Group Europe	440	420	5%
- UK	(14)	28	-150%
- Italy	128	143	-10%
- Sweden	98	64	53%
- Denmark	33	(23)	243%
- Austria	154	168	-8%
- Ireland	41	40	3%
Hong Kong	15	19	-21%
Corporate and others	81	(34)	338%
Total Underlying EBIT	536	405	32%
One-off items ⁽³⁾	(948)	-	
Total Reported EBIT/(LBIT)	(412)	405	-202%
Interest expenses and other finance costs ⁽²⁾	(249)	(201)	-24%
Profit/(Loss) Before Tax	(661)	204	-424%
Tax ⁽²⁾			
Current tax	71	101	-30%
Deferred tax	(173)	(284)	39%
	(102)	(183)	44%
Profit/(Loss) after tax	(763)	21	-3733%
Non-controlling interests	(33)	(2)	-1550%
Reported Profit/(Loss) Attributable to Ordinary Shareholders	(796)	19	-4289%
Add back: One-off items ⁽³⁾	948	-	
Underlying Profit Attributable to Ordinary Shareholders	152	19	700%

Note 1: The Group has adopted International Financial Reporting Standard 16 "Leases" ("IFRS 16") accounting standard for its statutory reporting but its management reporting has remained on the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17"). The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. Pre-IFRS 16 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated company and joint ventures' respective items.

Note 3: One-off items represent one-time non-cash loss arising from the UK merger and related impacts of €948 million.

Independent Auditor's Report

To the Board of Directors of CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Group Telecom Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 27 to 112, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants ("the Code") and we have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the results announcement other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2026

CK Hutchison Group Telecom Holdings Limited
Consolidated Income Statement
for the year ended 31 December 2025

	Note	2025 EUR million	2024 EUR million
Revenue	4	8,588	10,443
Cost of inventories sold	6	(356)	(308)
Expensed customer acquisition and retention costs		(1,087)	(1,818)
Staff costs		(754)	(789)
Depreciation and amortisation	6	(2,713)	(3,115)
Other expenses and losses	6	(4,064)	(3,895)
Other income and gains	6	71	-
Share of profits less losses of:			
Associated company		(58)	-
Joint ventures		8	3
		(365)	521
Interest expenses and other finance costs	7	(230)	(286)
Profit (loss) before tax		(595)	235
Current tax credit	8	75	106
Deferred tax charge	8	(180)	(292)
Profit (loss) after tax		(700)	49
Profit attributable to non-controlling interests		(33)	(2)
Profit (loss) attributable to owners of the Company		(733)	47

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2025

	Note	2025 EUR million	2024 EUR million
Profit (loss) after tax		(700)	49
Other comprehensive income (losses)			
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments at fair value through other comprehensive income		1	(28)
Remeasurement of defined benefit obligations		(3)	5
Share of other comprehensive income of associated company		1	-
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	29 (c)	-	-
		(1)	(23)
Items that may be reclassified to profit or loss			
Exchange gains (losses) on translation of foreign operations		(273)	445
Reserves reclassified to profit or loss		(1,065)	-
Gains (losses) on cash flow hedges		6	(11)
Share of other comprehensive income (losses) of associated company		(155)	-
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	29 (c)	-	-
		(1,487)	434
Other comprehensive income (losses), net of tax		(1,488)	411
Total comprehensive income (losses)		(2,188)	460
Total comprehensive income attributable to non-controlling interests		(3)	(7)
Total comprehensive income (losses) attributable to owners of the Company		(2,191)	453

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Financial Position
at 31 December 2025

	Note	2025 EUR million	2024 EUR million
Non-current assets			
Fixed assets	10	5,029	7,801
Right-of-use assets	11	1,476	1,881
Telecommunications licences	12	5,315	7,889
Brand names and other rights	13	2,567	3,328
Goodwill	14	9,639	10,023
Associated company	15	4,302	-
Interests in joint ventures	16	363	342
Deferred tax assets	17	332	1,764
Listed investments	18	-	91
Other non-current assets	19	652	1,584
		29,675	34,703
Current assets			
Cash and cash equivalents	20	4,868	3,420
Inventories		127	194
Trade receivables and other current assets	21	2,010	2,843
		7,005	6,457
Current liabilities			
Bank and other debts	22	1,999	357
Interest-bearing loan from a non-controlling shareholder	25	-	232
Current tax liabilities		53	147
Lease liabilities	11	541	451
Trade payables and other current liabilities	23	2,890	3,667
		5,483	4,854
Net current assets		1,522	1,603
Total assets less current liabilities		31,197	36,306
Non-current liabilities			
Bank and other debts	22	3,318	5,552
Interest-bearing loan from a non-controlling shareholder	25	267	-
Lease liabilities	11	853	1,342
Deferred tax liabilities	17	166	332
Pension obligations	26	69	70
Other non-current liabilities	27	1,030	1,314
		5,703	8,610
Net assets		25,494	27,696

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Financial Position
at 31 December 2025

	Note	2025 EUR million	2024 EUR million
Capital and reserves			
Share capital	28 (a)	-	-
Share premium	28 (a)	17,908	17,908
Reserves	29	6,453	8,644
Equity attributable to owners of the Company		24,361	26,552
Non-controlling interests		1,133	1,144
Total equity		25,494	27,696

Fok Kin Ning, Canning
Director

Cheung Kwan Hoi
Director

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2025

	Attributable to				
	Owners of the Company				
	Share capital and share premium *	Reserves @	Subtotal	Non- controlling interests	Total equity
	EUR million	EUR million	EUR million	EUR million	EUR million
At 1 January 2025	17,908	8,644	26,552	1,144	27,696
Profit (loss) for the year	-	(733)	(733)	33	(700)
Other comprehensive income (losses)					
Changes in fair value of equity instruments at fair value through other comprehensive income	-	1	1	-	1
Remeasurement of defined benefit obligations	-	(2)	(2)	(1)	(3)
Exchange losses on translation of foreign operations	-	(244)	(244)	(29)	(273)
Reserves reclassified to profit or loss	-	(1,065)	(1,065)	-	(1,065)
Gains on cash flow hedges	-	6	6	-	6
Share of other comprehensive income (losses) of associated company	-	(154)	(154)	-	(154)
Tax relating to components of other comprehensive income (losses)	-	-	-	-	-
Other comprehensive income (losses), net of tax	-	(1,458)	(1,458)	(30)	(1,488)
Total comprehensive income (losses)	-	(2,191)	(2,191)	3	(2,188)
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(14)	(14)
	-	-	-	(14)	(14)
At 31 December 2025	17,908	6,453	24,361	1,133	25,494

* See note 28.

@ See note 29.

During the year ended 31 December 2025, no dividends have been paid or declared by the Company.

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2025

	Attributable to				
	Owners of the Company				
	Share capital and share premium *	Reserves @	Subtotal	Non- controlling interests	Total equity
EUR million	EUR million	EUR million	EUR million	EUR million	
At 1 January 2024	17,908	8,191	26,099	1,152	27,251
Profit for the year	-	47	47	2	49
Other comprehensive income (losses)					
Changes in fair value of equity instruments at fair value through other comprehensive income	-	(28)	(28)	-	(28)
Remeasurement of defined benefit obligations	-	4	4	1	5
Exchange gains on translation of foreign operations	-	441	441	4	445
Losses on cash flow hedges	-	(11)	(11)	-	(11)
Tax relating to components of other comprehensive income (losses)	-	-	-	-	-
Other comprehensive income, net of tax	-	406	406	5	411
Total comprehensive income	-	453	453	7	460
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(15)	(15)
	-	-	-	(15)	(15)
At 31 December 2024	17,908	8,644	26,552	1,144	27,696

* See note 28.

@ See note 29.

During the year ended 31 December 2024, no dividends have been paid or declared by the Company.

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2025

	Note	2025 EUR million	2024 EUR million
Operating activities			
Cash generated from operating activities before interest expenses, other finance costs, tax paid, and changes in working capital	30 (a)	2,684	3,151
Interest expenses and other finance costs paid (net of capitalisation)		(207)	(258)
Tax recovered		63	56
Funds from operations (before principal elements of lease payments)		2,540	2,949
Changes in working capital	30 (b)	(183)	(191)
Net cash from operating activities		2,357	2,758
Investing activities			
Purchase of fixed assets	10	(1,162)	(1,502)
Additions to telecommunications licences	12	-	(7)
Additions to brand names and other rights	13	(230)	(226)
Purchase of subsidiary companies, net of cash acquired	30 (c)	-	(480)
Repayments from associated company and joint ventures		4	-
Purchase of and advances to associated company and joint ventures		(23)	(30)
Proceeds from disposal of fixed assets		1	2
Proceeds from disposal of subsidiary companies, net of cash disposed	30 (d)	1,680	-
Cash flows from (used in) investing activities before disposal of listed investments		270	(2,243)
Disposal of listed investments		94	810
Cash flows from (used in) investing activities		364	(1,433)
Net cash inflows before financing activities		2,721	1,325
Financing activities			
New borrowings	30 (e)	365	1,846
Repayment of borrowings	30 (e)	(942)	(1,500)
Principal elements of lease payments	30 (e)	(703)	(775)
Net loan from a non-controlling shareholder	30 (e)	21	-
Dividends paid to non-controlling interests		(14)	(15)
Cash flows used in financing activities		(1,273)	(444)
Increase in cash and cash equivalents		1,448	881
Cash and cash equivalents at 1 January		3,420	2,539
Cash and cash equivalents at 31 December		4,868	3,420
Analysis of cash and listed investments			
Cash and cash equivalents, as above	20	4,868	3,420
Listed investments	18	-	91
Total cash and listed investments		4,868	3,511
Total principal amount of bank and other debts	22	5,330	5,930
Interest-bearing loan from a non-controlling shareholder	25	267	232
Net debt		729	2,651
Interest-bearing loan from a non-controlling shareholder		(267)	(232)
Net debt (excluding interest-bearing loan from a non-controlling shareholder)		462	2,419

CK Hutchison Group Telecom Holdings Limited

Notes to the Financial Statements

1 General Information

CK Hutchison Group Telecom Holdings Limited (the “Company” or “CKHGT”) is a limited liability company incorporated in the Cayman Islands and is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“CKHH”), which is a limited liability company incorporated in the Cayman Islands, with its shares listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 (the “Annual Financial Statements”) were authorised for issue by the Company’s Board of Directors on 19 March 2026.

These financial statements are presented together with supplementary disclosures included in the Company’s 2025 annual results announcement. Such sections - namely the Management Discussion and Analysis, and the Risk Factor - are provided outside the Annual Financial Statements and include discussions of the Group’s key strategies, the performance, key business indicators, capital expenditure and licences of the Group’s businesses for the current year, and the principal risk and uncertainties affecting the Group’s businesses.

2 Basis of preparation

The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Annual Financial Statements have been prepared on a going concern basis. Management has assessed the Group’s ability to continue as a going concern by considering its expected cash generation, liquidity position, and available funding sources. Based on this assessment, Management has concluded that the use of the going concern basis of accounting remains appropriate as at the date these financial statements were authorised for issue.

There were no new accounting standards or interpretations adopted during the year ended 31 December 2025 that had a significant effect on the Group in 2025. A summary of the amendments to IFRS adopted by the Group in the current year and the Group’s material accounting policies are included in note 41.

The financial statements have been prepared under the historical cost convention, except for the following items, which are measured at fair value: plan assets of defined benefit plans, and certain financial assets and liabilities (including derivative instruments).

3 Use of judgements, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the accompanying disclosures at the date of the financial statements.

In preparing the Annual Financial Statements, the Group has applied accounting-related estimates based on judgements and assumptions regarding current and, where applicable, future economic and market conditions. These reflect what management considers to be relevant and reasonable at the time of preparation.

Actual outcomes may differ from these estimates, and such differences could result in material adjustments to the carrying amounts of assets and liabilities in future periods. Accordingly, the Group’s accounting estimates, judgements, and assumptions are subject to evolution in response to changing external conditions.

The estimation methodologies adopted reflect the circumstances existing at each respective reporting dates and throughout the periods presented.

Further information on significant accounting judgements, estimates and assumptions is set out in note 40.

4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	2025 EUR million	2024 EUR million
Sale of goods	1,125	1,689
Revenue from services	7,354	8,630
Interest	109	124
	8,588	10,443

(b) The following table presents revenue from contracts with customers within the scope of IFRS 15, disaggregated by revenue category for the Company and its subsidiaries:

	Revenue from contracts with customers			Revenue from other sources EUR million	2025 Total EUR million
	recognised at a point in time EUR million	recognised over time EUR million	Subtotal EUR million		
3 Group Europe	921	6,842	7,763	-	7,763
UK	285	971	1,256	-	1,256
Italy	224	3,596	3,820	-	3,820
Sweden	187	588	775	-	775
Denmark	15	339	354	-	354
Austria	126	797	923	-	923
Ireland	84	551	635	-	635
Hutchison Telecommunications Hong Kong Holdings	204	423	627	-	627
Corporate and Others	-	89	89	109	198
	1,125	7,354	8,479	109	8,588

	Revenue from contracts with customers			Revenue from other sources EUR million	2024 Total EUR million
	recognised at a point in time EUR million	recognised over time EUR million	Subtotal EUR million		
3 Group Europe	1,543	8,125	9,668	-	9,668
UK	909	2,341	3,250	-	3,250
Italy	219	3,563	3,782	-	3,782
Sweden	184	533	717	-	717
Denmark	14	318	332	-	332
Austria	126	831	957	-	957
Ireland	91	539	630	-	630
Hutchison Telecommunications Hong Kong Holdings	146	422	568	-	568
Corporate and Others	-	83	83	124	207
	1,689	8,630	10,319	124	10,443

See note 5 for operating segment information.

4 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of IFRS 15

Under IFRS 15, a contract asset or a contract liability arises when either party to a contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, accordingly, recognises a contract asset. Conversely, when the customer performs first, for example, by prepaying its promised consideration, the entity recognises a contract liability.

Contract assets may represent either conditional or unconditional rights to consideration. A right is conditional if, for instance, the entity is required to satisfy another performance obligation in the contract before becoming entitled to payment. If the entity has an unconditional right to consideration, where only the passage of time is required before payment is due, the contract asset is classified as and accounted for as a receivable and is presented separately from other contract assets.

The following table provides information on trade receivables, contract assets and contract liabilities arising from contracts with customers within the scope of IFRS 15.

	2025	2024
	EUR million	EUR million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 21)	887	1,129
Contract assets (see notes 19 and 21)	490	877
Contract liabilities (see note 23)	(361)	(434)

Trade receivables are non-interest-bearing and are generally on terms of 30 to 60 days. In 2025, EUR62 million (2024: EUR84 million) was recognised in the consolidated income statement as a provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices that have not been billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional, which typically occurs upon issuance of an invoice to the customer. In 2025, EUR73 million (2024: EUR126 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. Upon fulfilment of these obligations, the contract liability is recognised in revenue in the period when the performance obligations are satisfied. During 2025, EUR428 million (2024: EUR446 million) was recognised as revenue that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less.

In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would render some or all of the consideration variable, are excluded from the following analysis. This is because the transaction price and ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage.

In light of this basis of preparation, the following table does not reflect an expectation of the Group's future performance. The analysis is presented solely to comply with the IFRS 15 disclosure requirement in respect of the transaction price allocated to remaining performance obligations.

	2025	2024
	EUR million	EUR million
Within one year	1,493	1,506
More than one year	967	878
	2,460	2,384

5 Operating segment information

(a) Description of segments and basis of presentation of segment information

The Group is a worldwide operator of mobile telecommunications networks, with operations spanning six European countries and Hong Kong and Macau of the People's Republic of China. The Group's telecom's operations in Europe ("3 Group Europe") launched commercial operations in 2003 and comprise mobile telecommunications businesses in the United Kingdom (the "UK"), Italy, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services. On 31 May 2025, the merger transaction to combine the Group's and Vodafone Group's respective telecommunications operations in the UK was completed, forming the combined business, VodafoneThree, a 49% associated company of the Group. The Group's telecom's operations in Hong Kong has operated telecom networks for over 40 years and comprise an approximately 66.09% interest in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), which is listed on the Stock Exchange. HTHKH is a mobile telecommunications operator that provides services in Hong Kong and Macau of the People's Republic of China.

The Group's most senior executive management (the Chief Operating Decision Maker as defined in IFRS 8) monitors the operating results of these businesses separately for the purpose of making decisions about resource allocation and performance assessment. Segment information sets out in this note is organised into operations in Europe under 3 Group Europe (with separate sub-totals for the telecom's operation in each of the six European countries mentioned above) and in Hong Kong and Macau of the People's Republic of China under Hutchison Telecommunications Hong Kong Holdings. Accordingly, no separate analysis by geographical location is provided in this note.

In addition, Corporate and Others is presented in the segment information below to reconcile to the totals included in the Group's consolidated income statement and consolidated statement of financial position, which covers the activities of other areas of the Group that are not presented separately, and includes centralised procurement, corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

Segment presentation basis:

- Financial statements are prepared under IFRS 16 ("Post-IFRS 16 basis").
- Management reporting maintained on the precedent lease accounting standard, International Accounting Standard 17 "Leases" ("Pre-IFRS 16 basis").
- Segment information presented, where available and where cost or practical constraints allow, on Pre-IFRS 16 basis (with reconciliations to Post-IFRS 16 basis).
- Reconciliations provided in section (c) of this note.

Unless otherwise stated:

- The "Company and Subsidiaries" column represents the holding company and its subsidiaries.
- The "Associate and JV" column reflects the Group's share of results from associate and joint ventures.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

	Revenue							
	2025			2024				
	Company and Subsidiaries EUR million	Associate and JV EUR million	Total EUR million	%	Company and Subsidiaries EUR million	Associate and JV EUR million	Total EUR million	%
3 Group Europe	7,763	2,784	10,547	93%	9,668	1	9,669	92%
UK	1,256	2,783	4,039	35%	3,250	-	3,250	31%
Italy	3,820	-	3,820	34%	3,782	-	3,782	36%
Sweden	775	-	775	7%	717	-	717	7%
Denmark	354	1	355	3%	332	1	333	3%
Austria	923	-	923	8%	957	-	957	9%
Ireland	635	-	635	6%	630	-	630	6%
Hutchison Telecommunications Hong Kong Holdings	627	-	627	5%	568	-	568	6%
Corporate and Others	198	15	213	2%	207	14	221	2%
	8,588	2,799	11,387	100%	10,443	15	10,458	100%
IFRS 16 impact	-	-	-		-	-	-	
	8,588	2,799	11,387		10,443	15	10,458	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

The Group uses two measures of segment results, EBITDA (see note 5(b)(ix)) and EBIT (see note 5(b)(x)). Analysis of segment results by EBITDA and EBIT are set out in (ii), (iii) and (viii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(ix)							
	Company and Subsidiaries	Associate and JV	2025 Total		Company and Subsidiaries	Associate and JV	2024 Total	
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
3 Group Europe	2,219	598	2,817	129%	2,685	51	2,736	96%
UK	116	542	658	30%	641	-	641	22%
Italy	1,205	56	1,261	58%	1,198	51	1,249	44%
Sweden	268	-	268	12%	226	-	226	8%
Denmark	106	-	106	5%	101	-	101	4%
Austria	345	-	345	16%	344	-	344	12%
Ireland	179	-	179	8%	175	-	175	6%
Hutchison Telecommunications Hong Kong Holdings	136	6	142	7%	147	6	153	5%
Corporate and Others	(776)	(3)	(779)	-36%	(31)	(3)	(34)	-1%
EBITDA [^]	1,579 [^]	601 [^]	2,180 [^]	100%	2,801 [^]	54 [^]	2,855 [^]	100%
Depreciation and amortisation	(2,033)	(559)	(2,592)		(2,403)	(47)	(2,450)	
Interest expenses and other finance costs	(149)	(100)	(249)		(200)	(1)	(201)	
Current tax credit (charge)	75	(4)	71		104	(3)	101	
Deferred tax credit (charge)	(185)	12	(173)		(286)	2	(284)	
Non-controlling interests	(33)	-	(33)		(2)	-	(2)	
	(746)	(50)	(796)		14	5	19	
IFRS 16 impact								
EBITDA [^]	819 [^]	146 [^]	965 [^]		832 [^]	12 [^]	844 [^]	
Depreciation and amortisation	(680)	(103)	(783)		(712)	(11)	(723)	
Interest expenses and other finance costs	(81)	(43)	(124)		(86)	(3)	(89)	
Current tax	-	-	-		2	-	2	
Deferred tax	5	-	5		(6)	-	(6)	
	(683)	(50)	(733)		44	3	47	
[^] Reconciliation to Post-IFRS 16 basis EBITDA:								
Pre-IFRS 16 basis EBITDA per above	1,579	601	2,180		2,801	54	2,855	
IFRS 16 impact per above	819	146	965		832	12	844	
Post-IFRS 16 basis EBITDA (see note 30(a)(i))	2,398	747	3,145		3,633	66	3,699	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(a)							
	Company and Subsidiaries	Associate and JV	2025 Total		Company and Subsidiaries	Associate and JV	2024 Total	
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
3 Group Europe								
EBITDA before the following non-cash items:	2,219	598	2,817		2,685	51	2,736	
Depreciation	(1,069)	(499)	(1,568)		(1,406)	(42)	(1,448)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(841)	(56)	(897)		(868)	-	(868)	
EBIT - 3 Group Europe	309	43	352	-85%	411	9	420	103%
UK	(132)	30	(102)	25%	28	-	28	7%
Italy	115	13	128	-31%	134	9	143	35%
Sweden	98	-	98	-24%	64	-	64	16%
Denmark	33	-	33	-8%	(23)	-	(23)	-6%
Austria	154	-	154	-37%	168	-	168	41%
Ireland	41	-	41	-10%	40	-	40	10%
Hutchison Telecommunications Hong Kong Holdings	13	2	15	-4%	18	1	19	5%
Corporate and Others	(776)	(3)	(779)	189%	(31)	(3)	(34)	-8%
EBIT [^]	(454) [^]	42 [^]	(412) [^]	100%	398 [^]	7 [^]	405 [^]	100%
Interest expenses and other finance costs	(149)	(100)	(249)		(200)	(1)	(201)	
Current tax credit (charge)	75	(4)	71		104	(3)	101	
Deferred tax credit (charge)	(185)	12	(173)		(286)	2	(284)	
Non-controlling interests	(33)	-	(33)		(2)	-	(2)	
	(746)	(50)	(796)		14	5	19	
IFRS 16 impact								
EBIT [^]	139 [^]	43 [^]	182 [^]		120 [^]	1 [^]	121 [^]	
Interest expenses and other finance costs	(81)	(43)	(124)		(86)	(3)	(89)	
Current tax	-	-	-		2	-	2	
Deferred tax	5	-	5		(6)	-	(6)	
	(683)	(50)	(733)		44	3	47	
[^] Reconciliation to Post-IFRS 16 basis EBIT:								
Pre-IFRS 16 basis EBIT per above	(454)	42	(412)		398	7	405	
IFRS 16 impact per above	139	43	182		120	1	121	
Post-IFRS 16 basis EBIT	(315)	85	(230)		518	8	526	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Company and Subsidiaries	Associate and JV	2025 Total	Company and Subsidiaries	Associate and JV	2024 Total
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
3 Group Europe	1,910	555	2,465	2,274	42	2,316
UK	248	512	760	613	-	613
Italy	1,090	43	1,133	1,064	42	1,106
Sweden	170	-	170	162	-	162
Denmark	73	-	73	124	-	124
Austria	191	-	191	176	-	176
Ireland	138	-	138	135	-	135
Hutchison Telecommunications						
Hong Kong Holdings	123	4	127	129	5	134
Corporate and Others	-	-	-	-	-	-
	2,033	559	2,592	2,403	47	2,450
IFRS 16 impact	680	103	783	712	11	723
	2,713	662	3,375	3,115	58	3,173

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(sv)							
	Telecom- Fixed assets	Brand names and other rights	2025 Total	Telecom- Fixed assets	Brand names and other rights	2024 Total		
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
3 Group Europe	1,120	-	230	1,350	1,473	7	226	1,706
UK	227	-	-	227	516	-	-	516
Italy	470	-	230	700	467	-	226	693
Sweden	109	-	-	109	133	-	-	133
Denmark	28	-	-	28	37	-	-	37
Austria	199	-	-	199	225	7	-	232
Ireland	87	-	-	87	95	-	-	95
Hutchison Telecommunications								
Hong Kong Holdings	49	-	-	49	52	-	-	52
Corporate and Others	-	-	-	-	-	-	-	-
	1,169	-	230	1,399	1,525	7	226	1,758
IFRS 16 impact	(7)	-	-	(7)	(23)	-	-	(23)
	1,162	-	230	1,392	1,502	7	226	1,735

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	2025 EUR million	2024 EUR million
Segment assets ^(xiii)		
3 Group Europe	24,292	32,561
UK	-	8,211
Italy	17,426	17,630
Sweden	2,152	1,999
Denmark	470	463
Austria	2,519	2,501
Ireland	1,725	1,757
Hutchison Telecommunications Hong Kong Holdings	1,605	1,880
Corporate and Others	4,518	3,116
	30,415	37,557
IFRS 16 impact on segment assets	1,268	1,497
Investments in associated company and interests in joint ventures	4,665	342
Deferred tax assets	332	1,764
	36,680	41,160

(vii) An analysis of total liabilities by segments

	2025 EUR million	2024 EUR million
Segment liabilities ^(xiii)		
3 Group Europe	2,805	3,572
UK	-	771
Italy	2,072	2,097
Sweden	198	209
Denmark	88	65
Austria	260	240
Ireland	187	190
Hutchison Telecommunications Hong Kong Holdings	175	204
Corporate and Others	156	108
	3,136	3,884
IFRS 16 impact on segment liabilities	1,217	1,646
Current and non-current borrowings ^(xiv) and other non-current liabilities	6,614	7,455
Current and deferred tax liabilities	219	479
	11,186	13,464

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of results (EBITDA and EBIT) before losses from major transaction activities and other one-off items by segments

The Group's EBITDA and EBIT for the year ended 31 December 2025 included the losses attributable to shareholders arising from the disposal of interests in the Group's telecommunications business in the United Kingdom, which was completed in May 2025. These losses amounted to EUR782 million, with a related impact of EUR166 million, totalling EUR948 million (see note 5(b)(xi)).

An analysis by segments of EBITDA before losses from major transaction activities and other one-off items is set out below:

	EBITDA (LBITDA) ^(ix)							
	Company and Subsidiaries	Associate and JV	2025 Total		Company and Subsidiaries	Associate and JV	2024 Total	
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
EBITDA before one-off item								
3 Group Europe	2,307	598	2,905	93%	2,685	51	2,736	96%
UK	204	542	746	24%	641	-	641	22%
Italy	1,205	56	1,261	40%	1,198	51	1,249	44%
Sweden	268	-	268	9%	226	-	226	8%
Denmark	106	-	106	3%	101	-	101	4%
Austria	345	-	345	11%	344	-	344	12%
Ireland	179	-	179	6%	175	-	175	6%
Hutchison Telecommunications Hong Kong Holdings	136	6	142	4%	147	6	153	5%
Corporate and Others	84	(3)	81	3%	(31)	(3)	(34)	-1%
	2,527	601	3,128	100%	2,801	54	2,855	100%
One-off items								
Loss from disposal of telecommunications business in UK and related impact ^(xi)	(948)	-	(948)		-	-	-	
	1,579	601	2,180	[#]	2,801	54	2,855	[#]

[#] see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of results (EBITDA and EBIT) before losses from major transaction activities and other one-off items by segments (continued)

An analysis by segments of EBIT before losses from major transaction activities and other one-off items is set out below:

	EBIT (LBIT) ^(x)							
	Company and Subsidiaries	Associate and JV	2025 Total		Company and Subsidiaries	Associate and JV	2024 Total	
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
EBIT before one-off item								
3 Group Europe	397	43	440	82%	411	9	420	103%
UK	(44)	30	(14)	-3%	28	-	28	7%
Italy	115	13	128	24%	134	9	143	35%
Sweden	98	-	98	18%	64	-	64	16%
Denmark	33	-	33	6%	(23)	-	(23)	-6%
Austria	154	-	154	29%	168	-	168	41%
Ireland	41	-	41	8%	40	-	40	10%
Hutchison Telecommunications Hong Kong Holdings	13	2	15	3%	18	1	19	5%
Corporate and Others	84	(3)	81	15%	(31)	(3)	(34)	-8%
	494	42	536	100%	398	7	405	100%
One-off items								
Loss from disposal of telecommunications business in UK and related impact ^(xi)	(948)	-	(948)		-	-	-	
	(454)	42	(412) [@]		398	7	405 [@]	

@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

(ix) EBITDA (LBITDA)

EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and its subsidiary companies, as well as the Group's share of the EBITDA (LBITDA) of an associated company and joint ventures. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure used in its internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with IFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS, and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

(x) EBIT (LBIT)

EBIT (LBIT) represents the EBIT (LBIT) of the Company and its subsidiary companies, as well as the Group's share of the EBIT (LBIT) of an associated company and joint ventures. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure used in its internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with IFRS 8. EBIT (LBIT) is not a measure of financial performance under IFRS, and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xi) Disposal of 3 UK and merger with Vodafone Group

The merger transaction to combine the Group's and Vodafone Group's respective telecommunications operations in the United Kingdom was completed on 31 May 2025. Immediately following completion, 3 UK and its subsidiaries ceased to be subsidiaries of the Group and were deconsolidated from the Company's consolidated financial statements. The combined business, named VodafoneThree, is 51% owned by Vodafone and 49% by the Group. This transaction is accounted for in these consolidated financial statements as a disposal of the Group's entire interest in 3 UK and concurrently an acquisition of a 49% interest in the combined business, which is accounted for as an associated company (see note 15).

Included in the current year are the profit and loss effects arising from the disposal of 3 UK, comprising a loss on disposal of EUR782 million (EUR732 million on a Post-IFRS 16 basis) and related impacts of EUR166 million (EUR166 million on a Post-IFRS 16 basis), such as legal and professional fees arising from the merger transaction. These amounts are presented at both the EBITDA and EBIT levels.

In the consolidated income statement, these amounts are reported on a Post-IFRS 16 basis. The loss on disposal of EUR732 million is reported in "Other expenses and losses" (see note 6), and the related impacts of EUR85 million, EUR30 million and EUR51 million are included in legal and professional fees, staff costs and office and general administrative expenses and others, respectively (see note 6).

(xii) Geographical location of customers

The geographical location of customers is based on the location at which services were provided or goods delivered.

(xiii) Segment assets and segment liabilities

Segment assets are assets other than deferred tax assets, investments in associated company, and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest-bearing loan from a non-controlling shareholder, tax liabilities (including deferred tax liabilities), and other non-current liabilities.

Refer to note 5(b)(vi) and 5(b)(vii) for reconciliation of segment assets and segment liabilities from a Pre-IFRS 16 basis to a Post-IFRS 16 basis.

A geographical analysis of the Group's non-current assets (on a Post-IFRS 16 basis), other than financial instruments, deferred tax assets, and post-employment benefit assets, is as follows:

	2025 EUR million	2024 EUR million
Hong Kong and Macau, the People's Republic of China	1,096	1,310
UK	4,302	7,816
Italy	17,234	17,105
Sweden	2,078	1,931
Denmark	447	462
Austria	2,449	2,409
Ireland	1,725	1,775
Others	2	1
	29,333	32,809

The geographical location of these specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation to which they are allocated (for intangible assets and goodwill), and the location of operations (for associated company and interests in joint ventures).

(xiv) Current and non-current borrowings

Current and non-current borrowings comprise bank and other debts, as well as interest-bearing loan from a non-controlling shareholder.

(xv) Capital expenditure treatment for leases

For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

5 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis

(i) Consolidated Income Statement

	2025			2024		
	Pre-IFRS 16 basis EUR million	Effect of applying IFRS 16 EUR million	Post-IFRS 16 basis EUR million	Pre-IFRS 16 basis EUR million	Effect of applying IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Revenue	8,588	-	8,588	10,443	-	10,443
Cost of inventories sold	(356)	-	(356)	(308)	-	(308)
Expensed customer acquisition and retention costs	(1,115)	28	(1,087)	(1,860)	42	(1,818)
Staff costs	(754)	-	(754)	(789)	-	(789)
Depreciation and amortisation	(2,033)	(680)	(2,713)	(2,403)	(712)	(3,115)
Other expenses and losses	(4,855)	791	(4,064)	(4,685)	790	(3,895)
Other income and gains	71	-	71	-	-	-
Share of profits less losses of:						
Associated company	(58)	-	(58)	-	-	-
Joint ventures	8	-	8	5	(2)	3
	(504)	139	(365)	403	118	521
Interest expenses and other finance costs	(149)	(81)	(230)	(200)	(86)	(286)
Profit (loss) before tax	(653)	58	(595)	203	32	235
Current tax credit	75	-	75	104	2	106
Deferred tax charge	(185)	5	(180)	(286)	(6)	(292)
Profit (loss) after tax	(763)	63	(700)	21	28	49
Profit attributable to non-controlling interests	(33)	-	(33)	(2)	-	(2)
Profit (loss) attributable to owners of the Company	(796)	63	(733)	19	28	47

5 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(ii) Consolidated Statement of Comprehensive Income

	2025			2024		
	Pre-IFRS 16 basis	Effect of applying IFRS 16	Post-IFRS 16 basis	Pre-IFRS 16 basis	Effect of applying IFRS 16	Post-IFRS 16 basis
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Profit (loss) after tax	(763)	63	(700)	21	28	49
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Changes in fair value of equity instruments at fair value through other comprehensive income	1	-	1	(28)	-	(28)
Remeasurement of defined benefit obligations	(3)	-	(3)	5	-	5
Share of other comprehensive income of associated company	1	-	1	-	-	-
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	-	-	-	-	-	-
	(1)	-	(1)	(23)	-	(23)
Items that may be reclassified to profit or loss						
Exchange gains (losses) on translation of foreign operations	(273)	-	(273)	448	(3)	445
Reserves reclassified to profit or loss	(1,065)	-	(1,065)	-	-	-
Gains (losses) on cash flow hedges	6	-	6	(11)	-	(11)
Share of other comprehensive income (losses) of associated company	(155)	-	(155)	-	-	-
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	-	-	-	-	-	-
	(1,487)	-	(1,487)	437	(3)	434
Other comprehensive income (losses), net of tax	(1,488)	-	(1,488)	414	(3)	411
Total comprehensive income (losses)	(2,251)	63	(2,188)	435	25	460
Total comprehensive income attributable to non-controlling interests	(3)	-	(3)	(7)	-	(7)
Total comprehensive income (losses) attributable to owners of the Company	(2,254)	63	(2,191)	428	25	453

5 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iii) Consolidated Statement of Financial Position

	2025			2024		
	Pre-IFRS 16 basis	Effect of applying IFRS 16	Post-IFRS 16 basis	Pre-IFRS 16 basis	Effect of applying IFRS 16	Post-IFRS 16 basis
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Non-current assets						
Fixed assets	5,036	(7)	5,029	7,990	(189)	7,801
Right-of-use assets	-	1,476	1,476	-	1,881	1,881
Telecommunications licences	5,315	-	5,315	7,889	-	7,889
Brand names and other rights	2,567	-	2,567	3,328	-	3,328
Goodwill	9,639	-	9,639	10,023	-	10,023
Associated company	4,302	-	4,302	-	-	-
Interests in joint ventures	365	(2)	363	344	(2)	342
Deferred tax assets	327	5	332	1,751	13	1,764
Listed investments	-	-	-	91	-	91
Other non-current assets	651	1	652	1,583	1	1,584
	28,202	1,473	29,675	32,999	1,704	34,703
Current assets						
Cash and cash equivalents	4,868	-	4,868	3,420	-	3,420
Inventories	127	-	127	194	-	194
Trade receivables and other current assets	2,212	(202)	2,010	3,039	(196)	2,843
	7,207	(202)	7,005	6,653	(196)	6,457
Current liabilities						
Bank and other debts	1,999	-	1,999	412	(55)	357
Interest-bearing loan from a non-controlling shareholder	-	-	-	232	-	232
Current tax liabilities	53	-	53	155	(8)	147
Lease liabilities	-	541	541	-	451	451
Trade payables and other current liabilities	3,067	(177)	2,890	3,814	(147)	3,667
	5,119	364	5,483	4,613	241	4,854
Net current assets	2,088	(566)	1,522	2,040	(437)	1,603
Total assets less current liabilities	30,290	907	31,197	35,039	1,267	36,306
Non-current liabilities						
Bank and other debts	3,318	-	3,318	5,617	(65)	5,552
Interest-bearing loan from a non-controlling shareholder	267	-	267	-	-	-
Lease liabilities	-	853	853	-	1,342	1,342
Deferred tax liabilities	162	4	166	323	9	332
Pension obligations	69	-	69	70	-	70
Other non-current liabilities	1,107	(77)	1,030	1,393	(79)	1,314
	4,923	780	5,703	7,403	1,207	8,610
Net assets	25,367	127	25,494	27,636	60	27,696
Capital and reserves						
Share capital	-	-	-	-	-	-
Share premium	17,908	-	17,908	17,908	-	17,908
Reserves	6,324	129	6,453	8,582	62	8,644
Equity attributable to owners of the Company	24,232	129	24,361	26,490	62	26,552
Non-controlling interests	1,135	(2)	1,133	1,146	(2)	1,144
Total equity	25,367	127	25,494	27,636	60	27,696

5 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iv) Consolidated Statement of Cash Flows

	2025			2024		
	Pre-IFRS 16 basis EUR million	Effect of IFRS 16 EUR million	Post-IFRS 16 basis EUR million	Pre-IFRS 16 basis EUR million	Effect of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses, other finance costs, tax paid, and changes in working capital	1,923	761	2,684	2,344	807	3,151
Interest expenses and other finance costs paid (net of capitalisation)	(126)	(81)	(207)	(172)	(86)	(258)
Tax recovered	63	-	63	56	-	56
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	1,860	680	2,540	2,228	721	2,949
Changes in working capital	(179)	(4)	(183)	(200)	9	(191)
Net cash from operating activities	1,681	676	2,357	2,028	730	2,758
Investing activities						
Purchase of fixed assets	(1,169)	7	(1,162)	(1,525)	23	(1,502)
Additions to telecommunications licences	-	-	-	(7)	-	(7)
Additions to brand names and other rights	(230)	-	(230)	(226)	-	(226)
Purchase of subsidiary companies, net of cash acquired	-	-	-	(480)	-	(480)
Repayments from associated company and joint ventures	4	-	4	-	-	-
Purchase of and advances to associated company and joint ventures	(23)	-	(23)	(30)	-	(30)
Proceeds from disposal of fixed assets	1	-	1	2	-	2
Proceeds from disposal of subsidiary companies, net of cash disposed	1,680	-	1,680	-	-	-
Cash flows from (used in) investing activities before disposal of listed investments	263	7	270	(2,266)	23	(2,243)
Disposal of listed investments	94	-	94	810	-	810
Cash flows from (used in) investing activities	357	7	364	(1,456)	23	(1,433)
Net cash inflows before financing activities	2,038	683	2,721	572	753	1,325
Financing activities						
New borrowings	372	(7)	365	1,867	(21)	1,846
Repayment of borrowings	(969)	27	(942)	(1,543)	43	(1,500)
Principal elements of lease payments	-	(703)	(703)	-	(775)	(775)
Net loan from a non-controlling shareholder	21	-	21	-	-	-
Dividends paid to non-controlling interests	(14)	-	(14)	(15)	-	(15)
Cash flows used in financing activities	(590)	(683)	(1,273)	309	(753)	(444)
Increase in cash and cash equivalents	1,448	-	1,448	881	-	881
Cash and cash equivalents at 1 January	3,420	-	3,420	2,539	-	2,539
Cash and cash equivalents at 31 December	4,868	-	4,868	3,420	-	3,420
Analysis of cash and listed investments						
Cash and cash equivalents, as above	4,868	-	4,868	3,420	-	3,420
Listed investments	-	-	-	91	-	91
Total cash and listed investments	4,868	-	4,868	3,511	-	3,511
Total principal amount of bank and other debts	5,330	-	5,330	6,050	(120)	5,930
Interest-bearing loan from a non-controlling shareholder	267	-	267	232	-	232
Net debt	729	-	729	2,771	(120)	2,651
Interest-bearing loan from a non-controlling shareholder	(267)	-	(267)	(232)	-	(232)
Net debt (excluding interest-bearing loan from a non-controlling shareholder)	462	-	462	2,539	(120)	2,419

6 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains

This note provides additional details in respect of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains.

	2025 EUR million	2024 EUR million
Cost of goods sold: ^(a)		
included in "Cost of inventories sold"	356	308
included in "Expensed customer acquisition and retention costs"	557	1,103
	913	1,411
	2025 EUR million	2024 EUR million
Depreciation and amortisation: ^(b)		
Fixed assets (see note 10)	1,113	1,447
Right-of-use assets (see note 11(b))	699	738
Telecommunications licences (see note 12)	106	107
Brand names and other rights (see note 13)	374	362
Customer acquisition and retention costs (see note 19(a))	421	461
	2,713	3,115
	2025 EUR million	2024 EUR million
Other expenses and losses:		
Cost of providing services ^(c)	(2,071)	(2,576)
Office and general administrative expenses and others	(899)	(866)
Advertising and promotion expenses	(191)	(265)
Expenses relating to short-term leases (see note 11(b))	(4)	(4)
Expenses relating to leases of low-value assets that are not short-term leases (see note 11(b))	(34)	(48)
Legal and professional fees	(119)	(111)
Auditors' remuneration	(14)	(25)
Loss on disposal of subsidiary companies ^(d) (see note 30(d))	(732)	-
	(4,064)	(3,895)
	2025 EUR million	2024 EUR million
Other income and gains:		
Gains on note buybacks	71	-

(a) Cost of goods sold

Cost of goods sold for the year amounted to EUR913 million (2024: EUR1,411 million), mainly comprising:

- UK segment: EUR242 million (2024: EUR777 million)
- Italy segment: EUR99 million (2024: EUR109 million)
- Austria segment: EUR122 million (2024: EUR121 million)
- Hutchison Telecommunications Hong Kong Holdings segment: EUR199 million (2024: EUR144 million)

(b) See note 5(b)(iv) for contribution by segments.

6 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains (continued)

(c) Service provision costs

The Group incurred service provision costs of EUR2,071 million (2024: EUR2,576 million), comprising:

- Telecommunication network related costs: EUR1,856 million (2024: EUR2,287 million)
- Repair and maintenance: EUR215 million (2024: EUR289 million)

By segment, these costs were mainly allocated as follows:

- UK: EUR404 million (2024: EUR924 million)
- Italy: EUR947 million (2024: EUR960 million)
- Ireland: EUR178 million (2024: EUR175 million)
- Hutchison Telecommunications Hong Kong Holdings: EUR175 million (2024: EUR162 million)

(d) Loss on disposal of subsidiaries

The merger transaction to combine the Group's and Vodafone Group's respective telecommunications operations in the United Kingdom was completed on 31 May 2025. Immediately following completion, 3 UK and its subsidiaries have ceased to be subsidiaries of the Group and were deconsolidated from the Company's consolidated financial statements. The combined business, named VodafoneThree, is 51% owned by Vodafone and 49% by the Group.

This transaction is accounted for in these consolidated financial statements as a disposal of the Group's entire interest in 3 UK and, concurrently, an acquisition of a 49% interest in the combined business. The loss on disposal of subsidiaries for the current year, as reported above, represents mainly the loss arising from the derecognition of 3 UK and its subsidiaries from the Company's consolidated financial statements. See note 30(d).

7 Interest expenses and other finance costs

	2025 EUR million	2024 EUR million
Bank loans and overdrafts	66	109
Notes and bonds	41	41
Interest-bearing loan from a non-controlling shareholder	8	11
Other finance costs	9	9
Amortisation of loan facilities fees and premiums or discounts relating to debts	5	8
Notional interest accretions	18	20
	147	198
Interest on lease liabilities (see note 11(b))	83	88
	230	286

8 Tax

	2025	2024
	EUR million	EUR million
Current tax charge (credit)		
Europe	(84)	(108)
Outside Europe	9	2
	(75)	(106)
Deferred tax charge (credit)		
Europe	181	285
Outside Europe	(1)	7
	180	292
	105	186

The corporate income tax has been provided for at the rate applicable in the jurisdiction concerned on the estimated assessable profits less estimated available tax losses.

The tax charged to the consolidated income statement of EUR105 million (2024: EUR186 million) differs from the tax charged of EUR76 million (2024: EUR68 million) that would apply if the Group's pre-tax profits (before share of results of associated company and joint ventures) had been taxed at the statutory rates of the countries in which the profits arose. The differences are set out as follows:

	2025	2024
	EUR million	EUR million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	76	68
Tax effect of:		
Tax losses not recognised	45	75
Income or gains not subject to tax	(17)	(25)
Expenses not deductible for tax purposes	75	58
Recognition of previously unrecognised tax losses	(2)	-
Utilisation of previously unrecognised tax losses	(133)	(40)
Under (over) provision in prior years	(2)	129
Other temporary differences	63	(79)
	105	186

CKHH, the ultimate holding company of the Group, is within the scope of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development ("OECD"). As at 31 December 2025, Pillar Two legislation has been enacted and is in effect in certain jurisdictions where the Group operates. Based on the Group's assessment for the year ended 31 December 2025 and the information currently available, the overall impact of Pillar Two rules on the Group's income tax position, including current tax, is not material. The Group will continue to monitor developments in Pillar Two legislation across relevant jurisdictions and assess the potential future impact on its financial statements.

Furthermore, in accordance with the IAS 12, the Group applies the mandatory exception from recognising, and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

9 Dividends

No dividend had been paid or proposed for both years presented.

10 Fixed assets

	Land and buildings	Telecom- munications network assets	Other assets ^(a)	Total
	EUR million	EUR million	EUR million	EUR million
Cost				
At 1 January 2024	141	9,147	4,382	13,670
Additions	-	267	1,235	1,502
Relating to subsidiaries acquired (see note 30(c))	-	52	18	70
Disposals	(37)	(626)	(462)	(1,125)
Transfer between categories	9	755	(764)	-
Exchange translation differences	6	148	222	376
	119	9,743	4,631	14,493
At 31 December 2024 and 1 January 2025				
Additions	3	293	866	1,162
Disposals	-	(45)	(16)	(61)
Relating to subsidiaries disposed (see note 30(d))	(96)	(1,833)	(3,263)	(5,192)
Transfer between categories	3	573	(576)	-
Exchange translation differences	(3)	(62)	(102)	(167)
	26	8,669	1,540	10,235
At 31 December 2025				
Accumulated depreciation and impairment				
At 1 January 2024	97	4,398	1,679	6,174
Charge for the year	10	1,034	403	1,447
Disposals	(37)	(616)	(457)	(1,110)
Transfer between categories	-	1	(1)	-
Exchange translation differences	6	100	75	181
	76	4,917	1,699	6,692
At 31 December 2024 and 1 January 2025				
Charge for the year	4	842	267	1,113
Disposals	-	(44)	(16)	(60)
Relating to subsidiaries disposed (see note 30(d))	(73)	(1,313)	(1,063)	(2,449)
Transfer between categories	-	1	(1)	-
Exchange translation differences	(2)	(48)	(40)	(90)
	5	4,355	846	5,206
At 31 December 2025				
Net book value				
At 31 December 2025	21	4,314	694	5,029
At 31 December 2024	43	4,826	2,932	7,801
At 1 January 2024	44	4,749	2,703	7,496

(a) Cost and net book value of other assets include assets under construction of EUR286 million (2024: EUR1,477 million).

10 Fixed assets (continued)

(b) Operating lease receivables

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases of fixed assets is as follows:

	2025 EUR million	2024 EUR million
Within 1 year	6	6
Between 1 and 2 years	1	1
	7	7

11 Leases

(a) Group as a lessee - amounts recognised in the consolidated statement of financial position

	2025 EUR million	2024 EUR million
Right-of-use assets		
Retail stores	63	121
Telecommunications network infrastructure sites	1,315	1,592
Other assets	98	168
	1,476	1,881
Lease liabilities		
Current	541	451
Non-current	853	1,342
	1,394	1,793

Additions to right-of-use assets and lease liabilities during the year ended 31 December 2025 amounted to EUR746 million (2024: EUR325 million) and EUR746 million (2024: EUR320 million), respectively.

(b) Group as a lessee - additional disclosures

	2025 EUR million	2024 EUR million
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Retail stores	29	43
Telecommunications network infrastructure sites	634	651
Other assets	36	44
	699	738
Interest on lease liabilities (included in "Interest expenses and other finance costs")	83	88
Expenses relating to short-term leases (included in "Other expenses and losses")	4	4
Expenses relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	34	48

The total cash outflow for leases in 2025 was EUR820 million (2024: EUR906 million), of which EUR117 million (2024: EUR131 million) is included in operating cash flows and EUR703 million (2024: EUR775 million) is included in financing cash flows (see note 30(e)).

11 Leases (continued)

(b) Group as a lessee - additional disclosures (continued)

Variable lease payments

Some retail store leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. Variable lease payments not included in the measurement of lease liabilities is not significant.

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

As at 31 December 2025, in accordance with the applicable provisions of IFRS 16, potential future cash outflows of EUR1,032 million (2024: EUR752 million) (undiscounted) have not been included in the calculation of lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

As at 31 December 2025, no residual value guarantee (2024: nil) is expected to be payable and included in the calculation of lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2025, the Group is committed to leases that have not yet commenced, and the lease payments payable under such leases is not significant (2024: not significant). This amount has not been included in the calculation of the lease liabilities as at each reporting date.

Restriction or covenants imposed by leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

11 Leases (continued)

(c) Group as lessor

	2025 EUR million	2024 EUR million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	3	3

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases from subleasing right-of-use assets is as follows:

	2025 EUR million	2024 EUR million
Within 1 year	2	2
Between 1 and 2 years	1	1
Between 2 and 3 years	1	1
Between 3 and 4 years	1	1
Between 4 and 5 years	-	1
After 5 years	-	1
	5	7

In addition, the Group has recognised income of EUR18 million (2024: EUR18 million) from leasing of fixed assets for the year ended 31 December 2025.

12 Telecommunications licences

	2025 EUR million	2024 EUR million
Net book value		
At 1 January	7,889	7,451
Additions	-	7
Relating to subsidiaries acquired (see note 30(c))	-	389
Amortisation for the year	(106)	(107)
Relating to subsidiaries disposed (see note 30(d))	(2,381)	-
Exchange translation differences	(87)	149
At 31 December	5,315	7,889
Cost	6,277	8,809
Accumulated amortisation and impairment	(962)	(920)
	5,315	7,889

The Group's telecommunications licences in Italy with a carrying value of EUR4,307 million (2024: UK and Italy of EUR2,440 million and EUR3,919 million respectively) are considered to have an indefinite useful life. These telecommunications licences have been allocated to the Italy segment (2024: UK segment and Italy segment respectively).

13 Brand names and other rights

	Brand names EUR million	Other rights EUR million	Total EUR million
Net book value			
At 1 January 2024	2,106	1,403	3,509
Additions	-	226	226
Amortisation for the year	-	(362)	(362)
Relating to subsidiaries acquired (see note 30(c))	-	2	2
Exchange translation differences	24	(71)	(47)
	2,130	1,198	3,328
At 31 December 2024 and 1 January 2025			
Additions	-	230	230
Amortisation for the year	-	(374)	(374)
Relating to subsidiaries disposed (see note 30(d))	(588)	(8)	(596)
Exchange translation differences	(5)	(16)	(21)
	1,537	1,030	2,567
At 31 December 2025			
Cost	1,537	3,693	5,230
Accumulated amortisation	-	(2,663)	(2,663)
	1,537	1,030	2,567

Brand names considered to have an indefinite useful lives are not subject to amortisation. The carrying value of brand names with indefinite useful lives at 31 December 2025 has been mainly attributed to Italy segment of approximately EUR844 million (2024: EUR844 million), the UK segment of nil balance (2024: EUR602 million) and Austria segment of approximately EUR286 million (2024: EUR286 million).

Other rights primarily include operating and service content rights, and customer lists. These rights are amortised over their finite useful lives. At 31 December 2025, the carrying value of these rights amounted to EUR750 million (2024: EUR809 million) and EUR280 million (2024: EUR389 million), respectively.

14 Goodwill

	2025 EUR million	2024 EUR million
Net book value		
At 1 January	10,023	9,849
Relating to subsidiaries acquired (see note 30(c))	-	167
Relating to subsidiaries disposed (see note 30(d))	(398)	-
Exchange translation differences	14	7
	9,639	10,023
At 31 December		
Cost	12,638	13,022
Accumulated impairment	(2,999)	(2,999)
	9,639	10,023

14 Goodwill (continued)

Goodwill is monitored by the management at the level of the operating segments identified (see note 5). As at 31 December 2025, the carrying amount of goodwill is allocated to following segments:

- UK segment: nil balance (2024: EUR407 million)
- Italy segment: EUR6,841 million (2024: EUR6,817 million)
- Sweden and Denmark segment: EUR1,018 million (2024: EUR961 million)
- Austria segment: EUR768 million (2024: EUR768 million)
- Ireland segment: EUR581 million (2024: EUR581 million)
- Hutchison Telecommunications Hong Kong Holdings segment: EUR431 million (2024: EUR489 million)

Management tests goodwill and intangible assets with indefinite useful lives (including certain telecommunications licences and brand names as set out in notes 12 and 13) for impairment on an annual basis, or more frequently when there is an indication these assets may be impaired. The annual impairment tests for goodwill and intangible assets with indefinite useful lives were conducted at 31 December 2025. The results of these tests indicated no impairment charge was necessary for the Group.

Set out below is additional information about the estimates used to measure recoverable amounts in the 31 December 2025 annual impairment tests for the telecommunications operations.

Telecommunications operations

The recoverable amounts of the Group's telecommunications operations at 31 December 2025 were determined based on value-in-use ("VIU") calculations. VIU is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows projections are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared these financial budgets reflecting current and prior year performance and experience, market development expectations (including expected market share and growth momentum), and, where available and appropriate, observable market data.

A number of assumptions and estimates are involved in the preparation of the budgets, the cash flow projections for the period covered by the approved budgets, and the estimated terminal value at the end of the budget period. Key assumptions include revenues, service margin, operating costs, growth rates used for the budget periods, and the selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period.

The VIU amount derived from the cash flow projections is sensitive to the discount rate applied to the cash flow projections, the growth rate used for extrapolation purposes, and expectations regarding 5G revenue. A pre-tax discount rate ranging from 5.7% to 9.1% (2024: 4.8% to 9.6%) has been applied. A growth rate ranging from 1% to 2% per annum (2024: 1% to 2%), which is not expected to exceed the anticipated economic growth for the underlying business units, has been used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

Impairment testing conclusion

The results of the impairment tests undertaken as at 31 December 2025 and 31 December 2024 indicated that no impairment charge was necessary for the goodwill and intangible assets of the Group. In performing the impairment tests for these assets, management has considered and assessed reasonably possible changes in key assumptions and has not identified any instance that could cause the recoverable amount to fall below the carrying value.

Please refer to note 40(b)(i) for the significant accounting judgement applied, and the estimates and assumptions made in assessing whether goodwill has suffered any impairment.

15 Associated company

	2025 EUR million	2024 EUR million
Unlisted shares	4,596	-
Share of undistributed post acquisition reserves	(212)	-
	4,384	-
Amounts due to (net with amounts due from) associated company ^(a)	(82)	-
	4,302	-

The current year balance includes an addition of a 49% interest in VodafoneThree, which the Group received following the completion of the merger transaction to combine the Group's and Vodafone Group's respective telecommunications operations in the United Kingdom on 31 May 2025. The value of the Group's 49% interest in VodafoneThree was determined at EUR4,596 million, based on the average valuation of five independent midpoint valuation analyses (see note 30(d)).

There are no material contingent liabilities relating to the Group's interests in the associated company.

(a) Amounts due to (net with amounts due from) associated company

	2025 EUR million	2024 EUR million
Amounts due from associated company ⁽ⁱ⁾		
Interest free	177	-
Amounts due to associated company ⁽ⁱⁱ⁾		
Interest free	259	-
Amounts due to (net with amounts due from) associated company	(82)	-

(i) Amounts due from associated company

At 31 December 2025, the amounts due from associated company are unsecured and have no fixed terms of repayment, except for EUR175 million which is repayable within one year to three years.

Amounts due from associated company are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these amounts. The expected credit loss was minimal as the amounts were due from companies over which the Group has significant influence, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions or forecast future economic conditions existing at the reporting date that require the Group to make a provision for expected credit losses in respect of these assets.

(ii) Amounts due to associated company

At 31 December 2025, the amounts due to associated company are unsecured and have no fixed terms of repayment, except for EUR138 million which is repayable within one year to three years.

15 Associated company (continued)

(b) Material associated company

Set out below is additional information in respect of the Group's material associated company:

	<u>2025</u>
	<u>VodafoneThree</u>
	<u>EUR million</u>
Gross amount of the following items of the associated company ⁽ⁱ⁾ :	
Total revenue	5,680
EBITDA	1,376
EBIT	145
Other comprehensive income (losses)	(315)
Total comprehensive income (losses)	(433)
Current assets	3,686
Non-current assets	20,046
Current liabilities	4,422
Non-current liabilities	10,364
Net assets	8,946
	<hr/>
Reconciliation to the carrying amount of the Group's interests in associated company:	
Group's interest	49.0%
Group's share of net assets	4,384
Amounts due to (net with amounts due from) associated company	(82)
	<hr/>
Carrying amount	4,302
	<hr/>
Group's share of the following items of the associated company ⁽ⁱ⁾ :	
Profits less losses after tax	(58)
Other comprehensive income (losses)	(154)
	<hr/>
Total comprehensive income (losses)	(212)
	<hr/>
(i) After translation into Euro and consolidation adjustments.	

16 Interests in joint ventures

	2025 EUR million	2024 EUR million
Unlisted shares	303	303
Share of undistributed post acquisition reserves	2	(6)
	305	297
Amounts due from joint ventures ^(a)	58	45
	363	342

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

(a) Amounts due from joint ventures

	2025 EUR million	2024 EUR million
Amounts due from joint ventures ⁽ⁱ⁾		
Interest free	11	8
Interest-bearing at floating rates ⁽ⁱⁱ⁾	47	37
	58	45

(i) Amounts due from joint ventures

At 31 December 2025 and 2024, the amounts due from joint ventures are unsecured and have no fixed terms of repayment.

Amounts due from joint ventures are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these amounts. The expected credit loss was minimal as the amounts were due from companies over which the Group has joint control, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions or forecast future economic conditions existing at the reporting date that would require the Group to make a provision for expected credit losses in respect of these assets.

(ii) Amounts due from joint ventures – floating rate

At 31 December 2025, EUR47 million (2024: EUR37 million) bears interest at floating rates ranging from approximately 3.1% to 6.4% (2024: from 3.7% to 7.6%) per annum, with reference to Euro Interbank Offered Rate and Hong Kong Interbank Offered Rate, where applicable.

(b) Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2025 EUR million	2024 EUR million
Profits less losses after tax and total comprehensive income	8	3

17 Deferred tax

	2025 EUR million	2024 EUR million
Deferred tax assets	332	1,764
Deferred tax liabilities	166	332
Net deferred tax assets	166	1,432

Movements in net deferred tax assets are summarised as follows:

	2025 EUR million	2024 EUR million
At 1 January	1,432	1,696
Relating to subsidiaries acquired	-	(41)
Relating to subsidiaries disposed	(1,063)	-
Transfer to current tax	-	(1)
Net credit (charge) to the consolidated income statement		
Tax losses	(133)	(152)
Accelerated depreciation allowances	(29)	(136)
Fair value adjustments arising from acquisitions	(37)	(24)
Other temporary differences	19	20
Exchange translation differences	(23)	70
At 31 December	166	1,432

Analysis of net deferred tax assets:

	2025 EUR million	2024 EUR million
Tax losses	395	1,773
Accelerated depreciation allowances	(156)	(204)
Fair value adjustments arising from acquisitions	(276)	(169)
Revaluation of other investments	3	3
Other temporary differences	200	29
	166	1,432

Deferred taxation

The Group is subject to income taxes in numerous jurisdictions, and significant judgement is required in determining the provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associated companies, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that such profits are considered to be permanently employed in their businesses and it is probable that these temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.

Note 40(b)(v) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unutilised tax losses carried forward.

Unrecognised deferred tax assets

The amounts of unutilised tax losses and deductible temporary differences for which no deferred tax asset has been recognised in the consolidated statement of financial position at 31 December 2025 were EUR19,951 million (2024: EUR20,354 million) and EUR2,425 million (2024: EUR2,074 million), respectively, totalling EUR22,376 million (2024: EUR22,428 million). These amounts included balances that are subject to agreement by relevant tax authorities.

These unutilised tax losses and deductible temporary differences can be carried forward against future taxable income. Of the total amounts unrecognised:

- EUR11,973 million (2024: EUR11,708 million) has no expiry date; and
- EUR10,403 million (2024: EUR10,720 million) are expected to expire after 10 years.

18 Listed investments

	2025	2024
	EUR million	EUR million
Financial assets at fair value through other comprehensive income (“FVOCI”) ^(b)		
Listed equity securities ^(c)	-	91

(a) Listed investments by currency

At 31 December 2024, the Group's listed investments are denominated in Euro. See note 39(a) for further analysis.

(b) Fair value measurement

The fair values are based on quoted market prices.

(c) Equity securities

These equity securities are not held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. For the comparative balance as at 31 December 2024, the Group had collar agreements with banks to hedge the fair values of certain of these listed equity securities. Fair value surplus of EUR2 million of these collar arrangements was included in current assets.

19 Other non-current assets

	2025	2024
	EUR million	EUR million
Customer acquisition and retention costs ^(a)	451	523
Contract assets (see note 21(b))	190	396
Unlisted investments		
Financial assets at FVOCI - equity securities ^(b)	2	2
Pension assets (see note 26)	8	9
Derivative financial instruments		
Cash flow hedges - cross currency interest rate swaps	-	28
Other non-current assets ^(c)	1	626
	652	1,584

(a) Customer acquisition and retention costs

Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is stated after deducting the amortisation charged to the consolidated income statement for the current year of EUR421 million (2024: EUR461 million). No impairment loss was recognised in relation to the cost capitalised.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group would otherwise have recognised is one year or less.

(b) Equity securities designated at fair value through other comprehensive income

These equity securities are not held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considers this fair value through other comprehensive income designation to be appropriate. Fair values for these investments are determined using valuation techniques, including discounted cash flow analysis.

(c) Other non-current assets

The balance included lease receivables of EUR1 million (2024: EUR2 million), which are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of lease receivables. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions or forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit losses in respect of these assets.

The remaining balances for the comparative year ended 31 December 2024 mainly comprise prepayments of telecommunications annual licences fee of 3 UK.

20 Cash and cash equivalents

	2025 EUR million	2024 EUR million
Cash at bank and in hand	985	877
Short term bank deposits	3,883	2,543
	4,868	3,420

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents were held with reputable financial institutions. The Group controls the credit risk arising from non-performance by counterparties, where applicable, through monitoring their equity share price movements and credit ratings, as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, cash and cash equivalents are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these assets. See note 39(a) for further analysis.

21 Trade receivables and other current assets

	2025 EUR million	2024 EUR million
Trade receivables ^(a)	1,223	1,531
Less: loss allowance provision	(336)	(402)
	887	1,129
Other current assets		
Derivative financial instruments		
Fair value hedges - collar agreements	-	2
Cash flow hedges - other contracts	1	-
Contract assets ^(b)	300	481
Prepayments	636	1,005
Other receivables ^(c)	174	213
Current tax receivables	12	13
	2,010	2,843

(a) Trade receivables

Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise, and credit limits are set as deemed appropriate for each customer. The Group's operating units have established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 60 days. Trade receivables that are past due at the end of the reporting period are stated at the expected recoverable amount, after deducting of provisions for estimated impairment losses. The Group generally does not hold collateral over these balances.

21 Trade receivables and other current assets (continued)

(a) Trade receivables (continued)

At 31 December, the ageing analysis of the trade receivables, presented based on the invoice date, is as follows:

	2025 EUR million	2024 EUR million
Less than 31 days	750	903
Within 31 to 60 days	44	61
Within 61 to 180 days	42	102
Over 180 days	387	465
	1,223	1,531

Movements on the loss allowance provision for trade receivables are as follows:

	2025 EUR million	2024 EUR million
At 1 January	402	433
Additions	62	84
Utilisations	(109)	(114)
Write back	(1)	(4)
Relating to subsidiaries disposed	(17)	-
Exchange translation differences	(1)	3
At 31 December	336	402

The Group applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. The expected credit loss provision rates for trade receivables are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current information specific to the debtors, future economic and market conditions, and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group considers these adjustments to be reasonable and appropriate.

To measure expected credit losses, trade receivables have been grouped based on the number of days past due. The gross carrying amount of trade receivables and the loss allowance provision, analysed by ageing bands, are set out below.

	2025			2024		
	Gross carrying amount EUR million	Loss allowance provision EUR million	Expected loss rate Percentage	Gross carrying amount EUR million	Loss allowance provision EUR million	Expected loss rate Percentage
Not past due	622	3	1%	791	6	1%
Past due less than 31 days	142	2	1%	156	8	5%
Past due within 31 to 60 days	33	3	9%	36	2	6%
Past due within 61 to 180 days	40	10	25%	98	26	27%
Past due over 180 days	386	318	82%	450	360	80%
	1,223	336		1,531	402	

21 Trade receivables and other current assets (continued)

(b) Contract assets

As at 31 December 2025, contract assets of EUR300 million (2024: EUR481 million) and EUR190 million (2024: EUR396 million) are included in “Trade receivables and other current assets” (see above) and “Other non-current assets” (see note 19), respectively. These assets are stated at the expected recoverable amount, net of provisions for estimated impairment losses of EUR168 million (2024: EUR238 million).

The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movements in the provision for estimated impairment losses are as follows:

	2025	2024
	EUR million	EUR million
At 1 January	238	190
Additions	73	126
Utilisations	(51)	(74)
Write back	(5)	(7)
Relating to subsidiaries disposed	(85)	-
Exchange translation differences	(2)	3
	<hr/>	<hr/>
At 31 December	168	238

Contract assets primarily relate to the Group’s rights to consideration for delivered services and devices that have not been billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional, which typically occurs upon issuance of an invoice to the customer.

The Group’s historical credit loss experience does not indicate a substantially different loss pattern for contract assets as compared to trade receivables for similar customer bases. Accordingly, the Group makes reference to the expected credit loss provision rates for trade receivables to measure expected credit losses on contract assets. These rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount.

(c) Other receivables

Other receivables are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these assets.

22 Bank and other debts

	2025			2024		
	Current portion EUR million	Non-current portion EUR million	Total EUR million	Current portion EUR million	Non-current portion EUR million	Total EUR million
Principal amounts						
Bank loans	1,000	1,219	2,219	357	1,850	2,207
Notes and bonds	1,000	2,111	3,111	-	3,723	3,723
	2,000	3,330	5,330	357	5,573	5,930
Unamortised loan facilities fees and premiums or discounts related to debts	(1)	(12)	(13)	-	(21)	(21)
	1,999	3,318	5,317	357	5,552	5,909

Details of the bank and other debts by principal amounts are as follows:

	2025			2024		
	Current portion EUR million	Non-current portion EUR million	Total EUR million	Current portion EUR million	Non-current portion EUR million	Total EUR million
Bank loans	1,000	1,219	2,219	357	1,850	2,207
Notes and bonds *						
EUR1,000 million notes, 0.75% due 2026	1,000	-	1,000	-	1,000	1,000
EUR1,000 million notes, 1.125% due 2028	-	1,000	1,000	-	1,000	1,000
EUR750 million notes, 1.5% due 2031	-	750	750	-	750	750
GBP223 million (2024: GBP500 million) notes, 2% due 2027	-	256	256	-	608	608
GBP92 million (2024: GBP300 million) notes, 2.625% due 2034	-	105	105	-	365	365
	1,000	2,111	3,111	-	3,723	3,723
	2,000	3,330	5,330	357	5,573	5,930

* Listed

Further analysis of the principal amount of bank and other debts are set out below:

(a) By year of repayment

	2025			2024		
	Current portion EUR million	Non-current portion EUR million	Total EUR million	Current portion EUR million	Non-current portion EUR million	Total EUR million
Bank loans						
Within a year	1,000	-	1,000	357	-	357
After 1 year, but within 2 years	-	350	350	-	1,000	1,000
After 2 years, but within 5 years	-	869	869	-	850	850
	1,000	1,219	2,219	357	1,850	2,207
Notes and bonds						
Within a year	1,000	-	1,000	-	-	-
After 1 year, but within 2 years	-	256	256	-	1,000	1,000
After 2 years, but within 5 years	-	1,000	1,000	-	1,608	1,608
After 5 years	-	855	855	-	1,115	1,115
	1,000	2,111	3,111	-	3,723	3,723
	2,000	3,330	5,330	357	5,573	5,930

22 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(a) By year of repayment (continued)

Bank and other debts – covenants

Under the terms of the major bank and other debt facilities, the Group is required to comply with certain financial and non-financial covenants at the end of the reporting period. If the Group were to breach the covenants, the non-current portion of the bank and other debts with a principal amount of EUR3,330 million (2024: EUR5,573 million) that are subject to the fulfilment of such covenants would become repayable within twelve months after the reporting period.

The Group has complied with all applicable covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants when they are next tested within twelve months of the reporting date.

(b) By secured and unsecured borrowings

	2025			2024		
	Current portion EUR million	Non-current portion EUR million	Total EUR million	Current portion EUR million	Non-current portion EUR million	Total EUR million
Unsecured borrowings	2,000	3,330	5,330	357	5,573	5,930

(c) By borrowings at fixed and floating interest rate

	2025			2024		
	Current portion EUR million	Non-current portion EUR million	Total EUR million	Current portion EUR million	Non-current portion EUR million	Total EUR million
Borrowings at fixed rate	1,000	2,111	3,111	-	3,723	3,723
Borrowings at floating rate	1,000	1,219	2,219	357	1,850	2,207
	2,000	3,330	5,330	357	5,573	5,930

(d) By currency

	2025			2024		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
Euro	37%	49%	86%	-	78%	78%
British Pound	-	7%	7%	-	16%	16%
Other currencies	-	7%	7%	6%	-	6%
	37%	63%	100%	6%	94%	100%

(e) By currency (adjusted for the effect of hedging transactions)

	2025			2024		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
Euro	37%	49%	86%	-	88%	88%
British Pound	-	7%	7%	-	6%	6%
Other currencies	-	7%	7%	6%	-	6%
	37%	63%	100%	6%	94%	100%

22 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(e) By currency (adjusted for the effect of hedging transactions) (continued)

As at 31 December 2025, no currency swap agreement were in place with bank to swap the principal amount of borrowings. For the comparative balance as at 31 December 2024, the Group had currency swap agreements with banks to swap British Pound principal amount of borrowings equivalent to EUR608 million (see note 39(i)(ii)) into Euro principal amount of borrowings, in order to reflect the currency exposures of its underlying businesses.

23 Trade payables and other current liabilities

	2025	2024
	EUR million	EUR million
Trade payables ^(a)	550	782
Amounts due to CKHH group entities ^(b)	8	2
Other current liabilities		
Derivative financial instruments		
Cash flow hedges - other contracts	1	1
Contract liabilities	361	434
Obligations for telecommunications licences and other rights	52	107
Provisions (see note 24)	223	109
Expenses and other accruals	1,372	1,761
Other payables	323	471
	2,890	3,667

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2025	2024
	EUR million	EUR million
Less than 31 days	429	624
Within 31 to 60 days	20	54
Within 61 to 90 days	7	15
Over 90 days	94	89
	550	782

(b) At 31 December 2025 and 2024, the amounts due to CKHH group entities were trading in nature, unsecured, interest free and had no fixed terms of repayment.

24 Provisions

	Provision for commitments, onerous contracts and other guarantees EUR million	Closure obligations EUR million	Assets retirement obligations EUR million	Others EUR million	Total EUR million
At 1 January 2024	472	1	129	153	755
Additions	-	-	23	21	44
Interest accretion	-	-	4	-	4
Utilisations	(48)	-	(8)	(48)	(104)
Exchange translation differences	-	-	4	-	4
At 31 December 2024 and 1 January 2025	424	1	152	126	703
Additions	-	-	7	48	55
Interest accretion	-	-	3	-	3
Utilisations	(59)	-	(5)	(12)	(76)
Relating to subsidiaries disposed	-	(1)	(49)	-	(50)
Exchange translation differences	-	-	(5)	-	(5)
At 31 December 2025	365	-	103	162	630

Provisions are analysed as:

	2025 EUR million	2024 EUR million
Current portion (see note 23)	223	109
Non-current portion (see note 27)	407	594
	630	703

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations, after deducting associated, expected future benefits and / or estimated recoverable value.

The provision for closure obligations represents the estimated costs to execute integration plans and store closures.

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer in use, and restoring the sites on which they are located.

25 Interest-bearing loan from a non-controlling shareholder

At 31 December 2025 and 2024, the loans bear interest rate of Stockholm Interbank Offered Rate ("STIBOR") + 2.0% and STIBOR + 0.7% per annum. The carrying amounts of the borrowings approximates their fair value.

26 Pension plans

	2025 EUR million	2024 EUR million
Defined benefit assets (see note 19)	8	9
Defined benefit liabilities	69	70
Net defined benefit liabilities	61	61

The Group operates several defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee-administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are located in Hong Kong and Italy. These plans consist of contributory final salary pension plans, contributory career average pay plans, or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions adopted for the purpose of the actuarial valuation were as follows:

	2025	2024
Discount rates	2.4% - 3.5%	3.1% - 3.5%
Future salary increases	3.5%	2.7% - 3.5%
Interest credited on two principal plans in Hong Kong	5.0% - 6.0%	5.0% - 6.0%

The recognised amount in the consolidated statement of financial position is derived as follows:

	2025 EUR million	2024 EUR million
Present value of defined benefit obligations	89	90
Fair value of plan assets	28	29
Net defined benefit liabilities	61	61

The following table shows movements in net defined benefit liabilities and its components:

	Present value of defined benefit obligations EUR million	Fair value of plan assets EUR million	Net defined benefit liabilities EUR million
At 1 January 2025	90	(29)	61
Net charge (credit) to the consolidated income statement			
Current service cost	2	-	2
Interest cost (income)	3	(1)	2
	5	(1)	4
Net charge (credit) to other comprehensive income			
Remeasurements loss (gain):			
Actuarial loss arising from change in financial assumptions	1	-	1
Return on plan assets excluding interest income	-	(1)	(1)
Exchange translation differences	(3)	3	-
	(2)	2	-
Contributions paid by the employer	-	(4)	(4)
Benefits paid	(4)	4	-
At 31 December 2025	89	(28)	61

26 Pension plans (continued)

(a) Defined benefit plans (continued)

The following table shows movements in net defined benefit liabilities and its components: (continued)

	Present value of defined benefit obligations EUR million	Fair value of plan assets EUR million	Net defined benefit liabilities EUR million
At 1 January 2024	86	(24)	62
Net charge (credit) to the consolidated income statement			
Current service cost	2	-	2
Interest cost (income)	3	(1)	2
	5	(1)	4
Net charge (credit) to other comprehensive income			
Remeasurements loss (gain):			
Actuarial gain arising from experience adjustment	(2)	-	(2)
Return on plan assets excluding interest income	-	(4)	(4)
Exchange translation differences	2	(2)	-
	-	(6)	(6)
Contributions paid by the employer	-	(3)	(3)
Benefits paid	(5)	5	-
Relating to subsidiaries acquired (see note 30(c))	4	-	4
At 31 December 2024	90	(29)	61

The net defined benefit liabilities presented above represent the deficit calculated in accordance with International Accounting Standard 19 *Employee Benefits* (“IAS 19”), being the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out valuations of these pension plans to determine the pension obligation and the fair value of plan assets required to be disclosed and accounted for in the financial statements under IAS 19 (the “accounting actuarial valuations”). The realisation of the deficit disclosed above is contingent upon the realisation of the actuarial assumptions made, which depend on a number of factors including the market performance of plan assets. The accounting actuarial valuations are not used for the purpose of determining funding contributions to the defined benefit pension plans. Contributions to fund the obligations are based on the recommendations of independent qualified actuaries for each of the Group’s pension plans, with the objective of fully funding the relevant schemes on an ongoing basis. The funding requirements of the Group’s major defined benefit pension plans are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of: (i) the aggregate of employee and employer vested contributions plus a minimum interest thereon of 6% per annum; and (ii) pension benefits derived from a formula based on final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provisions of Hong Kong’s Occupational Retirement Schemes Ordinance (“ORSO”), as at 30 June 2024 reported a funding level of 169% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method, and the main assumptions adopted were an investment return of 5% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, Director, Retirement Hong Kong (a Fellow of The Institute and Faculty of Actuaries), and Michael Lee, Consultant, Retirement Hong Kong, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2025, vested benefits under this plan were fully funded in accordance with the ORSO funding requirements. During the years ended 31 December 2025 and 31 December 2024, forfeited contributions used to reduce the level of contributions were not significant and the forfeited contributions available at 31 December 2025 and 31 December 2024 to reduce future years’ contributions were not significant.

The Group’s telecommunications operation in Italy is required under the local laws to pay severance indemnities to employees when the employee leaves the company. The amount of the payment due upon termination of employment is calculated on the basis of the period of employment and the taxable remuneration of the employee. The liability is adjusted annually based on the official cost of living and the legally set interest rate, and is not contingent on any vesting condition or accrual period. The liability is not associated with any funding arrangement; accordingly, there are no assets servicing the liability to pay the severance indemnities. Under the local regulations, for companies with at least 50 employees, the employee can elect to assign his entitlement to severance indemnities accruing from 2007, either to a fund held by INPS Treasury Fund or to a supplementary pension fund. Except for the amount assigned as aforementioned, the employee severance indemnities are recognised as defined benefit plan obligation. In application of IAS 19, the defined benefit plan obligation in respect of these employee severance indemnities have been calculated using the projected unit credit method and the main assumptions used in the accounting actuarial valuation were inflation rate of 1.7% per annum and discount rate of 3.4% per annum.

26 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2025	2024
	Percentage	Percentage
Equity instruments		
Consumer markets and manufacturing	7%	9%
Energy and utilities	2%	2%
Financial institutions and insurance	6%	10%
Telecommunications and information technology	12%	20%
Units trust and equity instrument funds	25%	9%
Others	7%	16%
	59%	66%
Debt instruments		
US Treasury notes	7%	2%
Government and government guaranteed notes	18%	7%
Financial institutions notes	7%	5%
Others	8%	5%
	40%	19%
Other assets	1%	15%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2025	2024
	Percentage	Percentage
Aaa / AAA	7%	14%
Aa1 / AA+	24%	14%
Aa2 / AA	8%	10%
Aa3 / AA-	7%	4%
A1 / A+	9%	8%
A2 / A	9%	10%
Other investment grades	24%	28%
No investment grades	12%	12%
	100%	100%

The fair value of the above equity instruments and debt instruments is determined based on quoted market prices.

The long-term strategic asset allocations of the plans are set, and reviewed from time to time, by the plans' trustees, taking into account the membership and liability profile, and the liquidity requirements of the plans.

26 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2025 is 8 years (2024: 9 years).

The Group expects to make contributions of EUR4 million (2024: EUR4 million) to the defined benefit plans in the coming year.

IAS 19 “Employee Benefits” requires the disclosure of a sensitivity analysis for the significant actuarial assumptions used to determine the present value of the defined benefit obligations. This analysis shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on these obligations.

The effects disclosed in the following assume that:

- (a) a hypothetical change in the relevant actuarial assumption had occurred at the end of the reporting period and been applied to the relevant actuarial assumption in existence on that date; and
- (b) the sensitivity analysis for each assumption does not reflect interdependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with IAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations resulting from hypothetical instantaneous changes in one actuarial assumption (e.g., discount rate or future salary increase). The amounts generated from the sensitivity analysis are “what-if” forward-looking estimates. The sensitivity analysis is for illustration purposes only, and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g., discount rate or future salary increase) to vary. Therefore, it is important to note that the hypothetical amounts generated do not present a projection of likely future events or profits or losses.

If the discount rate were 0.25% higher or lower, the defined benefit obligation would decrease by 1.6% or increase by 1.6%, respectively (2024: decrease by 1.7% or increase by 1.7%, respectively).

If the future salary increase were 0.25% higher or lower, the defined benefit obligation would increase by 0.2% or decrease by 0.2%, respectively (2024: increase by 0.2% or decrease by 0.2%, respectively).

In presenting the above sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, the same method applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

(b) Defined contribution plans

The Group’s costs in respect of defined contribution plans for the year amounted to EUR46 million (2024: EUR42 million), which have been charged to the profit or loss for the year. During the years ended 31 December 2025 and 31 December 2024, forfeited contributions used to reduce the level of contributions were not significant, and no forfeited contribution were available at 31 December 2025 and 31 December 2024 to reduce future years’ contributions.

27 Other non-current liabilities

	2025 EUR million	2024 EUR million
Obligations for telecommunications licences and other rights	320	385
Other non-current liabilities	303	335
Provisions (see note 24)	407	594
	1,030	1,314

28 Share capital, share premium and capital management

(a) Share capital and share premium

	Number of shares	Share capital EUR	Share premium EUR	Total EUR
Authorised:				
Ordinary shares of EUR1 each	40,000	40,000	-	40,000
	Number of shares	Share capital EUR million	Share premium EUR million	Total EUR million
Issued and fully paid:				
Ordinary shares				
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	64	-	17,908	17,908

(b) Capital management

The Group's primary objectives in managing capital are to safeguard its ability to continue to provide returns for shareholders and to support its stability and growth. The Group regularly reviews and manages its capital structure to ensure an optimal capital structure that maintains a balance between higher shareholders' returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a sound capital position. Adjustments are made to the capital structure in light of changes in economic conditions.

As at 31 December 2025, total equity amounted to EUR25,494 million (2024: EUR27,696 million), and consolidated net debt of the Group, excluding loan from a non-controlling shareholder, which are viewed as quasi-equity, was EUR462 million (2024: EUR2,419 million). The Group's net debt to net total capital ratio decreased to 1.8% from 8.0% at the end of the prior year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loan from a non-controlling shareholder, and also with the Group's investments in its listed subsidiaries marked to market value at the end of the reporting period.

Net debt / Net total capital ratios ⁽ⁱ⁾ at 31 December:

	2025	2024
A1 - excluding interest-bearing loan from a non-controlling shareholder from debt	1.8%	8.0%
A2 - as in A1 above and investments in listed subsidiaries marked to market value	1.8%	8.1%
B1 - including interest-bearing loan from a non-controlling shareholder as debt	2.8%	8.7%
B2 - as in B1 above and investments in listed subsidiaries marked to market value	2.8%	8.9%

(i) Net debt is defined in the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of the "Net debt" calculation, as the total principal amount of bank and other debts. Net total capital is defined as total bank and other debts, plus total equity and loan from a non-controlling shareholder net of total cash, and listed investments.

29 Reserves

	2025					
	Attributable to owners of the Company					Total EUR million
	Retained profit EUR million	Exchange reserve EUR million	Hedging reserve EUR million	Merger reserve ^(a) EUR million	Others ^(b) EUR million	
At 1 January 2025	10,601	1,222	(10)	(3,028)	(141)	8,644
Loss for the year	(733)	-	-	-	-	(733)
Other comprehensive income (losses) ^(c)						
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	1	1
Remeasurement of defined benefit obligations	(2)	-	-	-	-	(2)
Exchange losses on translation of foreign operations	-	(244)	-	-	-	(244)
Reserves reclassified to profit or loss	-	(1,069)	4	-	-	(1,065)
Gains on cash flow hedges	-	-	6	-	-	6
Share of other comprehensive income (losses) of associated company	1	(161)	1	-	5	(154)
Tax relating to components of other comprehensive income (losses)	-	-	-	-	-	-
Other comprehensive income (losses), net of tax	(1)	(1,474)	11	-	6	(1,458)
Transfer of losses on disposal of equity securities at FVOCI to retained profit	(14)	-	-	-	14	-
At 31 December 2025	9,853	(252)	1	(3,028)	(121)	6,453
	2024					
	Attributable to owners of the Company					Total EUR million
	Retained profit EUR million	Exchange reserve EUR million	Hedging reserve EUR million	Merger reserve ^(a) EUR million	Others ^(b) EUR million	
At 1 January 2024	10,619	781	1	(3,028)	(182)	8,191
Profit for the year	47	-	-	-	-	47
Other comprehensive income (losses) ^(c)						
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	(28)	(28)
Remeasurement of defined benefit obligations	4	-	-	-	-	4
Exchange gains on translation of foreign operations	-	441	-	-	-	441
Losses on cash flow hedges	-	-	(11)	-	-	(11)
Tax relating to components of other comprehensive income (losses)	-	-	-	-	-	-
Other comprehensive income (losses), net of tax	4	441	(11)	-	(28)	406
Transfer of losses on disposal of equity securities at FVOCI to retained profit	(69)	-	-	-	69	-
At 31 December 2024	10,601	1,222	(10)	(3,028)	(141)	8,644

29 Reserves (continued)

- (a) Merger reserve represents the difference between the capital contributions from CKHH group entities to the companies now comprising the Group before the reorganisation and the consideration paid by the Group for acquisition of the CKHH Group's telecommunication businesses in Europe and Hong Kong.
- (b) Other reserves comprise a revaluation reserve and other capital reserves.

The revaluation reserve surplus amounted to EUR5 million as at 31 December 2025 (deficit of 1 January 2025: EUR15 million and deficit of 1 January 2024: EUR56 million). This reserve includes surpluses and deficits arising from market value revaluations of equity securities.

The other capital reserves deficit amounted to EUR126 million as at 31 December 2025 (1 January 2025: EUR126 million and 1 January 2024: EUR126 million). This includes deficits arising from transactions with non-controlling interests.

- (c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2025		
	Before- tax amount	Tax effect	Net-of- tax amount
	EUR million	EUR million	EUR million
Changes in fair value of equity instruments at fair value through other comprehensive income	1	-	1
Remeasurement of defined benefit obligations	(3)	-	(3)
Exchange losses on translation of foreign operations	(273)	-	(273)
Reserves reclassified to profit or loss	(1,065)	-	(1,065)
Gains on cash flow hedges	6	-	6
Share of other comprehensive income (losses) of associated company	(154)	-	(154)
	(1,488)	-	(1,488)
	2024		
	Before- tax amount	Tax effect	Net-of- tax amount
	EUR million	EUR million	EUR million
Changes in fair value of equity instruments at fair value through other comprehensive income	(28)	-	(28)
Remeasurement of defined benefit obligations	5	-	5
Exchange gains on translation of foreign operations	445	-	445
Losses on cash flow hedges	(11)	-	(11)
	411	-	411

30 Notes to the consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses, other finance costs, tax paid, and changes in working capital

	2025 EUR million	2024 EUR million
Profit (loss) after tax	(700)	49
Less: share of profits less losses of		
Associated company	58	-
Joint ventures	(8)	(3)
	(650)	46
Adjustments for:		
Current tax credit	(75)	(106)
Deferred tax charge	180	292
Interest expenses and other finance costs	230	286
Depreciation and amortisation	2,713	3,115
	2,398	3,633
EBITDA of Company and subsidiaries ⁽ⁱ⁾	2,398	3,633
Loss on disposal of fixed assets	-	13
Loss on disposal of subsidiary companies (see note 6)	732	-
Customer acquisition and retention cost capitalised in the year	(451)	(481)
Other non-cash items	5	(14)
	2,684	3,151

(i) Reconciliation of EBITDA:

	2025 EUR million	2024 EUR million
EBITDA of Company and subsidiaries	2,398	3,633
Share of EBITDA of associated company and joint ventures		
Share of profits less losses of:		
Associated company	(58)	-
Joint ventures	8	3
Adjustments for:		
Depreciation and amortisation	662	58
Interest expenses and other finance costs	143	4
Current tax charge	4	3
Deferred tax credit	(12)	(2)
	747	66
	3,145	3,699
EBITDA (see note 5(b)(ii))	3,145	3,699

(b) Changes in working capital

	2025 EUR million	2024 EUR million
Decrease (increase) in inventories	16	(30)
Decrease in trade receivables and other current assets	148	86
Decrease in trade payables and other current liabilities	(407)	(472)
Other non-cash items	60	225
	(183)	(191)

30 Notes to the consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the reporting periods:

	2025	2024
	EUR million	EUR million
Purchase consideration transferred:		
Cash and cash equivalents paid	-	480
Fair value		
Fixed assets	-	70
Right-of-use assets	-	59
Telecommunications licences	-	389
Brand names and other rights	-	2
Trade receivables and other current assets	-	37
Trade payables and other current liabilities and current tax liabilities	-	(61)
Leases liabilities	-	(138)
Pension obligations	-	(4)
Deferred tax liabilities	-	(41)
Net identifiable assets acquired	-	313
Goodwill	-	167
Total consideration	-	480
Net cash outflow arising from acquisition:		
Cash and cash equivalents paid	-	480
Cash and cash equivalents acquired	-	-
Total net cash outflow	-	480

The assets acquired and liabilities assumed were recognised at their acquisition-date fair value and recorded at the consolidation level.

For the comparative year ended 31 December 2024, the acquisition-related costs and the contributions to the Group's revenue and profit before tax from the subsidiaries acquired during the year since the date of acquisition were not material.

30 Notes to the consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

On 31 May 2025, the Group completed the merger of its UK telecommunications operations, **3 UK**, with Vodafone Group's corresponding UK operations to form the combined entity, VodafoneThree. As a result of the transaction, **3 UK** and its subsidiaries ceased to be subsidiaries of the Group and were deconsolidated from the Group's financial statements. The Group now holds a 49% interest in VodafoneThree, which is accounted for as an associated company under the equity method, while Vodafone holds a 51% ownership stake.

This transaction has been accounted for as a disposal of the Group's entire interest in **3 UK**, coupled with the concurrent acquisition of a 49% stake in VodafoneThree. The fair value of the Group's 49% interest in VodafoneThree was determined to be EUR4,596 million, derived from the average of five independent midpoint valuation analyses. The fair value assessment incorporated a comparable companies analysis (using EBITDA after leases ("EBITDAaL") and adjusted free cash flow) and a discounted cash flow ("DCF") analysis, based on the combined business's forward-looking financial plan, including projections for revenue, operating costs, capital expenditures, and terminal value. The five valuations yielded the following estimated fair values for the Group's 49% interest: EUR4.0 billion, EUR4.3 billion, EUR4.4 billion, EUR5.0 billion, and EUR5.2 billion, with the final fair value reflecting the average of these outcomes.

	2025 EUR million	2024 EUR million
Total considerations	6,154	-
Cash and cash equivalents received	1,707	-
Closing cash and working capital adjustments and others	(149)	-
The portion of the consideration consisting of cash and cash equivalents	1,558	-
Cash and cash equivalents received, net with cash and cash equivalent in the subsidiaries over which control was lost	1,680	-
Net assets other than cash or cash equivalent in the subsidiaries over which control was lost	7,924	-
Cash and cash equivalent in the subsidiaries over which control was lost	27	-
Net assets in the subsidiaries over which control was lost	7,951	-
Disposal loss before reclassification of reserves	(1,797)	-
Reserves reclassified to profit or loss	1,065	-
Disposal loss	(732)	-

30 Notes to the consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies (continued)

	2025	2024
	EUR million	EUR million
Analysis of assets and liabilities over which control was lost:		
Fixed assets	2,743	-
Right-of-use assets	608	-
Telecommunications licences	2,381	-
Goodwill	398	-
Brand names and other rights	596	-
Deferred tax assets	1,063	-
Other non-current assets	692	-
Trade receivables and other current assets	882	-
Inventories	43	-
Cash and cash equivalents	27	-
Trade payables and other current liabilities and current tax liabilities	(816)	-
Leases liabilities	(579)	-
Other non-current liabilities	(87)	-
Net assets disposed	<u>7,951</u>	-

Cash flows of 3 UK disposed of during the current year:

	2025
	EUR million
Net cash outflow from operating activities	(790)
Net cash outflow from investing activities	(220)
Net cash inflow from financing activities	913

30 Notes to the consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flow changes in liabilities arising from financing activities:

	Bank and other debts EUR million	Lease liabilities EUR million	Interest- bearing loan from a non- controlling shareholder EUR million	Total EUR million
At 1 January 2024	5,518	1,880	242	7,640
Financing cash flows				
New borrowings	1,846	-	-	1,846
Repayment of borrowings	(1,500)	-	-	(1,500)
Principal elements of lease payments (see note 11(b))	-	(775)	-	(775)
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	8	-	-	8
Increase in lease liabilities from entering into new leases (see note 11(a))	-	320	-	320
Interest on lease liabilities (see note 7)	-	88	-	88
Interest element of lease liabilities paid (included in "Net cash from operating activities")	-	(82)	-	(82)
Remeasurement / write off of lease liabilities	-	193	-	193
Relating to subsidiaries acquired (see note 30(c))	-	138	-	138
Exchange translation differences	37	31	(10)	58
At 31 December 2024 and 1 January 2025	5,909	1,793	232	7,934
Financing cash flows				
New borrowings	365	-	-	365
Repayment of borrowings	(942)	-	-	(942)
Principal elements of lease payments (see note 11(b))	-	(703)	-	(703)
Net loan from a non-controlling shareholder	-	-	21	21
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	5	-	-	5
Increase in lease liabilities from entering into new leases (see note 11(a))	-	746	-	746
Interest on lease liabilities (see note 7)	-	83	-	83
Interest element of lease liabilities paid (included in "Net cash from operating activities")	-	(82)	-	(82)
Remeasurement / write off of lease liabilities	-	150	-	150
Relating to subsidiaries disposed (see note 30(d))	-	(579)	-	(579)
Exchange translation differences	(20)	(14)	14	(20)
At 31 December 2025	5,317	1,394	267	6,978

31 Share-based payments

Neither the Company nor its subsidiary companies had a share option scheme as at 31 December 2025 and 31 December 2024.

32 Pledge of assets

As at 31 December 2025, no assets of the Group (2024: nil) were pledged as security for bank and other debts.

33 Contingent liabilities and guarantees

As at 31 December 2025, the Group had provided performance and other guarantees of EUR287 million (2024: EUR261 million).

34 Commitments

The Group's material outstanding commitments contracted for as at 31 December 2025, and not provided for in the consolidated financial statements, were as follows:

Capital commitments

- (a) 3 Group Europe - EUR13 million (2024: EUR19 million)
- (b) Telecommunications, Hong Kong - EUR80 million (2024: EUR91 million)

35 Related parties transactions

(a) Key management personnel remuneration

The remuneration for the directors of the Company (being the key management personnel) for the current and comparative years are borne by CKHH group entities.

(b) Except as disclosed elsewhere in these financial statements, the following transactions occurred with other related parties:

	2025	2024
	EUR million	EUR million
Sales of contract assets (handset receivables) to CKHH group entities ⁽ⁱ⁾	326	671

- (i) During the years ended 31 December 2025 and 31 December 2024, the Group has entered into handset receivable agreements with CKHH group entities which resulted in the sale of certain contract assets (unbilled handset receivables) for which the Group was paid at the carrying cost of the contract assets sold, being the face value of the underlying unbilled handset receivables less the related allowance to cover the credit and late payment risk.

36 Legal proceedings

As at 31 December 2025 and 2024, the Group was not engaged in any material litigation or arbitration proceedings, and no material litigation or claim was known by the Group to be pending or threatened against it.

37 Events after the reporting period

Except as disclosed elsewhere in the Annual Financial Statements, no other event occurring up to the date of approval of the Annual Financial Statements has been identified that may require material adjustment of, or disclosure in, these financial statements.

38 Rounding of amounts

All amounts disclosed in the financial statements and accompanying notes have been rounded to the nearest million currency units unless otherwise stated.

39 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, listed investments, and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures of the CKHH Group, and which are also subject to periodic review by the CKHH Group's internal audit function. These treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, as well as its exposure to interest rate, foreign currency, and credit risks. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps as appropriate for risk management purposes only, specifically for hedging transactions and managing exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings, and no derivative instruments to hedge the Group's earnings were entered into during the year or remained outstanding at the end of the year. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, that have significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-Euro currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a robust financial position. Cash and cash equivalents, and listed investments ("Liquid assets") amounted to EUR4,868 million at 31 December 2025 (2024: EUR3,511 million). The increase was mainly reflecting proceeds received from disposal of subsidiary companies, cash arising from positive funds from operations of the Group's businesses and cash from new borrowings, partly offset by repayment of certain borrowings and capital expenditure. Liquid assets were denominated as to 76% in Euro, 6% in US dollar, 3% in HK dollar, 12% in British Pound and 3% in other currencies (2024: 79% were denominated in Euro, 8% in US dollar, 6% in HK dollar, 4% in British Pound and 3% in other currencies).

Cash and cash equivalents represented 100% of the liquid assets (2024: cash and cash equivalents, and listed investments represented 97% and 3%, respectively). The Group has no exposure to mortgage-backed securities, collateralised debt obligations, or similar asset classes.

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps to manage its interest rate exposure. The Group's main interest rate exposure relates to Euro, British Pound, and Swedish Krona borrowings.

At 31 December 2025, approximately 42% (2024: approximately 37%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 58% (2024: approximately 63%) were at fixed rates. At 31 December 2025 and 2024, the Group has not entered into any interest rate agreements with major financial institution counterparties to swap principal amount of floating interest rate borrowings to effectively become fixed interest rate borrowings.

(c) Foreign currency exposure

For subsidiaries, associated companies, joint arrangements and other investments (the activities of which are based or conducted in non-Euro), the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-Euro), that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flows and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in foreign operations.

39 Financial risk management (continued)

(c) Foreign currency exposure (continued)

The Group has operations in about 8 jurisdictions and the respective operation conducts businesses mainly in local currencies (including Euro, British Pound and Hong Kong dollar) and US dollar. The currency for group reporting and presentation purposes is Euro and the Group's reported results in Euro are exposed to exchange translation on its foreign currency earnings.

As at 31 December 2025, the Group's total principal amount of bank and other debts are denominated as follows: 86% in Euro, 7% in British Pound and 7% in other currencies (2024: 78% in Euro, 16% in British Pound and 6% in other currencies). The Group had no currency swap arrangements (2024: EUR608 million) with banks to swap British Pound principal amount of borrowings to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 86% in Euro, 7% in British Pound and 7% in other currencies (2024: 88% in Euro, 6% in British Pound and 6% in other currencies).

(d) Credit exposure

The Group's holdings of cash, interest rate and foreign currency swaps with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities. Such risks are continuously monitored by the local operational management.

(e) Market price risk

The Group's main market price risk exposures relate to listed equity securities as described in "liquid assets" above. For the comparative year balance as at 31 December 2024, the Group's holding of listed equity securities represented approximately 3% of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analysis

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, IFRS 7 "Financial Instruments: Disclosures" requires the disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections is before the related tax effect and the related amount attributable to non-controlling interests, and assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates that would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with IFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis are for illustration purposes only and it should be noted that, in practice, market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

39 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(i) Interest rate sensitivity analysis

Interest rate risk as defined by IFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in IFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in the consolidated income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in IFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 20)
- some of the bank and other debts (see note 22) that bear interest at floating rate
- interest-bearing loan from a non-controlling shareholder (see note 25)

Under these assumptions, the impact of a hypothetical 100 basis points (2024: 100 basis points) increase in market interest rate at 31 December 2025, with all other variables held constant:

- profit for the year would increase by EUR23 million (2024: EUR11 million) due to increased interest income offset with increased interest expense; and
- total equity would increase by EUR23 million (2024: EUR11 million) due to increased interest income offset with increased interest expense.

39 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by IFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in the consolidated income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in IFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 20)
- some of the bank and other debts (see note 22)

Under these assumptions, the impact of a hypothetical 5% weakening of Euro against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2025		2024	
	Hypothetical increase (decrease) in profit for the year EUR million	Hypothetical increase (decrease) in total equity EUR million	Hypothetical increase (decrease) in profit for the year EUR million	Hypothetical increase (decrease) in total equity EUR million
British Pound	30	30	-	-
US dollar	14	14	14	14

(iii) Other price sensitivity analysis

Other price risk as defined by IFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

39 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(iii) Other price sensitivity analysis (continued)

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in IFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- financial assets at FVOCI (see note 18)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's financial assets at FVOCI at the end of the reporting period, with all other variables held constant:

- no impact to profit for the year (2024: nil), and consequently no impact to total equity for the year (2024: nil); and
- no impact to other comprehensive income for the year (2024: increase by EUR5 million due to the increase in gains on financial assets at FVOCI), and consequently no impact to total equity for the year (2024: increase by EUR5 million).

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities			Total undiscounted cash flows EUR million	Difference from carrying amounts EUR million	Carrying amounts EUR million
	Within 1 year EUR million	After 1 year, but within 5 years EUR million	After 5 years EUR million			
At 31 December 2025						
Trade payables	550	-	-	550	-	550
Expenses and other accruals	1,372	-	-	1,372	-	1,372
Other payables	323	-	-	323	-	323
Lease liabilities	579	725	264	1,568	(174)	1,394
Bank loans	1,000	1,219	-	2,219	(4)	2,215
Notes and bonds	1,000	1,256	855	3,111	(9)	3,102
Interest-bearing loan from a non-controlling shareholder	-	267	-	267	-	267
Obligations for telecommunications licences and other rights	52	172	176	400	(28)	372
Amounts due to associated company	167	92	-	259	-	259
	5,043	3,731	1,295	10,069	(215)	9,854

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be EUR105 million in "within 1 year" maturity band, EUR168 million in "after 1 year, but within 5 years" maturity band, and EUR39 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

39 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within	After 1 year,	After	Total
	1 year	but within	5 years	undiscounted
EUR million	EUR million	EUR million	cash flows	EUR million
At 31 December 2025				
Cash flow hedges				
Other contracts				
Outflow	(1)	-	-	(1)

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts	Carrying amounts
	Within	After 1 year,	After	Total		
	1 year	but within	5 years	undiscounted		
EUR million	EUR million	EUR million	cash flows	EUR million	EUR million	
At 31 December 2024						
Trade payables	782	-	-	782	-	782
Expenses and other accruals	1,761	-	-	1,761	-	1,761
Other payables	471	-	-	471	-	471
Lease liabilities	493	1,105	533	2,131	(338)	1,793
Bank loans	357	1,850	-	2,207	(5)	2,202
Notes and bonds	-	2,608	1,115	3,723	(16)	3,707
Interest-bearing loan from a non-controlling shareholder	232	-	-	232	-	232
Obligations for telecommunications licences and other rights	90	204	235	529	(37)	492
	4,186	5,767	1,883	11,836	(396)	11,440

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be EUR127 million in “within 1 year” maturity band, EUR254 million in “after 1 year, but within 5 years” maturity band, and EUR62 million in “after 5 years” maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within	After 1 year,	After	Total
	1 year	but within	5 years	undiscounted
EUR million	EUR million	EUR million	cash flows	EUR million
At 31 December 2024				
Cash flow hedges				
Other contracts				
Outflow	(1)	-	-	(1)

(h) In accordance with the disclosure requirement of IFRS 7, the Group’s financial instruments resulted in the following income, expenses and gains and losses recognised in the consolidated income statement:

	2025	2024
	EUR million	EUR million
Interest from cash and cash equivalents held at amortised cost	107	122
Net impairment expense recognised on trade receivables	(61)	(80)

39 Financial risk management (continued)

(i) Hedge accounting

(i) Fair value hedges

2024				
Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument EUR million	Change in value used for calculating hedge ineffectiveness EUR million	Line item in the statement of financial position in which the hedging instrument is included
Collar agreements	3.0	2	9	Trade receivables and other current assets

2024			
Hedged items	Carrying amount of the hedged item EUR million	Change in value used for calculating hedge ineffectiveness EUR million	Line item in the statement of financial position in which the hedged item is included
Listed equity securities	91	(16)	Listed investments

(ii) Cash flow hedges

2024								
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount EUR million	Carrying amount of derivatives included in			
					Other current assets EUR million	Other non-current assets EUR million	Other current liabilities EUR million	Other non-current liabilities EUR million
Cross currency interest rate swaps - receive fixed and pay fixed maturing in 2027	2.00%	0.05%	GBP 500	608	-	28	-	-
				608	-	28	-	-

2024			
Hedged items	Change in value used for calculating hedge ineffectiveness EUR million	Surplus (deficit) in reserve for continuing hedges EUR million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied EUR million
Foreign exchange risk	(10)	(28)	-

39 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	Note	Classification under IFRS 9	2025		2024	
			Carrying amounts EUR million	Fair values EUR million	Carrying amounts EUR million	Fair values EUR million
Financial assets						
Listed investments						
Listed equity securities	18	FVOCI	-	-	91	91
Unlisted investments						
Unlisted equity securities	19	FVOCI	2	2	2	2
Derivative financial instruments						
Fair value hedges						
Collar agreements	21	Fair value - hedges	-	-	2	2
Cash flow hedges						
Cross currency interest rate swaps	19	Fair value - hedges	-	-	28	28
Other contracts	21	Fair value - hedges	1	1	-	-
Lease receivables	19	Amortised cost	1	1	2	2
Cash and cash equivalents	20	Amortised cost	4,868	4,868	3,420	3,420
Trade receivables	21	Amortised cost	887	887	1,129	1,129
Other receivables	21	Amortised cost	174	174	213	213
Amounts due from an associated company	15	Amortised cost	177	177	-	-
Amounts due from joint ventures	16	Amortised cost	58	58	45	45
			6,168	6,168	4,932	4,932
Financial liabilities						
Bank and other debts ⁽ⁱ⁾	22	Amortised cost	5,317	5,161	5,909	5,534
Trade payables	23	Amortised cost	550	550	782	782
Derivative financial instruments						
Cash flow hedges						
Other contracts	23	Fair value - hedges	1	1	1	1
Expenses and other accruals	23	Amortised cost	1,372	1,372	1,761	1,761
Other payables	23	Amortised cost	323	323	471	471
Lease liabilities	11	Amortised cost	1,394	1,394	1,793	1,793
Interest-bearing loan from a non-controlling shareholder	25	Amortised cost	267	267	232	232
Obligations for telecommunications licences and other rights	23 & 27	Amortised cost	372	372	492	492
Amounts due to an associated company	15	Amortised cost	259	259	-	-
Amounts due to CKHH group entities	23	Amortised cost	8	8	2	2
			9,863	9,707	11,443	11,068
Representing:						
Financial assets measured at						
Amortised cost			6,165	6,165	4,809	4,809
FVOCI			2	2	93	93
Fair value - hedges			1	1	30	30
			6,168	6,168	4,932	4,932
Financial liabilities measured at						
Amortised cost			9,862	9,706	11,442	11,067
Fair value - hedges			1	1	1	1
			9,863	9,707	11,443	11,068

(i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

39 Financial risk management (continued)

(k) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Note	2025				2024			
		Level 1 EUR million	Level 2 EUR million	Level 3 EUR million	Total EUR million	Level 1 EUR million	Level 2 EUR million	Level 3 EUR million	Total EUR million
Financial assets									
Listed investments									
Listed equity securities	18	-	-	-	-	91	-	-	91
Unlisted investments									
Unlisted equity securities	19	-	-	2	2	-	-	2	2
Derivative financial instruments									
Fair value hedges									
Collar agreements	21	-	-	-	-	-	-	2	2
Cash flow hedges									
Cross currency interest rate swaps	19	-	-	-	-	-	28	-	28
Other contracts	21	-	1	-	1	-	-	-	-
		-	1	2	3	91	28	4	123
Financial liabilities									
Derivative financial instruments									
Cash flow hedges									
Other contracts	23	-	1	-	1	-	1	-	1

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the years ended 31 December 2025 and 2024, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

39 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2025 EUR million	2024 EUR million
At 1 January	4	(40)
Total gains recognised in		
Income statement	-	-
Other comprehensive income	(2)	44
At 31 December	2	4
Total gains recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	-	-

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 39(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 EUR million	Level 2 EUR million	Level 3 EUR million	Total EUR million
At 31 December 2025				
Bank and other debts	2,946	2,215	-	5,161
At 31 December 2024				
Bank and other debts	3,332	2,202	-	5,534

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

40 Significant judgements, estimates and assumptions

In applying the Group's accounting policies which are disclosed on note 41, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements and assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements in applying the Group's accounting policies

The following are the significant judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Basis of consolidation and classification of investee entities

The determination if the Group has control, joint control or significant influence over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associated company or a cost investment might require the application of judgement through the analysis of various indicators, such as the practical ability to direct the relevant activities of the investee, the participation in policy-making processes of the investee, the representation on the board of directors or equivalent governing body of the investee, the percentage of ownership interest held in the investee, and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements.

(ii) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device. Device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which the Group expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the allocation of the elements as a result of changes in market conditions.

(iii) Determination of lease term

Lease term is the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not to extend), the Group is typically reasonably certain to extend (or not to terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not to terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

40 Significant judgements, estimates and assumptions (continued)

(a) Significant judgements in applying the Group's accounting policies (continued)

(iv) Business combinations

As disclosed in note 41(a)(iv), the Group applies the provisions of IFRS 3 to transactions and other events that meet the definition of a business combination within the scope of IFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the consolidated income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) are not subject to amortisation and are tested for impairment annually and when there is an indication that the asset may be impaired. Other assets are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing whether these assets have suffered any impairment, the carrying value of the asset or its respective business unit, including the goodwill, is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value/EBITDA, Enterprise value/Sales, Price/Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or is measured using discounted cash flow projections (Level 3 of the IFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment, discounted cash flow models will be used to estimate the present value of the estimated future cash flows expected to be generated from the operations and from the ultimate disposal of the investment. The cash flows used in the financial projections (discounted cash flow models) are based on the latest approved financial budgets for the next five years. The Group prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of estimates and assumptions involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the respective business unit. Other key estimates and assumptions, where applicable, include the respective business unit's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions.

40 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets (continued)

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the asset in future periods.

(ii) Impairment assessment on investment accounted for using equity method

Investments accounted for using equity method are subject to impairment testing requirements. The requirements to test for impairment are applied to the net investment in the equity accounted investee. Fair value adjustments and goodwill recognised on acquisitions of equity-accounted investees are not recognised separately. Goodwill recognised on acquisitions of an equity-accounted investee is not subject to annual impairment test. Instead, after applying equity accounting method, the net investment is tested for impairment when there is an indication of possible impairment. The guidance in IAS 28 “Investments in Associates and Joint Ventures” is used to determine whether it is necessary to perform an impairment test for investments in equity-accounted investees. If there is an indication of impairment, then the impairment test applied follows the principles in IAS 36 “Impairment of Assets”.

In assessing whether these assets have suffered any impairment, the net investment is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value / EBITDA, Enterprise value / Sales, Price / Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or, where financial projections are available, is measured using discounted cash flow projections (Level 3 of the IFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies’ location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment in an equity-accounted investee, discounted cash flow models will be used to estimate (i) the Group’s share of the present value of the estimated future cash flows expected to be generated by the associated company or joint venture, including the cash flows from the operations of the associated company or joint venture and from the ultimate disposal of the investment; or (ii) the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and from its ultimate disposal.

Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the estimated future cash flows expected to be generated by the associated company or joint venture, including the cash flows from the operations of the associated company or joint venture, the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and the ultimate disposal of the investment. Other key estimates and assumptions, where applicable, include estimates of the investee’s projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and, where applicable, dividend yield, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the investment in future periods.

40 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Pension costs and estimation of defined benefit pension obligation

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with IAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the IFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(iv) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised. The calculation of these provisions will involve the use of estimates and assumptions. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value.

(v) Provision for income tax and recognition of deferred tax asset

The Group is subject to income taxes in numerous jurisdictions. Significant judgement and estimate are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

40 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(v) Provision for income tax and recognition of deferred tax asset (continued)

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the consolidated income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

(vi) Estimation of useful life: Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vii) Estimation of useful life: Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. Certain brand names related to Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to estimate the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the consolidated income statement.

(viii) Estimation of the amortisation period: Customer acquisition and retention costs

In accordance with IFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the consolidated income statement in the period in which they are incurred, where (i) the costs are incurred; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowances are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

Judgement is required to determine the amount of the provision and the amortisation period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the consolidated income statement.

40 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(ix) Estimation of fair value of the Group's 49% interest in VodafoneThree at the time of its constitution

On 31 May 2025, the Group completed the merger of its UK telecommunications operations, 3 UK, with Vodafone Group's corresponding UK operations to form the combined entity, VodafoneThree. As a result of the transaction, 3 UK and its subsidiaries ceased to be subsidiaries of the Group and were deconsolidated from the Group's financial statements. The Group now holds a 49% interest in VodafoneThree, which is accounted for as an associated company under the equity method, while Vodafone holds a 51% ownership stake.

This transaction has been accounted for as a disposal of the Group's entire interest in 3 UK, coupled with the concurrent acquisition of a 49% stake in VodafoneThree. The fair value of the Group's 49% interest in VodafoneThree was determined to be EUR4,596 million, derived from the average of five independent midpoint valuation analyses. The fair value assessment incorporated a comparable company analysis (using EBITDAaL and adjusted free cash flow) and a DCF analysis, based on the combined business's forward-looking financial plan, including projections for revenue, operating costs, capital expenditures, and terminal value. The five valuations yielded the following estimated fair values for the Group's 49% interest: EUR4.0 billion, EUR4.3 billion, EUR4.4 billion, EUR5.0 billion, and EUR5.2 billion, with the final fair value reflecting the average of these outcomes.

The valuation process required significant judgement, particularly in selecting appropriate peer companies for benchmarking, considering factors such as market position, growth profile, and geographic focus, and determining key assumptions in the DCF model, including discount rates, long-term growth rates, and cash flow projections. Given the inherent uncertainties in these estimates, alternative judgements or assumptions could result in a materially different fair value, which would impact the gain or loss recognised on the disposal of 3 UK.

In accordance with the requirements for business combinations, a notional purchase price allocation ("PPA") for this investment has been substantially completed. This process involves attributing the fair value of the investment to the identifiable assets and liabilities of VodafoneThree at the acquisition date. While this work is expected to be finalised within the permitted one-year measurement period from the date of acquisition, the accounting for the investment is currently determined on a provisional basis. Although some reclassifications between asset and liability line items are anticipated as the PPA is finalised, the overall net asset value of the investment at the acquisition date is expected to remain unchanged at EUR4,596 million.

(c) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

41 Summary of material accounting policies

(a) *Summary of material accounting policies*

Set out below is a summary of the Company's material accounting policies applicable in the preparation of financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(i) Subsidiary companies

Subsidiaries are entities over which the Group has control. Where an entity is governed by voting rights, the Group consolidates when it holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. In other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities, and whether power is held as agent or principal. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Impairment testing is performed where there is an indication of impairment, by comparing the recoverable amount of the relevant investment to its carrying amount. Indicators of impairment include both external and internal sources of information. Similarly, assessments are made as to whether an impairment loss recognised in prior periods may no longer exist or may have decreased. Where this is the case, such an impairment loss is reversed if there has been a change in the estimate used to determine the relevant recoverable amount since the last impairment loss was recognised, and to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

(ii) Associated companies and joint arrangements

The Group classifies investments in entities over which it has significant influence, and which are neither subsidiaries nor joint arrangements, as associated companies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Joint arrangements are investments in which the Group, together with one or more parties, has joint control and over which none of the participating parties has unilateral control. Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The Group recognises its share of the assets, liabilities and results in a joint operation. Investments in associated companies and interests in joint ventures are recognised using the equity method. The attributable share of the results and reserves of joint ventures and associated companies is included in the consolidated financial statements based on either financial statements made up to 31 December or pro-rated amounts adjusted for any material transactions or events occurring between the date the financial statements are available and 31 December.

Investments in associated companies and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired, by comparing the recoverable amount of the relevant investment to its carrying amount. Goodwill on acquisitions of interests in joint ventures and associated companies is not tested separately for impairment, but is assessed as part of the carrying amount of the investment. Previously recognised impairments are assessed for reversal when there are indicators that they may no longer exist or have decreased. Any reversal, which may arise from changes in estimates used to determine the prior impairment loss, is recognised to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

41 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the ordinary shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable IFRS.

If the ownership interest in a joint venture or an associated company is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iv) Business combinations

The Group applies the provisions of IFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of IFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. This election is made for each business combination. Acquisition-related costs are generally recognised in profit or loss as incurred.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition-date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period (see above), based on new information obtained about the facts and circumstances that existed as of the acquisition date.

41 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(v) Goodwill

Goodwill is initially recognised and measured as set out in note 41(a)(iv) Business combinations.

Goodwill is not amortised but is subject to impairment test annually and when there is an indication that the carrying value may not be recoverable. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal (but does not include any attributable goodwill previously eliminated against reserves).

The Group's policy for goodwill arising on the acquisition of an associated company and a joint venture is described in note 41(a)(ii) above.

(vi) Fixed assets

Fixed assets other than freehold lands, are stated at cost less depreciation and any impairment loss. Freehold lands included in land and buildings are not depreciated. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 1/3 - 20%
Telecommunications equipment	2.5 - 20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount.

(vii) Leases

(I) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

41 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(vii) Leases (continued)

(I) Group as a lessee (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and certain IT-equipment.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(II) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

However, when the Group is an intermediate lessor the sublease are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(viii) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 20 years

(ix) Customer acquisition and retention costs

Customer acquisition and retention costs (“CACs”) comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication customers. CACs are expensed and recognised in the consolidated income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

41 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(x) Listed investments and unlisted investments

“Listed investments” are investments in listed equity securities. “Unlisted investments”, disclosed under other non-current assets, are investments in unlisted equity securities. These investments are recognised and derecognised on the date the Group commits to purchase or sell the investments or when they expire.

(I) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

Financial assets at fair value through profit or loss (“FVPL”): Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments are recognised in profit or loss when the Group’s right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

(II) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under IFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Listed investments, unlisted investments, and other current assets within Trade receivables and other current assets) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items.

(xi) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

41 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(xii) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group's right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade receivables and contract assets are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate, less allowance for expected credit losses.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses.

(xiii) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(xiv) Trade and other payables, and contract liabilities

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

Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(xv) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is an indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Such impairment loss is recognised in the consolidated income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that in which case it is treated as a revaluation decrease.

41 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(xvi) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Euro using the year end rates of exchange for the consolidated statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associated company that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the consolidated income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. partial disposals of associated companies or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the consolidated income statement.

All other exchange differences are recognised in the consolidated income statement.

(xvii) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

41 Summary of material accounting policies (continued)

(b) Summary of other potentially material accounting policies

Set out below is a summary of other potentially material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(i) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

(ii) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected useful life of the customer relationship.

(iii) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

(iv) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation (net investment hedges).

41 Summary of material accounting policies (continued)

(b) Summary of other potentially material accounting policies (continued)

(iv) Derivative financial instruments and hedging activities (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as other expense except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognised in other comprehensive income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item (if applicable) and is also recognised in profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the derivative financial instruments is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

41 Summary of material accounting policies (continued)

(b) Summary of other potentially material accounting policies (continued)

(v) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(vi) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

(vii) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(viii) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

The Group's contributions to the defined contribution plans are charged to the consolidated income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the consolidated income statement within staff costs.

(ix) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2025 and 31 December 2024. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

41 Summary of material accounting policies (continued)

(c) *Standards adopted during the year ended 31 December 2025*

The Group applied for the first-time certain amendments to IFRS issued by IASB, which are effective for annual periods beginning on or after 1 January 2025. The adoption of these amendments do not have a material impact on the Group's consolidated financial statements.

(i) Lack of Exchangeability – Amendments to IAS 21

The IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

Other than these changes, the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the 2024 Annual Financial Statements.

(d) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year and have not been early adopted by the Group.

(i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(ii) Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7

The amendments clarify the application of the own-use exception requirements for in-scope contracts, amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts and add new disclosure requirements on the effect of these contracts on a company's financial performance and cash flows. As a result of the amendments, entities will be able to apply the own-use exception to certain contracts referencing nature-dependent electricity ("CRNE") which are contracts to purchase electricity from nature-dependent sources such as wind energy or solar energy; and designate a variable nominal volume of electricity as a hedged item, facilitating application of hedge accounting to CRNEs.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. The Group does not expect these amendments to have a material impact on its operations or financial statements.

41 Summary of material accounting policies (continued)

(d) *New standards and interpretations not yet adopted (continued)*

(iii) Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB issued narrow-scope amendments to IFRS that include clarifications, simplifications, corrections, and changes intended to improve consistency in:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments will be effective for annual periods beginning on or after 1 January 2026. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(iv) Presentation and Disclosure in Financial Statements – IFRS 18

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

(v) Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21

The IASB issue amendments to IAS 21 to specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2027. The Group does not expect these amendments to have a material impact on its operations or financial statements.

Principal Subsidiary and Associated Company and Joint Ventures

at 31 December 2025

Subsidiary and associated company and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital	Percentage of equity attributable to the Group	Principal activities
Hi3G Access AB	Sweden	SEK 10,000,000	60	Mobile telecommunications services
Hi3G Denmark ApS	Denmark	DKK 64,375,000	60	Mobile telecommunications services
Hutchison Drei Austria GmbH	Austria	EUR 34,882,960	100	Mobile telecommunications services
* Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD 1,204,774,052	66	Holding company of mobile telecommunications services
Hutchison Telephone Company Limited	Hong Kong	HKD 2,730,684,340	66	Mobile telecommunications services
Three Ireland (Hutchison) Limited	Ireland	EUR 2	100	Mobile telecommunications services
# VodafoneThree Holdings Limited	United Kingdom	GBP 610,000,000	49	Mobile telecommunications services
Wind Tre S.p.A.	Italy	EUR 474,303,795	100	Mobile telecommunications services
✧ Zefiro Net S.r.l.	Italy	EUR 20,000	50	Telecommunication network services

The above table lists the principal subsidiary and associated company and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated company and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

The interests in the above subsidiary and associated company and joint ventures are held indirectly.

* Company listed on The Stock Exchange of Hong Kong Limited.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

Associated company

✧ Joint ventures