

Company number: 02382161

EE Limited
Report and Financial Statements
For the year ended 31 March 2025

THURSDAY



AE8Y5TM3

A4

14/08/2025

#18

COMPANIES HOUSE

EE Limited

Contents

Directors and auditor	1
Strategic report	2
Directors' report	14
Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the Financial Statements	18
Independent Auditor's report to the members of EE Limited	19
Income statement	23
Statement of comprehensive income	24
Statement of financial position	25
Statement of changes in equity	27
Notes to the Financial Statements	28

EE Limited

Directors and auditor

Directors

Marc Allera (resigned 11 February 2025)
Stephen Harris
Kerry Small
Jeffrey Langlands
John Watson
Claire Gillies (appointed 11 February 2025)
Kirsty Ward (appointed 11 February 2025, resigned 30 April 2025)

Secretary

Newgate Street Secretaries Limited

Registered office

1 Braham Street
London
United Kingdom
E1 8EE

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Strategic report

The Directors present their strategic report for the year ended 31 March 2025.

Review of the business and future developments

The overall strategy of EE Limited ("EE" or "Company") is part of that of BT Group Plc ("the Group"), which is outlined in the Group Strategy Review in the Group's Annual Report and Financial Statements for the year ended 31 March 2025, which does not form part of this report.

Key financial performance indicators for EE include revenue and EBITDA.

Revenue for the financial year was £7,052 million (2024: £7,169 million) and adjusted EBITDA (See Note 3) was £2,479 million for the financial year (2024: £2,358 million). Revenue was down 2% mainly due to decreased equipment revenue, driven by lower handset volumes. This is because of consumer habits to retain handsets for a longer tenure than previously. EBITDA saw an increase which is due to the lower margin on equipment revenue compared to service revenue, which remained strong throughout FY25. Alongside this, EE saw a decrease in marketing spend versus prior year due to the life of New EE as well as lower legal fees.

The EE mobile Consumer base now stands at over 13 million with the continued rollout at pace of EE's 5G network. Churn continues to remain stable in a competitive market and latest Ofcom complaints data shows EE is lower than industry average for mobile. RootMetrics again named EE as the UK's best network for the 22nd time in a row.

The income statement on page 23 presents an operating profit of £1,356 million (2024: £1,300 million) that was realised during the financial year. Page 37 presents a reconciliation between operating profit and the key financial performance indicator, EBITDA.

The 5G bases, award-winning mobile network, low churn, index linked contracts, strong brand NPS (net promoter score) and continued converged growth, provide the Company with strong foundations heading into the financial year ending 31 March 2026.

Financial position and liquidity

The Statement of financial position on pages 25 and 26 of the financial statements shows EE's overall financial position at the end of the year.

The total equity of the Company increased from £8,614 million at 31 March 2024 to £8,825 million at 31 March 2025, due to profit for the year which was offset by dividends paid, along with cash management measures.

EE closed the year with cash of £24 million, with any excess balances loaned to the Group under cash clearing agreements. As at the year end, these amounted to £3,041 million (2024: £2,639 million). For further details of current and long term amounts payable and due from the parent and fellow subsidiary undertakings, see notes 15 to 17 of the financial statements.

Risk and uncertainties

How the Company manages risk

EE has continued to adopt the BT corporate risk management framework introduced in 2020 to assist risk owners make the right decisions and take on the right risks, whilst operating with integrity. The risk management framework provides reasonable (but not absolute) assurance that risks and uncertainties posing a threat to the Company's business objectives are identified, assessed, managed, and monitored.

EE's Principal Risk and Uncertainties

The principal risks are listed below and are categorised into strategic, financial, compliance and operational.

Strategic report (continued)

Risk and uncertainties (continued)

Strategic

Strategy, technology and competition

What this category covers

To deliver value to the Company's stakeholders and achieve its strategy, it must carefully manage risks around economic uncertainty, intensifying competition and rapidly changing customer and technology trends. Equally, to stay competitive and create long-term sustainable value, the Company must manage risks around designing and effectively implementing the right strategy – and incorporating it into its business plans.

Risk appetite

The risk appetite sets the Company's tolerance for managing the internal risks associated with this category. It measures and tracks it through metrics on strategy execution. It also qualitatively assesses whether the strategy is clear, whether the analysis is robust and whether the business and financial plans align with the Company's strategy. Doing this helps them make strong strategic choices and implement them well.

Examples of dynamic risks

Point risks:

- Macroeconomic environment factors like high inflation, high interest rates and reduced customer confidence may lower demand, increase customers' price sensitivity and drive up costs.
- Intensifying competition in retail and wholesale markets could increase churn and effect Company's market share.
- Continued pricing pressure, and failing to find growth opportunities with innovative, customer centric new products and services might affect our market share.
- Slower-than-planned progress on delivering top priorities could limit EE Ltd's ability to cut costs, offer value to customers and compete effectively.

Emerging risk:

- Failure to harness potential from artificial intelligence and quantum technologies to generate greater commercial opportunities and efficiencies.

Examples of what EE do to manage these risks:

- The Company researches, analyses and monitors economic, customer, competitor and technology trends to inform its strategy.
- Management regularly review performance against the strategic priorities and targets.
- Management discuss key strategic topics throughout the year.

Transformation delivery

What this category covers

The Company is speeding up our transformation to make it simpler, more efficient and dynamic. This includes building brilliant sales and service journeys to connect customers to future products on modern IT and then retiring old infrastructure. This will improve customer and colleague experience and save money.

Strategic report (continued)

Risk and uncertainties (continued)

To succeed, EE have to manage risks around transformation delivery and whether there are associated benefits. Not managing these risks could make the Company less efficient, damaging its financial performance and customer experience.

Risk appetite

The Company has defined the risk level it will tolerate for transforming its products, customer journeys and technology. It tracks specific metrics to check it is achieving genuine, sustainable transformation outcomes and not just cutting costs. Delivering within its risk appetite will give it competitive advantage, enable faster deliver, improve customer experience and make sure its costs benchmark well with peers.

Examples of dynamic risks

Point risks:

- Moving customers off old networks too slowly could impact infrastructure closure timelines and increase cost.
- Day-to-day operations and business pressures might hinder abilities to deliver sustainable transformation.

Emerging risk:

- Failing to hire and keep the talent the Company needs to drive transformation might affect its ability to execute its strategy.

Examples of what EE do to manage these risks:

- The Company has strong governance, with senior leaders owning specific operational and financial outcomes.
- Through programme assurance, the Company continually improves processes to make sure it plans and executes its transformation properly, in line with the wider strategy and financial planning.
- EE invests in its people so it has the right skills and culture needed to deliver transformation.

Financial

Financial control

What this category covers

The Company's financial controls helps it prevent fraud and report accurately. If these failed it could result in financial losses or cause material misrepresentation of its financial position.

The Company might fail to apply the correct accounting principles and treatment, or to meet tax compliance. This could result in financial misstatement, fines, legal disputes and reputational damage.

Risk appetite

The Company wants its overall financial control framework to be effective so that there's less-than-remote likelihood of material financial misstatement in its reported numbers. It has defined the proportion of its financial controls that it aims to be preventative rather than detective, and automated rather than manual. It takes a risk-based approach to compliance monitoring – combining sample testing and financial data analytics.

Strategic report (continued)

Risk and uncertainties (continued)

Examples of dynamic risks

Point risks:

- Not delivering our transformation programmes could affect its control performance, efficiency and effectiveness.
- Complex, old sales systems may consistently fail to deliver the expected outcomes.

Emerging risk:

- Rapidly growing environmental, social and governance (ESG) reporting requirements.
- Malicious actors might exploit artificial intelligence (AI) and machine learning technologies to commit fraud.

Examples of what EE do to manage these risks:

- The Company has financial and operational controls for planning and budgetary discipline, efficient and accurate reporting, and for reducing the risk of fraud, leakage or errors.
- It continually enhance processes, systems and its operating model to improve and automate accounting, financial reporting and fraud controls.
- It proactively identifies, manages, investigates and reports on potentially fraudulent activities.
- It periodically provides fraud training to colleagues that need it.
- It works with third-party experts to assess and improve its readiness to comply with new and evolving legislation.

Financing

What this category covers

The Company manages risks which might result in them not being able to meet payment commitments. These could come from generating enough cash, being unable to refinance existing debt or paying increased pension scheme contributions.

Risk appetite

The Company funds the business based on the performance forecast in medium-term plans. The Company relies on debt capital markets being open to investment grade borrowers and set the minimum credit rating at BBB.

Examples of dynamic risks

Point risks:

- An uncertain macroeconomic or geopolitical environment could raise the cost of new long-term debt.

Examples of what EE do to manage these risks:

- The Company reviews forecasts and actual business performance regularly
- The Company has formal treasury risk management processes, oversight, delegated approvals and lender relationship management.

Strategic report (continued)

Risk and uncertainties (continued)

Compliance

Legal & regulatory and Financial Services compliance

What this category covers

The Company focuses on communications regulation, competition law, anti bribery and corruption measures, international trade controls, financial services compliance and corporate governance responsibilities. Additional relevant laws and regulations are covered within other risk categories.

Risk appetite

The Company is committed to a strong compliance culture. It also wants to take advantage of commercial opportunities while making informed, evidence-based, justifiable decisions on complying with applicable laws and regulations.

Examples of dynamic risks

Point risks:

- We could face complexities following regulations on customer communications.

Emerging risk:

- There could be new laws and regulations, changes to existing ones, or trade sanctions responding to geopolitical dynamics, or concerns in a particular area of law.

Examples of what EE do to manage risks:

- The Company tries to understand customers' experiences – for example protecting vulnerable customers.
- Its processes help them follow regulations, build trust and enable future dialogue with policymakers.
- It has processes in place to make sure customers get the right outcomes.
- We continue to invest in and improve the organisational maturity to meet the FCA's Consumer Duty regulation.
- Its compliance and assurance programme gives its people advice, guidance and training on regulatory requirements and tests its regulatory controls.

Data and AI

What this category covers

The Company must follow today's global data regulations while anticipating and preparing for tomorrow's.

Its data and AI strategy aims to create value and enable efficiency, while giving it a framework for it to manage risks on complying with data and AI governance and regulation.

Not following data protection laws or regulations or taking a responsible approach to AI could damage its reputation and stakeholder trust, harm colleagues, customers or suppliers and/ or lead to litigation, fines and penalties.

Risk appetite

The Company wants to use data and AI ethically to grow the business, while following global regulations and contractual clauses. It aims to protect the Company, colleagues, customers, partners and suppliers from breaches of data protection laws and regulations.

Strategic report (continued)

Risk and uncertainties (continued)

It can only achieve these aims with the right data ethics, governance, security, protection, responsible technology and compliance systems, processes and practices. Achieving its data goals may require appropriate interpretation of the varied global data protection laws, regulations and standards.

Examples of dynamic risks

Point risks:

- Using AI inappropriately could lead to a potential breach in AI and/or data regulations and compromise sensitive data.
- New EU cyber security legislation for the telecommunications industry may be hard to implement.

Emerging risk:

- The UK's new data use and access regulations may affect operations but also offer opportunities.

Examples of what EE do to manage these risks:

- The Company continuously runs and improves its data governance programme to tackle existing and future data regulatory risks.
- To make sure it follows its own data protection standards it reviews how it uses personal data across the business.
- It continues to improve our approach to managing risks around AI.
- It horizon-scans for evolving regulations, sector developments and new technologies that could affect its data risks, controls and processes.
- It provides data protection and handling training and tools to help colleagues make more risk-aware day-to-day decisions.

Operational

Operational resilience

What this category covers

The Company wants to deliver best-in-class performance across its mobile networks and IT. That means being operationally resilient and managing any risk that could disrupt its services.

Service disruptions could be caused by things like bad weather, as well as poorly maintained assets.

Some service disruptions might depend on suppliers' and partners' reliability – making it important to carefully manage the risks.

Risk appetite

The Company wants to deliver market-leading services to its customers, underpinned by best-in-class network performance.

It makes decisions on deploying resources based on maximising service and customer experience, while aligning with its strategy.

Examples of dynamic risks

Point risks:

- Increasingly severe and frequent bad weather could damage infrastructure.

Strategic report (continued)

Risk and uncertainties (continued)

- If we don't protect our buildings intruders might break in, interrupting our services.
- A third party service failing might cause incidents – and frustrate customers.

Emerging risk:

- Continued geopolitical tensions could disrupt our services.

Examples of what EE do to manage these risks:

- The Company has standardised processes to keep its assets resilient across the asset lifecycle.
- It responds quickly to incidents. It reduces its impact through geographically dispersed emergency response teams and give customers regular updates.
- It performs regular business impact assessments that feed into tested, up-to-date business continuity and restoration plans.
- It makes sure our operational estate has the right levels of physical security controls in place to keep its services running.

Cyber security

What this category covers

A cyber-attack (external or internal) could disrupt customers and the country – and compromise data. A poorly managed cyber security event might cost the Company money, damage its reputation and impact its market share. The regulator might also impose fines or penalties.

Risk appetite

Cyber risk is inherent to its business, and it could suffer significant reputational damage from a major cyber event. But it acknowledges that the Company can't eradicate all cyber risks.

Cyber security events could be deliberate or accidental, coming from inside or outside the entity. So it adapts its security position and controls accordingly to detect and respond to evolving threats.

It prioritises protecting their critical systems and networks, and the data and information the Company contains.

Examples of dynamic risks

Point risks:

- State-sponsored cyber attacks could target critical national infrastructure and lead to service disruption, data loss, regulatory action and reputational damage.
- Being exposed to suppliers with security vulnerabilities might lead to data loss, interrupted services or reputational damage.
- Malicious actors could use malware to penetrate the Company's security controls, including legacy assets.

Emerging risk:

- AI and machine learning create opportunities, but the Company could also be weaponised as security threats.

Examples of what EE do to manage these risks:

- The Company has security standards, tools and processes in place to protect its applications, systems and networks.

Strategic report (continued)

Risk and uncertainties (continued)

- It monitors external threats and gathers intelligence on evolving cyber techniques, tactics and capabilities, so it can quickly detect, assess and respond to cyber risks it keeps a vigilant security stance.
- It runs communications, engagement and training for its colleagues.
- It continues to invest in our cyber defences and security tools, shifting to automation where appropriate.

People

What this category covers

The Company's people strategy is to enable a culture where every colleague can be their best and help achieve its ambitions. This means it must manage risk around our organisational structure, skills and capabilities, engagement, culture, wellbeing and diversity.

Risk appetite

The Company's highest priority is making sure colleagues can work and perform at its best and is open to taking risks to do the right thing culturally and commercially.

The Company is committed to taking risks that drive innovation and growth – while following applicable employment legislation and maintaining its reputation as a leading employer.

Examples of dynamic risks

Point risks:

- A resource gap caused by big supply-and-demand shifts in strategic skills might affect business results.
- Failing to drive an inclusive culture might affect its ability to achieve its targets, and subsequently affect business results.
- Inconsistent behaviours could limit high-performance culture or slow the pace of change, affecting business results and productivity.

Emerging risk:

- Changes in working patterns, or increased financial uncertainty, could have a negative effect on colleagues' mental health.

Examples of what EE do to manage these risks:

- The Company has consistent performance management review processes and goals – shared through clear organisational structures, roles and job descriptions.
- It continually assesses skills and capabilities and invest in group wide workforce and talent planning.
- It provides training and development opportunities for specific roles, as well as for the future skills it needs.
- Its Inclusion, Equity and Diversity strategy raises awareness, addresses bias and promotes its People Networks and support.
- It monitors and try to improve employee engagement and maintain close relationships with formal representative groups and unions.
- It offers fair, competitive and sustainable remuneration to promote smart risk taking, boost engagement and retention and align colleagues' and shareholders' interests.

Strategic report (continued)

Risk and uncertainties (continued)

Health, safety and environment (HSE)

What this category covers

The Company has diverse working environments in various locations, some of which pose a health or safety risk. It's committed to ensuring the health, safety and wellbeing of our colleagues, contractors, suppliers, customers, visitors and members of the public.

The Company is committed to maintaining and continually improving the right HSE management systems.

Risk appetite

The Company's strategy is to maintain effective HSE risk management to make sure its employees (and others who are affected by undertakings) and the environment healthy, safe and well.

It applies proactive risk management to identify, control and mitigate significant risks across the business to a level deemed as low as reasonably practicable.

It wants to go beyond that – aiming for zero avoidable harm and the prevention of pollution.

Examples of dynamic risks

Point risks:

- Failing to ensure effective in-life contractor management, which may result in increased risks through sub-optimal working practices, and subsequent enforcement action, legal claims and reputational damage.
- Failing to effectively manage waste could lead to material financial loss and reputational damage.

Examples of what EE do to manage these risks:

- The Company trains colleagues and make sure it is clear on its responsibilities and are competent to undertake its activities.
- It makes sure that colleagues and its representatives participate in (and are consulted on) HSE matters.
- It adopts a leadership role with our contractors, helping them improve its own HSE performance.
- It allocates appropriate resources to develop, maintain and continually improve its HSE management system.

Major customer contracts

What this category covers

In a highly competitive and dynamic environment, it seeks to win and retain major private and public sector contracts. It does that while navigating customer relationships and risk in complex agreements – delivering highly sensitive, critical or essential services.

Customer contractual terms can be onerous and challenging to meet, which can lead to delays, penalties and disputes. Delivery or service failures against obligations and commitments could damage brand and reputation, particularly for critical infrastructure contracts or security and data protection services.

Not managing contract exits, migrations, renewals or disputes could erode profit margins and affect future customer relationships.

Strategic report (continued)

Risk and uncertainties (continued)

Risk appetite

The Company wants a diverse mix of major contracts to help its business grow. To do that, it must build its market share, target the right customers, make beneficial commercial and legal agreements and deliver services successfully.

As markets change, it needs to proactively adjust its portfolio of services, countries and customers to avoid concentration risk, stagnation and legacy dependency.

It knows this involves taking on higher risk – for example, complex customer agreements with obligations not fully covered by our standard portfolio, terms and conditions and/or delivery processes. It must manage this risk in the bid process and contract lifecycle to minimise the overall impact.

Examples of dynamic risks

Point risks:

- Failing to deliver on bespoke customer data requirements could lead to potential breaches, fines and reputational harm.
- Delays deploying key products might create risks around fulfilling existing contractual commitments

Emerging risk:

- AI's increasing prominence may affect the Company's ability to deliver on its customer promises.

Examples of what EE do to manage these risks:

- The Company has a clear governance framework to assess new business opportunities, manage bids and monitor in-life contract risks.
- It makes sure it manages external partners properly when it delivers services to customers.
- It regularly monitors the performance of customer contracts.
- It supports frontline contract managers with contract and obligation management tools.

Supply management

What this category covers

The Company has a lot of suppliers. Successfully selecting, bringing on board and managing them is essential for it to deliver quality products and services.

It must make decisions about suppliers on concentration, capability, resilience, security, costs and broader issues that could impact its business and reputation.

Risk appetite

The Company's appetite guides buying decisions. That includes sole or dual sourcing for products or services that support key business aims or activities – or where alternative sources aren't economically viable. To get the best commercial rates and operational resilience the Company continuously engages with and challenges key suppliers on pricing, without introducing service and/or delivery risks.

Properly managing so many third parties needs effective governance. So it has a low appetite for dealing with suppliers outside of its defined policies or processes.

It has to make sure third parties don't expose its brands to damage. That means avoiding – or stopping working with – any that don't meet its standards on key areas like human rights.

Strategic report (continued)

Risk and uncertainties (continued)

Examples of dynamic risks

Point risks:

- Geopolitical tensions could disrupt supply chain, raise costs and inflation (including increased tariff restrictions), and increase cyber security threats.
- A more demanding regulatory landscape on things like ESG reporting could create compliance challenges.

Examples of what EE do to manage these risks:

- The Company's sourcing strategy uses different approaches to managing risk by category. That includes standard terms and conditions and controls so it can make purchasing decisions efficiently and effectively.
- It has comprehensive supplier due diligence, contract management, on-boarding processes and are reviewing and improving its in-life assessment process.
- It has robust supplier risk management, performance, renewal and termination processes.
- It does demand planning and forecasting, stock counts and inventory management so it has supplies available.
- It gets assurance that the goods and services it buys are made, delivered and disposed of responsibly. That includes monitoring energy use, labour standards and environmental, social and governance impacts.

Task Force on Climate-related Financial Disclosures

EE Ltd has not provided standalone disclosures in accordance with TCFD recommendations in these financial statements, as it is included within the consolidated reporting of the ultimate parent company (BT Group Plc).

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging its section 172 duties the Company has regard to the factors set out above. The Company also has regard to other factors which consider relevant to the decision being made. Those factors, for example, include the interests and views of its pensioners and its relationship with Ofcom. The Company acknowledges that every decision it makes will not necessarily result in a positive outcome for all of its stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the Company does, however, aim to make sure that its decisions are consistent and predictable.

Strategic report (continued)

Section 172(1) Statement (continued)

As is normal for large companies, the Company delegates authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing the execution of the business strategy and related policies. The Company reviews risk and compliance, legal, pensions, and health and safety matters at every Board meeting.

The Company also reviews other areas over the course of the financial year including the Company's financial and operational performance; stakeholder-related matters; diversity and inclusivity; and corporate responsibility matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

The views and the impact of the Company's activities on the Company's stakeholders (including its workforce, customers and suppliers) are an important consideration for it when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both the stakeholders and the BT Group means that generally stakeholder engagement best takes place at an operational or Group level. The Company finds that as well as being a more efficient and effective approach, this also helps it achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on some of the engagement that has taken place with the Company's stakeholders so as to help the directors to understand the issues to which they must have regard, and the impact of that feedback on decisions, please see the stakeholders section in the strategic report of BT Group Plc's 2025 Annual Report.

During the period the Company received information to help it understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on the Company's financial and operational performance, non-financial KPIs, risk, environmental, social and corporate governance matters and the outcomes of specific pieces of engagement. As a result of this the Company has had an overview of engagement with stakeholders and other relevant factors which allows it to understand the nature of the stakeholders' concerns and to comply with its section 172 duty to promote success of the company.

One example of how the Company has had regard to the matters set out in section 172(1)(a)-(f) when discharging its section 172 duties and the effect of that on decisions taken by it, is the payment of an interim dividend of £1,000m to its shareholder, EE Group Investments Limited. In making this decision the Board considered a range of factors. These included the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and workforce, and the pricing expectations of our customers and suppliers, as well as the expectations of our members and pensioners.

The Strategic report was approved by the Board of Directors on 10 June 2025 and signed on its behalf by:



Stephen Harris (Jun 20, 2025 10:03 GMT+1)

Stephen Harris

Director

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2025.

Corporate governance statement

The board of directors ("the Board") aspires to have and maintain good standards of corporate governance and has adopted a corporate governance code appropriate for the Company.

The Board has chosen not to adopt and report against the 2018 UK Corporate Governance Code, which in its view is designed, and is therefore more appropriate, for premium listed companies. Whilst the Company supports the introduction of the Wates Corporate Governance Principles for Large Private Companies, it considers that they are less suitable for a wholly-owned subsidiary of a premium listed company. The Company has therefore adopted its own corporate governance code in the form of four overarching principles (as set out below), which it believes are appropriate for the Company and are designed to ensure effective decision-making to promote the Company's long-term success.

Set out below are the principles which underpin the Company's corporate governance code and how these principles have been applied during the financial year ended 31st March 2025.

Principle One: Leadership

"The Company is led by the Board which promotes the success of the Company for the benefit of its members, ensuring that it operates with a clear sense of purpose that aligns with its values, strategy and culture."

- The strategy and culture of the Company is underpinned by a clear vision of the Company's purpose and overall values which are articulated through the leadership of the Board (having reference to the BT Group's strategy, culture and values). Given the importance of this, the Board seeks to promote the values, strategy and culture at different levels within the business. Culture remains an area of focus with the Board promoting ethical leadership and accountability to achieve a dynamic and positive culture.

Principle Two: Board composition

"The Board has an appropriate composition and size to enable it to effectively lead the Company."

- The size and composition of the Board is appropriate and proportionate for the business of the Company. The directors have an appropriate combination of technical, financial and commercial skills collectively demonstrating a high-level understanding of the Company's business model and its impact on key stakeholders.
- All appointments to the Board are based on merit and objective criteria. Diversity remains an area of focus as the Company continues to build a workforce that reflects the diversity of its customers and the communities the Company serves.

Principle Three: Directors' responsibility

"Directors have a clear understanding of their accountability and responsibilities. The Board's policies and practices should support effective decision making and independent challenge."

- On joining the Board, new directors receive all of the information they need, are offered advice from the Company Secretary, and can request training tailored to their specific experience and knowledge, covering both their legal duties and the business of the Company.
- On an ongoing basis, directors update their skills, knowledge and familiarity with the Company in a range of different ways by meeting with senior management, visiting operations and by attending appropriate external and internal seminars and training sessions. This helps by continuing to contribute to their informed and sound decision-making.
- Directors have a responsibility to declare any conflict of interest at the beginning of each Board meeting. Should a conflict arise, it would be the responsibility of the chairman in conjunction with

Director's report (continued)

Corporate governance statement (continued)

- The non-conflicted directors to agree whether the director may participate and/or vote on the specific item.
- The directors have equal voting rights when making decisions, except the chair, who has a casting vote. All directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Company's expense.

Principle Four: Stakeholder relationship and engagement

"The Board should build and maintain effective relationships with stakeholders."

- The Board seeks to understand the views of its key stakeholders, and the impact of its behaviour and business on employees, customers, suppliers and society more broadly. Whilst for reasons of efficiency and effectiveness, much of this engagement takes place at a BT Group level, where appropriate, the Board engages directly with stakeholders through participation in fora and roundtables as well as joining industry, sector and topic debates. For more information on the group level engagement, see the stakeholders section in the strategic report of BT Group Plc Annual Report and the Company's section 172(1) statement.
- With respect to engagement that takes place at a BT Group level, the Board monitors the outcome of such engagement.
- The Company engages with the Chair of the trustees of the EE Pension Scheme, who is independent of the Company. The trustees comprise individuals nominated by both the EE Pension Scheme members and the Company. These relationships are key to ensuring that the decisions made by both the Company and scheme reflect the interests of the pensioners.

Dividends

Dividends declared and paid during the year totalled £1,000 million (2024: £1,000 million).

Post Balance Sheet Events

Particulars of any important events affecting the Company which have occurred since the end of the financial year are disclosed within Note 24.

Future developments

The future development of the business has been outlined in the Strategic report.

Directors

The Directors, who held office during the year, and up to the approval of this report, are set out on page 1. We note that post year end, Kirsty Ward has resigned as director (30 April 2025).

There are no Directors' interests requiring disclosure under the Companies Act 2006.

Research and development

The Company works actively with its suppliers in developing the standards for future mobile communication services and equipment. This cost amounts to £196 million for the year ending 31 March 2025 (2024: £228 million).

Going concern

The Company has net current assets of £2,936 million as at 31 March 2025. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Company's day-to-day funding requirements are met through its working capital including access to amounts owed from group undertakings. The Company also has an uncommitted loan facility with its parent company which is available to provide funding for large one-off cash outflows. Based on

Directors' report (continued)

Going concern (continued)

current forecasts the Company does not expect to utilise this facility in either of the next two financial years. The Company actively maintains liquidity to ensure that it has sufficient available funds for operations and planned expansions. Any surplus cash is deposited with British Telecommunications Plc.

The Directors have identified a plausible downside scenario and have compared this to available funding including access to amounts owed from group undertakings and uncommitted loan facilities. The risks considered in the plausible downside scenario include the financial impact of any potential service interruption, cyber attacks, competition mergers, litigation claims and worldwide import tariffs. The scenario test demonstrates that the Company is expected to have significant liquidity in the going concern period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Financial risk management

The Company follows the Group policy to manage its financial risks which include liquidity risk, market risk (primarily foreign exchange management) and credit risk.

The Company's day-to-day funding requirements are met through its working capital, and factoring arrangements. The Company also has an uncommitted loan facility with its parent company which is available to provide funding for large one-off cash outflows. Based on current forecasts the Company does not expect to utilise this facility over the next 12 months. At 31 March 2025 the Company did not utilise this facility. The Company actively maintains liquidity to ensure that it has sufficient available funds for operations and planned expansions. Any surplus cash is deposited with BT Plc.

Credit risk is the risk of loss resulting from counterparty default arising on all credit exposures. The Company is exposed to credit risk from its operating activities (primarily for trade and group receivables), and foreign exchange transactions. The Company manages its credit risk by generally requiring that customers satisfy credit worthiness criteria. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly.

The Company uses cash flow hedges to mitigate the foreign exchange risk and minimise the impact of currency fluctuations on its financial statements.

Further detail of the Group's policies can be found in the annual report and financial statements of BT Group Plc, for the year ended 31 March 2025, which does not form part of this report.

Supplier and Customer engagement

The Directors, who held office during the year, recognise the importance of fostering business relationships with suppliers, customers and others. The Directors seek to understand the views of its key stakeholders, and the impact of its behaviour and business on customers, suppliers and society more broadly. The Board engages directly with stakeholders through participation in fora and roundtables as well as joining industry, sector and topic debates.

Employee engagement

Engaging with colleagues is critical to creating a culture where they can be their best and contribute to the Company's purpose, ambition, strategy and long-term success.

EE colleagues need the Company to:

- create a work environment that helps them be their best;
- give them flexible and agile ways of working;
- provide brilliant training, development, and career opportunities; and
- reward performance with fair and competitive pay and benefits.

Directors' report (continued)

Employee engagement (continued)

How EE engages with colleagues, and the result

For reasons of efficiency and effectiveness, much of this engagement takes place at the Group level. For more information on the group level engagement, see the stakeholders section in the strategic report of BT Group Plc Annual Report.

The BT Board receives regular updates from the Chief Executive and Chief HR Officer on its colleagues, key people strategy initiatives, culture and overall sentiment in the organisation.

The BT Board has recently appointed a Designated Non-Executive Director for workforce engagement who collates colleague's views and feedback on key matters impacting them.

Every year colleagues tell the Company how it feels to work here through the Your Say survey. This has been expanded to include quarterly pulse surveys in several units.

Our People Networks are colleague groups that share opinions and ideas with the Company's leadership to make the Company more diverse and inclusive. Each is supported by an executive sponsor.

The BT Board also formally engage with their European Consultative Council and EE employee representatives in the UK.

Employees with disabilities

BT Group are an inclusive employer and actively encourage the recruitment, development, promotion and retention of disabled people.

BT Group are a member of Value 500, a global business collective made up of 500 CEOs and their companies that are committed to disability inclusion. At the disability summit held December 2023, BT Group renewed their commitment to three priorities: Workplace adjustment; Disability advocacy; and Career progression of our junior managers.

These priorities support our Valuable 500 commitment. To accelerate the pace of progress BT Group are making for disabled and neurodiverse colleagues, and those that have an impairment, or a long-term health condition. BT Group renewed their status as a Disability Confident Leader and continue to work with several teams across the business, their Able2 People Network and external partner the Business Disability Forum.

Please see the Diversity and Inclusion Report, at bt.com/diversity-and-inclusion.

Indemnification of Directors

In accordance with the Company's articles of association and to the extent permitted by law, the Directors may be granted an indemnity by the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the period and also at the date of approval.

Disclosure of information to the auditor

So far as each of the Directors is aware, there is no relevant information that has not been disclosed to the auditor and each of the Directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the auditor has been made aware of that information.

On behalf of the Board



Stephen Harris (Jun 20, 2025 10:03 GMT+1)

Stephen Harris

Director

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the Financial Statements

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

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

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

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

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

Independent Auditor's report to the members of EE Limited

Opinion

We have audited the financial statements of EE Limited ("the Company") for the year ended 31 March 2025 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- The impact of significant supply chain disruptions driven by geo-political factors;
- The impact of changes in the nature of competition in the industry including new entrants and business combinations of existing competitors;
- The impact of being unable to deliver proposed internal projects on customer retention
- The impact of any potential settlement of legal or regulatory claims

We also considered less predictable but realistic second order impacts, such as a large scale cyber breach resulting in significant service disruption or loss of customer data and adverse changes to telecoms regulation which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and projected cash and the availability of the support of the parent company (a reverse stress test).

We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and

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

- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Inquiring of directors, management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Directors, Divisional Executive Committee and Divisional Audit & Risk Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors including the BT divisional EPS target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and considering possible pressures to meet profit targets, recent revisions to guidance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because non-long-term contract revenues are not judgmental and consist of a high number of low value transactions, and long-term contracts are low in complexity with a revenue recognition profile aligned to billing.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those postings containing key words indicative of fraud, those posted to unusual or seldom used accounts and those posted after the system closure date.
- Evaluating whether the judgements involved in forming the accounting estimates are indicative of a potential bias.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's licence to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, regulations affecting telecommunication providers, and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities (including compliance with Ofcom regulation and FCA regulation) and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

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

Directors' responsibilities

As explained more fully in their statement set out on page 18, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

The purpose of our audit work and to whom we owe our responsibilities

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

Kate Teal

Kate Teal (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

20/06/25

Income statement

For the year ended 31 March 2025

	Notes	31 March 2025 £m	31 March 2024 £m
Revenue	4	7,052	7,169
Operating costs	5	<u>(5,696)</u>	<u>(5,869)</u>
Operating profit		1,356	1,300
Finance income		71	104
Income from associate / joint venture		<u>1</u>	<u>1</u>
Profit before taxation		1,428	1,405
Taxation	9	<u>(254)</u>	<u>(352)</u>
Profit for the financial period		<u>1,174</u>	<u>1,053</u>

All results derive from continuing operations.

The notes on pages 28 to 58 form part of these financial statements.

Statement of comprehensive income
For the year ended 31 March 2025

	Notes	31 March 2025 £m	31 March 2024 £m
Profit for the financial period		1,174	1,053
Other comprehensive income on items that may be subsequently reclassified to income statement			
Cash flow hedges			
Gain recycled through Income Statement in the period	18	1	-
Fair value gain/(loss) arising in the period	18	(1)	(1)
		-	(1)
Items which will not be reclassified to income statement			
Actuarial gain/(loss) on defined benefit pension scheme	20	49	(11)
Tax relating to defined benefit pension scheme	9	(12)	3
		37	(8)
Other comprehensive income/(loss) for the period		37	(9)
Total comprehensive income for the period		1,211	1,044

The notes on pages 28 to 58 form part of these financial statements.

Statement of financial position

As at 31 March 2025

	Notes	31 March 2025 £m	31 March 2024 £m
Non-current assets			
Intangible assets	10	3,232	3,385
Property, plant and equipment	11	2,765	2,848
Right-of-use assets	12	807	799
Investments	13	13	13
Trade and other receivables	15	152	172
Contract assets	4	273	277
Deferred contract costs	4	56	41
Pension asset	20	131	59
Total non-current assets		7,429	7,594
Current assets			
Inventories	14	183	188
Contract assets	4	948	1,188
Deferred contract costs	4	195	179
Trade and other receivables	15	768	1,133
Amounts owed by group undertakings	17	3,041	2,639
Cash and cash equivalents	17	24	35
Total current assets		5,159	5,362
Total assets		12,588	12,956
Current liabilities			
Trade and other payables	16	(1,459)	(2,094)
Loans and other borrowings	17	(82)	(296)
Lease liabilities	12	(167)	(178)
Contract liabilities	4	(254)	(214)
Provisions	19	(52)	(34)
Tax liabilities	9	(209)	-
Total current liabilities		(2,223)	(2,816)
Non-current liabilities			
Loans and other borrowings	17	(5)	(46)
Lease liabilities	12	(694)	(674)
Deferred tax liability	9	(663)	(670)
Contract liabilities	4	(27)	(4)
Provisions	19	(151)	(132)
Total non-current liabilities		(1,540)	(1,526)
Total liabilities		(3,763)	(4,342)
Total net assets		8,825	8,614


Statement of financial position (continued)

As at 31 March 2025

	Notes	31 March 2025 £m	31 March 2024 £m
Equity			
Share capital	21	22	22
Share premium	21	1,638	1,638
Capital contribution reserve	21	196	196
Cash flow hedge reserve	21	(1)	(1)
Retained earnings		<u>6,970</u>	<u>6,759</u>
Total equity		<u>8,825</u>	<u>8,614</u>

The notes on pages 28 to 58 form part of these financial statements.

The financial statements on pages 28 to 58 were approved and authorised for issue by the board of Directors on 10 June 2025 and were signed on its behalf by:


Stephen Harris (Jun 20, 2025 10:03 GMT+1)

Stephen Harris
Director

20/06/25

Statement of changes in equity

For the year ended 31 March 2025

	Share capital	Share premium	Capital contribution reserve	Retained earnings	Cash flow hedge reserve	Total
	£m	£m	£m	£m	£m	£m
At 31 March 2023	22	1,638	196	6,714	-	8,570
Profit for the financial year	-	-	-	1,053	-	1,053
Actuarial gain on defined benefit pension scheme	-	-	-	(11)	-	(11)
Deferred tax relating to defined benefit pension scheme	-	-	-	3	-	3
Cash flow hedges						
Fair value gain arising in the year	-	-	-	-	(1)	(1)
Total comprehensive income	-	-	-	1,045	(1)	1,044
Dividends declared and paid	-	-	-	(1,000)	-	(1,000)
At 31 March 2024	22	1,638	196	6,759	(1)	8,614
Profit for the financial year	-	-	-	1,174	-	1,174
Actuarial loss on defined benefit pension scheme	-	-	-	49	-	49
Deferred tax relating to defined benefit pension scheme	-	-	-	(12)	-	(12)
Cash flow hedges						
Loss recycled through the Income Statement in the period	-	-	-	-	1	1
Fair value gain arising in the year	-	-	-	-	(1)	(1)
Total comprehensive income	-	-	-	1,211	-	1,211
Dividends declared	-	-	-	(1,000)	-	(1,000)
At 31 March 2025	22	1,638	196	6,970	(1)	8,825

The notes on pages 28 to 58 form part of these financial statements.

Notes to the Financial Statements

1. General information

The financial statements of the Company for the financial year ended 31 March 2025 were authorised for issue and signing in accordance with a resolution of the Directors on 10 June 2025. The statement of financial position was signed on behalf of the board by Stephen Harris. The Company is a private limited company limited by shares, domiciled and incorporated in England and Wales of the United Kingdom. The registered office is located at 1 Braham Street, London, United Kingdom, E1 8EE.

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

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

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of BT Group Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share-based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- Detail in relation to Task Force on Climate-related Financial Disclosures.

The Company intends to continue to apply the disclosure exemptions allowable by FRS 101 for the foreseeable future. Where required, equivalent disclosures have been given in the consolidated financial statements of BT Group Plc.

The Company's financial statements are presented in British Pounds and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

Notes to the Financial Statements (continued)

2.1 Basis of preparation (continued)

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of British Telecommunications Plc.

The results are included in the consolidated financial statements of BT Group Plc which are available on the group website, www.btplc.com or from the Company Secretary at the registered office, 1 Braham Street, London, United Kingdom, E1 8EE.

Going concern

The Company has net current assets of £2,936 million as at 31 March 2025. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Company's day-to-day funding requirements are met through its working capital including access to amounts owed from group undertakings. The Company also has an uncommitted loan facility with its parent company which is available to provide funding for large one-off cash outflows. Based on current forecasts the Company does not expect to utilise this facility in either of the next two financial years. The Company actively maintains liquidity to ensure that it has sufficient available funds for operations and planned expansions. Any surplus cash is deposited with British Telecommunications Plc.

The Directors have identified a plausible downside scenario and have compared this to available funding including access to amounts owed from group undertakings and uncommitted loan facilities. The risks considered in the plausible downside scenario include the financial impact of potential worldwide import tariffs, the impact of any potential service interruption, cyber attacks, competition mergers, litigation claims and worldwide import tariffs. The scenario test demonstrates that the Company is expected to have significant liquidity in the going concern period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.2 Summary of significant accounting policies

a) Goodwill

For the purpose of impairment testing, goodwill is allocated to the cash generating unit ("CGU") that is expected to benefit from the combination.

To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use.

It is not possible to identify a finite life for the Company's goodwill (per Companies Act), therefore goodwill has not been amortised. However, the effect of amortising over a useful life of 10 years would be a charge of £64 million (2024: £64 million) against operating profit, and a reduction of £637 million (2024: £591 million) in the carrying value of goodwill in the balance sheet.

b) Investments

The Company holds investments defined as subsidiaries, associates and joint ventures.

Investments are recorded at cost less impairment.

c) Interests in joint arrangements

Companies that are controlled jointly by the Company and a limited number of other shareholders through a contractual arrangement are classified as joint arrangements.

Under IFRS 11 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations that each investor has, rather than the legal structure of the arrangement. The Company has assessed the nature of its joint arrangements and determined that it has both a joint operation and joint ventures.

Notes to the Financial Statements (continued)

2.2 Summary of significant accounting policies (continued)

i) Interests in joint operations

The Company recognises its direct rights to (and its share of) jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

ii) Interests in joint ventures

The Company reports its interests in joint ventures at cost less impairment.

d) Foreign currency translation

The Company's financial statements are presented in British Pounds, which is also the functional currency of the Company.

Transactions in foreign currencies are converted into the functional currency at the exchange rate at the transaction date.

Monetary assets and liabilities are re-measured at each reporting date at the functional currency exchange rate as at that date and the resulting translation differences are recorded in the income statement.

e) Revenue recognition

Revenues from the Company's activities are recognised and presented as follows, in accordance with IFRS 15 'Revenue from Contracts with Customers'.

i) Service revenues

Subscription fees, consisting primarily of monthly charges for access to internet or voice and data services, are recognised as the service is provided. One-off services such as calls outside of plan and excess data usage are recognised when the service is used.

ii) Equipment Sales

Revenue from equipment sales is recognised at the point in time that control passes to the customer.

iii) Separable components of packaged and bundled offers

Numerous service offers by the Company include two or more components: equipment (e.g. a mobile handset) and a service (e.g. a talk plan). For the sale of multiple products or services, the Company evaluates all deliverables in the arrangement to determine whether they represent separate performance obligations under IFRS 15.

Where the transaction price allocated to equipment exceeds the amount received from the customer at the date the equipment is delivered, revenue is recognised upfront, while a contract asset is recorded on the balance sheet which unwinds over the expected tenure of the contract.

For offers that cannot be separated into identifiable components, revenue is recognised in full over the life of the contract.

iv) Content supply arrangements

The accounting for supply of content depends on the analysis of the facts and circumstances surrounding these transactions. If the Group has control of goods or services when they are delivered to a customer, then the Group is the principal in the sale to the customer and revenue is recorded gross; otherwise the Group is acting as an agent where revenue will be recorded net. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its business partners.

v) Promotional offers

Revenues are stated net of discounts. For certain commercial offers where customers are offered a free service over a certain period in exchange for signing up for a fixed period (time-based incentives), the total revenue generated under the contract is spread over the fixed, non-cancellable period.

Notes to the Financial Statements (continued)

2.2 Summary of significant accounting policies (continued)

e) Revenue recognition (continued)

vi) Penalties

All the Company's commercial contracts contain service level commitments (delivery time, service reinstatement time). These service level agreements cover commitments given by the Company on the order process, the delivery process, and after sales services.

If the Company fails to comply with one of these commitments, it pays compensation to the end-customer, usually in the form of a price reduction which is deducted from revenues. Such penalties are recorded when it becomes probable that they will be due based on the non-achievement of contractual terms.

vii) Subscriber acquisition and retention costs

Incremental subscriber acquisition and retention costs are capitalised and amortised over the contract period. In some cases, contractual clauses with retailers provide for a profit-sharing based on the recognised and paid revenue; this profit-sharing is expensed when the related revenue is recognised.

f) Advertising and related costs

Advertising, promotion, sponsoring, communication and brand marketing costs are charged to operating costs in the income statement as incurred.

g) Leases

Identifying whether a lease exists

At inception of a contract, the Company determines whether the contract is, or contains a lease. A lease exists if the contract conveys the right to control the use of an identified asset, for a period of time, in exchange for consideration.

Where practicable, the Company has elected to account for leases containing a lease component and one or more non-lease components as a single lease component. Where this election has been taken, it has been applied to the entire asset.

Lessee accounting

The Company recognises a lease liability and right-of-use asset at the commencement of a lease.

Lease liabilities are initially measured at the present value of lease payments that are due over the lease term, discounted using the Company's incremental borrowing rate.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. They are remeasured if there is a change in future lease payments or the amount expected to be payable under a residual value guarantee, or if there are changes in assessment of the lease term.

Right-of-use assets are initially measured at the initial amount of the corresponding lease liabilities, adjusted for any prepaid lease payments, plus any initial direct costs incurred, less any lease incentives received. They are subsequently depreciated using the straight-line method to the earlier of the end of the assets useful life or the end of the lease term. Right-of-use assets are tested for impairment following the policy set out in note 2.2.j) (Impairment of non-current assets other than goodwill) and are adjusted for any remeasurement of lease liabilities.

Any variable lease payments that do not depend on an index or rate, such as usage-based payments, are recognised as an expense in the period to which the variability relates.

Lessor accounting

Where the Company acts as lessor, it classifies the lease as a finance lease at lease inception based on an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset, if not, it is an operating lease.

Notes to the Financial Statements (continued)

2.2 Summary of significant accounting policies (continued)

g) Leases (continued)

Lessor accounting (continued)

Where the lease is an operating lease, the Company recognises lease payments as income on a straight-line basis over the lease term. As the Company's operating lease income does not relate to its core activities, it is presented in other operating income. Any upfront payments received, such as connection fees, are deferred over the lease term.

Where the Company acts as a finance lessor, it de-recognises the underlying asset and recognises a finance lease receivable at an amount equal to the net investment in the lease. Rental receipts are apportioned between interest income and repayment of the debtor balance, with the interest portion calculated using the effective interest rate method.

h) Intangible assets

Intangible assets acquired are initially recognised at cost.

Software

Software is amortised on a straight-line basis over its expected useful life which does not exceed 5 years.

Research and development costs

Capitalised development costs are presented as intangible assets. They are amortised on a straight-line basis over their expected useful life which does not exceed 5 years.

Research costs and development costs not fulfilling the capitalisation criteria are expensed as incurred.

Expenditure incurred after development has been completed is recorded as an expense, except where it enables the generation of future additional economic benefits that can be reliably estimated and attributed to the development.

Other – Licences

Purchased licences are capitalised as intangibles at cost. They are then amortised over the licence period.

i) Property, plant and equipment

Property, plant and equipment acquired or constructed subsequently is initially recognised at cost.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|--------------------------------------|-----------------------------------|
| • Freehold land: | Not depreciated |
| • Freehold buildings: | 50 years |
| • Short-term leasehold improvements: | Shorter of 10 years or lease term |
| • Network: | 5 to 20 years |
| • Fixtures, fittings and equipment: | 3 to 7 years |

These useful lives are reviewed annually and are adjusted if current estimated useful lives are different from previous estimates. These changes in accounting estimates are recognised prospectively.

Notes to the Financial Statements (continued)

2.2 Summary of significant accounting policies (continued)

j) Impairment of non-current assets other than goodwill

In the case of a decline in the recoverable amount of an item of property, plant and equipment or an intangible asset to below its net book value, due to events or circumstances occurring during the period an impairment loss is recognised.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The impairment loss recognised is equal to the difference between the net book value and the recoverable amount.

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or amortised cost using the effective interest method, in accordance with the IFRS 9 category they belong to.

k) Financial assets and liabilities

Loans and receivables

These instruments are recognised at fair value upon origination and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at original invoice amount unless there is any significant impact resulting from the application of an implicit interest rate.

If there is any objective evidence of impairment, the value of the asset is reviewed at each balance sheet date. An impairment loss is recognised in the income statement when the financial asset carrying amount is higher than its recoverable amount.

Financial liabilities at amortised cost (with the exception of lease liabilities)

The Company initially recognises financial liabilities at the fair value net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

The Company uses factoring arrangements as a form of cash management measures. Disclosure of such is done in accordance with IFRS 7.

Derivatives and Hedge accounting

The Company uses forward currency contracts to hedge its foreign currency risks. All derivative financial instruments are held at fair value on the Company's balance sheet.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss in the income statement except for the effective portion of cash flow hedges which is recognised in other comprehensive income.

The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or expenses is recognised or when a forecast sale occurs.

l) Equipment inventories

Network maintenance equipment and equipment to be sold to customers are stated at the lower of cost or net realisable value, taking into account expected revenues from the sale of packages comprising a mobile handset and a subscription. Cost corresponds to purchase or production cost as determined by average cost method.

m) Provisions and Contingent Liabilities

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability and recognised on the balance sheet. Contingent liabilities are disclosed in the notes to the financial statements.

Notes to the Financial Statements (continued)

2.2 Summary of significant accounting policies (continued)

n) Employee benefits

The Company operates both a defined benefit pension scheme, and a defined contribution pension scheme. Both schemes are accounted for in accordance with IAS 19: Employee benefits.

Defined Contribution Scheme

This scheme is open to all employees and the contributions payable are expensed to the income statement when service is rendered.

Defined Benefit Scheme

This scheme was closed to future accrual from 30 June 2014.

The net obligation recognised in the statement of financial position is the present value of the defined benefit obligation less the fair value of the scheme's assets.

The income statement charge is split between an operating charge and a net interest charge. The operating charge reflects the service costs which are spread systematically over the working lives of the employees. The net interest charge is calculated by applying the discount rate to the net defined benefit liability at the start of each annual reporting period. Actuarial gains and losses are recognised in full in the period in which they occur and are presented in the statement of comprehensive income.

o) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

p) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise demand deposits, cash at bank and in hand.

q) Share-based payments

The ultimate parent, BT Group Plc, operates a number of equity settled share-based payment arrangements under which the Company receives services from employees in consideration for equity instruments (share options and shares) of BT Group Plc.

Notes to the Financial Statements (continued)

2.3 Significant estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in future periods, to the carrying amounts of assets or liabilities affected. There are no significant estimates or judgements highlighted, but other estimates and judgements are as follows.

a) Judgements

Leases

The lease term is a key determinant of the size of the lease liability and right-of-use asset recognised where the Company acts as lessee; and the deferral period for any upfront connection charges where the Company acts as lessor. Determining the lease term requires judgement to evaluate whether the Company is reasonably certain the lessee will exercise extension options or will not exercise termination options.

The Company's definition of 'reasonable certainty', and therefore the lease term, will often align with the judgements made in the medium-term plan.

Following initial determination of the lease term, the Company exercises judgement in evaluating whether events or changes in circumstances are sufficiently significant to change the initial assessment of whether it is reasonably certain the lessee will exercise extension options or will not exercise termination options; and in the subsequent reassessment of the lease term.

The key judgements exercised in setting the lease term are associated with the portfolios of leased properties and cell sites.

Property

A portion of the Company's leased property estate relates to its retail operation. When setting the initial lease term for these arrangements the Company exercised judgement in establishing the period that it is reasonably certain to require use of the retail stores. The Company broadly aligned lease terms with the medium-term planning horizon with exception to leases with a longer non-cancellable term.

Subsequently, the Company has considered key events that trigger reassessment of lease terms to be developments which resolve uncertainty around its economic incentive to remain in the property. These are primarily lease renegotiations.

Cell sites

A significant volume of the Company's overall leased cell site portfolio relates to arrangements with individual landlords which are either rolling or can be exited with notice. When setting the initial lease term for these arrangements the Company exercised significant judgement in establishing the period that it is reasonably certain to require use of the site. The Company broadly aligned lease terms with the medium-term planning horizon after assessing internal & external factors.

Although significant judgement has been exercised in determining the lease term, reaching an alternative conclusion would not have a material impact on the balance sheet having regard to the most feasible alternative lease terms.

Subsequently, the Company considers key events that trigger reassessment of lease terms to be developments which resolve uncertainty around its economic incentive to remain on individual sites in the long term. These are primarily lease renegotiations and significant capital investments, for example those associated with our 5G rollout and other capital refresh programmes.

b) Estimates and assumptions

The Company based its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however may change due to market circumstances, or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements (continued)

2.3 Significant estimates and judgements (continued)

b) Estimates and assumptions (continued)

Depreciation and Amortisation of Assets

Tangible and intangible assets held on the statement of financial position such as assets under construction until such a time as they are fully constructed, brought into use and capable of operating in the manner as intended by management. The key judgement made by management is determining the timing of when the asset is brought into use and capable of operating in the manner as intended by management.

At this point, the assets are depreciated or amortised in line with their determined useful economic life.

Provisions

The estimate of the amount of the provision corresponds to the expenditure likely to be incurred by the Company to settle its obligation. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of the provisions within the next financial year are as follows:

Asset Retirement Obligation ("ARO"): The Company is required to dismantle equipment and restore sites and properties under operating leases. This estimate is revised annually. Estimation uncertainty arises as a result of assumptions surrounding future amounts required to settle obligations, discounted cash flows and the timing of exiting leasing arrangements.

Regulatory Provision: represents EE Ltd's best estimate of the cost to settle the present obligation in relation to historical regulatory matters. The charge/credit for the year represents the outcome of management's re-assessment of the estimates. When estimating the likely value of regulatory risk the Company makes key judgements, including in regard to interpreting regulations and past and current claims. The precise outcome of each matter depends on whether it becomes an active issue, and the extent to which negotiation or regulatory and compliance decisions will result in financial settlement. The ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement.

Litigation Provision: represents the best estimate to settle present obligations recognised in respect of claims brought against the Company. The estimate reflects the specific facts and circumstances of each individual matter and any relevant external advice received. Provisions recognised are inherently judgemental and could change over time as matters progress.

Employee long-term benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate and mortality assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

Impairment of Financial Assets

The Company uses the forward-looking 'expected credit loss' model of IFRS 9 and recognises a loss allowance for all expected credit losses on initial recognition of financial assets, including trade receivables and contract assets recognised under IFRS 15. In estimating a loss allowance the Company considers historical experience and informed credit assessment alongside other factors such as the current state of the economy and particular industry issues.

Revenue

Revenue is recognised based on the relative standalone selling price of each performance obligation. Determining the standalone selling price often requires judgement and may be derived from regulated prices, list prices, a cost-plus derived price, or the price of similar products when sold on a stand-alone basis by the company or a competitor. In some cases, it may be appropriate to use the contract price when this represents a bespoke price that would be the same for a similar customer in a similar circumstance.

The Company has exercised judgement over the presence of significant financing and has concluded there is no significant financing within the provision of goods and services for its Company's customers.

Notes to the Financial Statements (continued)

3. EBITDA

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Profit before tax	1,428	1,405
<i>Add back:</i>		
Finance income	(71)	(104)
Amortisation and depreciation	1,083	1,039
Income from associate/joint venture	(1)	(1)
EBITDA	<u>2,439</u>	<u>2,339</u>
Specific items	40	19
Adjusted EBITDA	<u>2,479</u>	<u>2,358</u>

Specific items £40 million (2024: £19 million) relate to significant business restructuring programmes such as cost transformation and disposal of business assets incurred solely within the year ended 31 March 2025. Specific items are presented as operating costs in the statement of profit or loss.

Earnings before Interest, Tax, Depreciation and Amortisation, and share of profits of associates and joint ventures ("EBITDA") is not a defined financial measure defined by FRS 101 as a measurement of financial performance and may not be comparable to other similarly titled indicators used by other companies.

In line with the BT Group Plc accounting policies the definition of EBITDA also excludes specific items. Adjusted EBITDA is defined as the group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation

EBITDA and Adjusted EBITDA are provided as additional information only and should not be considered as a substitute for operating profit or net cash provided by operating activities. The Company's management believes that EBITDA and Adjusted EBITDA are meaningful for users of the financial statements because it provides an analysis of operating results and profitability using the same measures used by management.

As a consequence, EBITDA and Adjusted EBITDA are provided in addition to operating profit as a key measure of operating profitability used to i) implement investments and resource-allocation strategy, and ii) assess the performance of the management.

4. Revenue

The Company's activities consist of the provision of telecommunications, broadband, services and equipment. Included in telecommunications are roaming agreements for the Company's customers when travelling overseas, and for overseas based customers of equivalent networks roaming in the UK.

In both the current and prior years, revenue was generated predominantly by operations in the United Kingdom and constitutes, in the opinion of the Directors, one class of business.

Contract assets and liabilities

Contract assets and liabilities are shown on the face of the balance sheet. Contract assets are recognised for the amount due from the customer that will be recovered over the contract period and payments received in advance are recognised as contract liabilities.

In-year impairment losses of £46 million (2024: £49 million) were recognised in relation to contract assets.

The amount of revenue recognised in current period that was included in the contract liability balance at the beginning of the period was £203 million (2024: £188 million).

Notes to the Financial Statements (continued)

4. Revenue (continued)

Performance obligations

The fixed element of consumer fixed access and mobile subscription arrangements is typically payable in advance, with any variable or one-off charges billed in arrears. Payment terms are generally 30 days. Payment is received immediately for direct sales of equipment to consumers. Where equipment is provided to customers under mobile, fixed access subscription and loan arrangements, payment for the equipment is received over the course of the contract term. For commercial arrangements, invoices are issued according to contractual terms and are usually payable within 30 days, however, different terms may be negotiated. Payments received in advance are recorded as contract liabilities, amounts billed in arrears are recorded as contract assets.

The company does not have material obligations in respect of returns, refunds or warranties.

Contract costs

Certain costs associated with the acquisition and fulfilment of contracts with customers are capitalised and amortised over the period that the associated services are transferred. The following table shows the movements on deferred costs:

	Deferred connection costs	Deferred contract acquisition costs commissions	Deferred contract acquisition costs dealer incentives	Total
	£m	£m	£m	£m
At 31 March 2024	1	11	205	217
Additions	10	32	242	284
Amortisation	(3)	(33)	(214)	(250)
At 31 March 2025	<u>8</u>	<u>10</u>	<u>233</u>	<u>251</u>

As at 31 March 2025, £56 million (2024: £41 million) of the deferred contract cost is non-current and the remaining £195 million (2024: £176 million) is current.

Notes to the Financial Statements (continued)

5. Operating costs

	Notes	31 March 2025 £m	31 March 2024 £m
Staff costs:			
Wages and salaries		578	486
Social security costs		50	46
Other pension costs		38	36
Share-based payment expense		2	5
Total staff costs		<u>668</u>	<u>573</u>
Own work capitalised		<u>(96)</u>	<u>(120)</u>
Net staff costs		572	453
Net indirect labour costs		<u>160</u>	<u>126</u>
Net labour costs		732	579
Product costs and sales commissions		2,214	2,589
Payments to telecommunications operators		352	391
Property and energy costs		237	245
Network operating and IT costs		468	482
Provision and installation		264	4
Marketing and sales		250	280
Net impairment losses on contract assets and trade receivables		93	77
Other operating costs		58	212
Other operating income		(55)	(29)
Amortisation and depreciation	10,11,12	<u>1,083</u>	<u>1,039</u>
Total operating costs		<u>5,696</u>	<u>5,869</u>

6. Auditors' remuneration

The following amounts were receivable by the Company's auditor in respect of the audit of the financial statements and for other services provided to the Company:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Audit of the financial statements	<u>1,142</u>	<u>1,120</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group financial statements of its parent BT Group Plc. The auditor's remuneration is borne by BT Group Plc, no recharge (2024: £nil) was made to EE Limited.

Notes to the Financial Statements (continued)

7. Employees

The average number of staff (including Directors) employed under contracts of service during the period is as follows:

	Year ended 31 March 2025 No.	Year ended 31 March 2024 No.
Operations	1,632	1,359
Selling and distribution	7,300	7,115
Customer care and administration	8,007	8,603
Total employees	16,939	17,077

8. Directors' emoluments

The Directors, deemed to be key management personnel, received the following remuneration in respect of services rendered to the Company:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Remuneration	1244	849
Pension costs	16	13
Total emoluments	1,260	862

Employer's National Insurance contributions in respect of key management personnel were £0.3 million (2024: £0.2 million).

None of the Directors received shares in BT Group Plc in respect of qualifying services under a long-term incentive plan (2024: none).

One Director exercised share options of £0.5 million during the period (2024: One Director £0.8 million).

The emoluments in relation to the highest paid Director are as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Total emoluments	714	540
Total emoluments	714	540

Retirement benefits in the form of defined contribution schemes were accruing for two directors at 31 March 2025 (31 March 2024: two).

The Directors Marc Allera, Claire Gillies and Stephen Harris undertake their management activities at the BT Consumer level. An apportionment of their emoluments has been made to reflect the services rendered to the Company through these activities.

Notes to the Financial Statements (continued)

8. Directors' emoluments (continued)

The Directors Stephen Best, Jeffrey Langlands and John Watson were employed by, and received their emoluments from BT Plc during the period. These Directors holding office during the year consider their services to the Company to be incidental to their other duties within BT Group Plc and accordingly no remuneration has been apportioned to the Company (2024: £nil).

9. Taxation

(a) Income tax charged in the income statement

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Current income tax:		
UK corporation tax	264	264
Adjustments in respect of previous periods	20	3
Total current income tax	284	267
Deferred tax:		
Origination and reversal of temporary differences	47	87
Adjustments in respect of previous periods	(77)	(2)
Total deferred tax expense	(30)	85
Income tax expense in the income statement	254	352

(b) Income tax charged in the statement of comprehensive income

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Tax related to items charged or credited directly to the statement of comprehensive income:		
Tax on actuarial gain on pension liability	12	(3)
Tax on cash flow hedges	-	-
Tax expense in the statement of comprehensive income	12	(3)
Consisting of:		
Current tax income	(11)	-
Deferred tax expense/(credit)	23	(3)

Notes to the Financial Statements (continued)

9. Taxation (continued)

(c) Reconciliation of the total income tax expense

The tax expense in the income statement for the year is different than the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are reconciled below:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Accounting profit before income tax	1,428	1,405
Accounting profit multiplied by the UK average standard rate of corporation tax of 25% (2024: 25%)	357	351
Non-deductible expenses ^a	(46)	-
Current income tax adjustments in respect of previous periods	20	3
Deferred tax adjustments in respect of previous periods	(77)	(2)
Total income tax expense	254	352

^a Includes income that is not taxable or UK income taxable at a different rate, and expenses for which no tax relief is received. In the year end 2025 this included the benefit of the UK group relief received for nil payment of £48 million (FY24: £nil).

(d) Deferred tax asset/(liability)

The deferred tax in the statement of financial position, calculated using the appropriate prevailing corporate tax rate applicable in the period the deferred tax asset / (liability) is expected to reverse is as follows:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Deferred tax liability		
Accelerated tax depreciation	(684)	(702)
Pension scheme liabilities	(31)	(7)
Total deferred tax liability	(715)	(709)

Notes to the Financial Statements (continued)

9. Taxation (continued)

(d) Deferred tax asset/(liability) (continued)

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Deferred tax asset		
Provisions deductible on a paid basis	<u>52</u>	<u>39</u>
Total deferred tax asset	<u>52</u>	<u>39</u>
Disclosed in the statement of financial position		
Net deferred tax liability	<u>(663)</u>	<u>(670)</u>

The Company offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current income tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The deferred tax assets and liabilities listed above relate to income tax levied by HM Revenue and Customs in the UK. The Company expects to be able to use the deferred tax asset against future profits.

Deferred tax in the income statement:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Accelerated capital allowances	(19)	86
Provisions	(13)	(2)
Pensions	<u>2</u>	<u>1</u>
Deferred tax expense/(credit)	<u>(30)</u>	<u>85</u>

The deferred tax liability in respect of accelerated capital allowances relates to taxable temporary differences arising on all property, plant and equipment and intangible assets.

Notes to the Financial Statements (continued)

10. Intangible assets

	Goodwill	Spectrum	Software	Other	Total
	£m	£m	£m	£m	£m
<i>Cost:</i>					
At 31 March 2024	637	5,268	1,393	5	7,303
Additions	-	-	196	-	196
Disposals	-	-	(41)	-	(41)
Transfers	-	-	3	-	3
At 31 March 2025	<u>637</u>	<u>5,268</u>	<u>1,551</u>	<u>5</u>	<u>7,461</u>
<i>Amortisation:</i>					
At 31 March 2024	-	(3,361)	(552)	(5)	(3,918)
Charge during the year	-	(158)	(195)	-	(353)
Disposals	-	-	42	-	42
At 31 March 2025	<u>-</u>	<u>(3,519)</u>	<u>(705)</u>	<u>(5)</u>	<u>(4,229)</u>
Net book value at 31 March 2025	<u>637</u>	<u>1,749</u>	<u>846</u>	<u>-</u>	<u>3,232</u>
Net book value at 31 March 2024	<u>637</u>	<u>1,907</u>	<u>841</u>	<u>-</u>	<u>3,385</u>

Impairment test for goodwill and intangible assets

No impairment required following the Company's annual impairment assessment for goodwill.

No indicators of impairment have been identified for intangible assets.

Fully amortised assets

Included above are fully amortised assets with an original cost of £424 million (2024: £435 million) which are still in use.

Notes to the Financial Statements (continued)

11. Property, plant and equipment

	Freehold land & buildings	Short term leasehold improvements	Network	Fixtures & fittings	Total
	£m	£m	£m	£m	£m
<i>Cost:</i>					
At 31 March 2024	42	17	7,181	113	7,353
Additions	-	-	499	22	521
Disposals	-	-	(882)	(3)	(885)
Transfers	-	2	(45)	40	(3)
At 31 March 2025	42	19	6,753	172	6,986
<i>Depreciation:</i>					
At 31 March 2024	(14)	(13)	(4,382)	(96)	(4,505)
Charge during the year	(1)	(1)	(565)	(12)	(579)
Disposals	-	-	879	2	881
Impairment	-	-	(18)	-	(18)
At 31 March 2025	(15)	(14)	(4,086)	(106)	(4,221)
Net book value at 31 March 2025	27	5	2,667	66	2,765
Net book value at 31 March 2024	28	4	2,799	17	2,848

Network Share Arrangement

Certain assets have been contributed to a network share arrangement by both EE and Hutchison 3G UK Limited, with legal title remaining with the contributor. This is considered to be a reciprocal arrangement.

The Company and Hutchison 3G UK Limited ("H3G") share an active 3G network and some of the costs of backhaul for network cell sites. A civil engineering refresh program is being undertaken to ready the shared radio access network for 5G. The net book value of the Company's share of assets controlled by its joint operation MBNL is £791 million at 31 March 2025 (2024: £759 million) and is shown within network assets. Subsequent additions are recognised at cost.

Included in network assets is £53 million (2024: £59 million), which is the Company's share of total Mobile Broadband Network Limited ("MBNL") network assets.

Fully depreciated assets

Included above are fully depreciated assets with an original cost of £1,707 million (2024: £1,871 million) which are still in use.

Assets under construction

As at 31 March 2025, included within Network assets are £285 million (2024: £349 million) of assets under construction. This includes assets located on both unilateral and shared network sites. Depreciation on assets under construction does not commence until they are complete and available for use.

Notes to the Financial Statements (continued)

12. Leases

EE Limited as lessee

Right-of-use assets

Most of the Company's right-of-use assets are associated with leased property portfolio, specifically office, retail and network infrastructure, including mobile cell and switch sites.

	Land and buildings	Network Equipment	Total
	£m	£m	£m
At 31 March 2023	887	6	893
Depreciation charge for the year	(147)	(4)	(151)
Additions ^a	91	1	92
Disposals and adjustments	(35)	-	(35)
At 31 March 2024	796	3	799
Depreciation charge for the year	(149)	(2)	(151)
Additions ^a	180	1	181
Disposals and adjustments	(22)	-	(22)
At 31 March 2025	805	2	807

^a Additions comprise increases to right-of-use assets as a result of entering into new leases, and upwards remeasurement of existing leases arising from lease extensions or reassessments and increases to lease payments.

Lease liabilities

Current and non-current lease liabilities are presented on the face of the balance sheet.

Lease liabilities recognised at 31 March 2025 total £861 million (2024: £852 million). £167 million (2024: £178 million) of this balance is classified as current, with the remaining £694 million (2024: £674 million) classified as non-current.

Interest expense of £26 million accrued on lease liabilities in the year to 31 March 2025 (2024: £26 million).

The total cash outflow for leases in the year 31 March 2025, where EE Ltd are lessee, was £186 million (2024: £192 million) which has been recognised in the PL.

At 31 March 2025 the company was not committed to any future minimum lease payments in respect of leases which have not yet commenced and for which no lease liability has been recognised (2024: £nil).

EE Limited as lessor

Leases classified as operating leases

Substantially all of the operating lease income recognised relates to subleases of retail stores and shared site income generated through the MBNL joint operation.

The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to ownership of the underlying assets.

Notes to the Financial Statements (continued)

12. Leases (continued)

The following table provides an analysis of the remaining cash flows associated with operating leases receivable between 1 April 2025 and the remainder of the lease term:

	2025 £m	2024 £m
Less than one year	21	19
One to two years	8	8
Two to three years	7	8
Three to four years	1	7
Four to five years	-	1
More than five years	-	-
Total undiscounted lease payments	<u>37</u>	<u>43</u>

Leases classified as finance leases

The Company acts as finance lessor in relation to retail stores, where these are subleased to franchisees for substantially the entire head lease term.

The following table provides an analysis of the remaining cash flows associated with finance leases receivable between 1 April 2025 and the remainder of the lease term:

	2025 £m	2024 £m
Less than one year	-	1
One to two years	3	3
Two to three years	2	2
Three to four years	-	1
Total undiscounted lease payments	<u>5</u>	<u>7</u>

Notes to the Financial Statements (continued)

13. Investments

The companies in which the Company has an interest at the year-end are as follows:

Name	Country of incorporation	Principal activities	Shareholding	Registered address
Mainline Communications Group Limited	UK	Communication Distribution	100%	1 Braham Street, London, United Kingdom, E1 8EE
Mainline Digital Communications Limited *	UK	Communication Distribution	100%	1 Braham Street, London, United Kingdom, E1 8EE
Orange Services India Private Limited	India	Management support	100%	A-47, Hauz Khas New Delhi DL 110016 IN
EE Pension Trustee Limited	UK	Pension Trustee	100%	1 Braham Street, London, United Kingdom, E1 8EE
Orange FURBS Trustees Limited *	UK	Pension Trustee	100%	1 Braham Street, London, United Kingdom, E1 8EE
Orange Personal Communications Services Limited	UK	Dormant	100%	1 Braham Street, London, United Kingdom, E1 8EE
EE (Group) Limited *	UK	Dormant	100%	1 Braham Street, London, United Kingdom, E1 8EE
Orange Home UK Limited *	UK	Dormant	100%	1 Braham Street, London, United Kingdom, E1 8EE
Mobile Broadband Network Limited	UK	Communication Distribution	50%	Sixth Floor, Thames Tower, Station Road, Reading, England, RG1 1LX
Midland Communications Distribution Limited	UK	Communication Distribution	35%	10 Stadium Business Court Millennium Way, Pride Park Derby, England, DE24 8HP
Digital Mobile Spectrum Limited	UK	Corrective support for Freeview services affected by deployment of 4G (800 MHz)	25%	24/25 The Shard 32 London Bridge Street, London, England, SE1 9SG

* Subsidiaries are held by subsidiary entities.

Notes to the Financial Statements (continued)

13. Investments (continued)

The Company accounts for Mobile Broadband Network Limited as a joint operation, and the assets, liabilities and results of this investment are included on a proportional consolidation basis. The remaining investments are held under historic cost.

All shareholdings are investments in ordinary shares.

	31 March 2025 £m	31 March 2024 £m
Balance of investments at the beginning of the year	13	13
Balance of investments at the end of the year	13	13

14. Inventories

	31 March 2025 £m	31 March 2024 £m
Inventories of handsets and accessories	183	188
Gross value	195	207
Provision for obsolescence	(12)	(19)
Total inventories at the lower of cost and net realisable value	183	188

There is no material difference between the balance sheet value of inventory and their replacement cost. The amount of inventory included within product costs and sales commissions was £1,716 million (2024: £1,752 million). This includes write-downs on new inventory of £nil (2024: £nil).

15. Trade and other receivables

	31 March 2025 £m	31 March 2024 £m
Current:		
Trade receivables	335	370
Accrued income	77	90
Prepaid external purchases	131	111
Other receivables	127	143
Amounts owed by group undertakings	98	419
Total trade and other receivables	768	1,133

Notes to the Financial Statements (continued)

15. Trade and other receivables (continued)

	31 March 2025 £m	31 March 2024 £m
Non-current:		
Leasing debtors	5	7
Other receivables	147	165
	<u>152</u>	<u>172</u>

Trade receivables are stated after provisions for impairment of £53 million (2024: £55 million).

16. Trade and other payables

	31 March 2025 £m	31 March 2024 £m
Current		
Trade payables	926	1,202
Amounts owed to group undertakings	168	578
Other taxes and VAT payable	290	273
Employee related payables	30	32
Deferred income	39	6
Other	6	3
Total trade and other payables	<u>1,459</u>	<u>2,094</u>

£nil (2024: £101 million) of the trade payables is interest bearing under bills of exchange due to repayment at prior to year end.

17. Net cash and loans

	31 March 2025 £m	31 March 2024 £m
Current		
Amount owed from group undertakings	3,041	2,639
Other borrowings	(82)	(296)
Net current loans	<u>2,959</u>	<u>2,343</u>
Cash and cash equivalents	24	35
Net cash and current loans	<u>2,983</u>	<u>2,378</u>

Notes to the Financial Statements (continued)

17. Net cash and loan assets (continued)

	31 March 2025 £m	31 March 2024 £m
Non-current		
Other borrowings	(5)	(46)
Non-current loans	<u>(5)</u>	<u>(46)</u>

Amounts owed from group undertakings are via a loan facility arrangement that is interest bearing.

During the year ended 31 March 2025 the Company entered into the sale of cash flows of £506 million (2024: £76 million) relating to mobile handset contracts. The company has delivered the performance obligations, and the sale has substantially transferred all the risks associated with the related receivables which have now been de-recognised.

During the period the Company entered into the sale of cash flows due on contract assets related to mobile handset and airtime contracts where the performance obligations have not been substantially delivered to the customer of £87 million (2024: £341 million) and are still recognised as contract assets. The right to receive cash is dependent on the Company's further performance in relation to airtime and so a financial liability has been recognised as other borrowings.

18. Derivative financial instruments

All the Company's financial assets and liabilities are held at amortised cost with the exception of derivative financial instruments which are held at fair value. The fair values of foreign exchange contracts are estimated using discounted cash flow models and market rates of interest and foreign exchange at the balance sheet date.

Hedging activities

Derivatives may qualify as hedges for accounting purposes if they meet the criteria for designation as fair value hedges or cash flow hedges in accordance with IFRS 9.

Cash flow hedges

Forward exchange contracts hedging forecast foreign denominated purchases, denominated in US Dollar and Euro currencies 12 months forward have been designated as cash flow hedges. The related cash flows will be recognised in the income statement over this period.

All cash flow hedges were fully effective in the period.

Gains and losses associated with hedging activities are as follows:

	31 March 2025 £m	31 March 2024 £m
(Gain)/Loss recycled through income statement	1	-
Gain recognised in equity during the year	(1)	(1)
Deferred tax relating to cash flow hedges	<u>-</u>	<u>-</u>
	<u>-</u>	<u>(1)</u>

Notes to the Financial Statements (continued)

18. Derivative financial instruments (continued)

The losses recycled through the income statement have been taken through finance expense £nil (2024: £nil), external purchases £1m million loss (2024: £nil) and other operating expense £nil (2024: £nil).

19. Provisions and Contingencies

	Property and ARO	Network share and other	Total
	£m	£m	£m
At 31 March 2024	163	3	166
Increase in period	39	-	39
Utilisation	(9)	(1)	(10)
Discount unwind	8	-	8
At 31 March 2025	<u>201</u>	<u>2</u>	<u>203</u>
Analysis of provisions by maturity:			
At 31 March 2025			
Short term	52	-	52
Long term	149	2	151
	<u>201</u>	<u>2</u>	<u>203</u>
At 31 March 2024			
Short term	33	1	34
Long term	130	2	132
	<u>163</u>	<u>3</u>	<u>166</u>

Asset retirement obligation ("ARO")

The Company is required to dismantle equipment and restore sites and properties under operating leases. The ARO provision is based on the best estimate of the amount required to settle the obligation. It is discounted by applying a discount rate that reflects the passage of time. This estimate is revised annually and adjusted against the asset to which it relates, which is then subject to an impairment assessment.

Included within the ARO provision during the year is a value of £47 million relating to a remeasurement due to a revision and update to the discount period used to calculate the present value, relating to cell sites. As a result of this reassessment the discount period was updated to 40 years (FY24: 20 years) to align with the current switch site period.

Contingent Liabilities and Legal Proceedings

In the ordinary course of business, the Company are periodically notified of actual or threatened litigation, and regulatory and compliance matters and investigations. The Company have disclosed below matters where a material adverse impact on the operations or financial condition of the Company and its ultimate group undertaking is possible, and the likelihood of a material outflow of resources is more than remote.

Where the outflow of resources is considered probable, and a reasonable estimate can be made of the amount of that obligation, a provision is recognised for these amounts and reflected in the table above.

Notes to the Financial Statements (continued)

19. Provisions and Contingencies (continued)

Where an outflow is not probable but is possible, or a reasonable estimate of the obligation cannot be made, a contingent liability exists.

Phones 4U

Since 2015 the administrators of Phones 4U Limited have made allegations that EE and other mobile network operators colluded to procure Phones 4U's insolvency. Legal proceedings for an unquantified amount were issued in December 2018 by the administrators. The trial on the question of liability/breach ran from May to July 2022. In November 2023 the High Court dismissed Phones 4U's claim in its entirety. Phones 4U has subsequently appealed that judgment to the Court of Appeal and a hearing is scheduled for late May 2025 with a judgment expected some months later. EE Ltd continue to dispute these allegations vigorously.

Class Action Claim

In November 2023, Justin Gutmann, represented by law firm Charles Lyndon applied to the Competition Appeal Tribunal to bring a proposed class action claim for damages estimated at £1.1bn (inclusive of simple interest) on behalf of customers who purchased combined handset and airtime contracts who are outside their minimum contract terms but who continue to pay the same price as during their minimum contract terms. The claim alleges this approach was an anti-competitive abuse of a dominant position. Similar claims have also been brought against Vodafone, Three and O2 with the total damages claimed £3.285bn (inclusive of simple interest). Class actions must be certified by the Competition Appeal Tribunal at a Collective Proceedings Order (CPO) hearing before proceeding to a substantive trial. A certification hearing took place in early April 2025 at which EE and the other proposed defendants contested certifications and applied to limit the time period of the claim. If the class action is certified the substantive trial will not conclude during FY26. EE intends to defend the Company vigorously. At the reporting date EE Ltd are not aware of any evidence to indicate that a present obligation exists such that any amount should be provided for.

20. Pensions

The Company has both Defined Benefit (DB) and Defined Contribution (DC) retirement benefit plans. The Company's main plans are:

- The EE Pension Scheme (EEPS), which has a final salary DB section that was closed to future benefit accrual in 2014 and a DC section which was closed to future accrual in 2023.

The EEPS is administered by a separate board of trustees, EE Pension Trustee Limited, which is legally separate from the Company. The trustees are composed of representatives of both the employer and employees. They are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment strategy of the EEPS, and the day-to-day administration of the benefits.

- The BT Retirement Saving Scheme (BTRSS) is a DC contract-based plan operated by Standard Life

Defined Contribution (DC) plans

The pension cost for the DC plans, which represents contributions payable by the Company, amounted to £38 million (2024: £36 million).

Defined benefit plans

The IAS 19 liabilities are measured as the present value of the estimated future benefit cash flows to be paid, calculated using the projected unit credit method. These calculations are performed by a professionally qualified independent actuary. The IAS 19 assets are measured at fair value at the balance sheet date.

The estimated duration of the defined benefit liabilities, which is an indicator of the weighted average term of the discounted future payments, is approximately 18 years, with benefits expected to be paid over the next 70+ years. 80% of the liabilities relate to non-pensioners.

Notes to the Financial Statements (continued)

20. Pensions (continued)

Amounts recognised on the balance sheet

The amounts recognised in the balance sheet are determined as follows:

	31 March 2025 £m	31 March 2024 £m
Value of assets	731	769
Present value of scheme liabilities	(600)	(710)
Surplus / (Deficit) ^a	131	59
Net pension surplus / (deficit)	131	59

^a In the context of IFRIC 14, the Company is not required to limit any pension surplus or recognise additional pensions liabilities as economic benefits are available in the form of future refunds. In particular, a refund of surplus is available following the gradual settlement of the liabilities over time when there are no members remaining in the EEPS.

Key actuarial assumptions

The main financial assumptions used to measure the IAS 19 liabilities were as follows:

	31 March 2025 %	31 March 2024 %
Discount rate	5.85	4.80
RPI inflation	3.05 / 2.85 *	3.15 / 3.05 *
CPI inflation	1.95 / 2.75 *	2.15 / 3.05 *
Pension increases (accrued before 6 April 2006)	3.05 / 2.85 *	3.15 / 3.05 *
Pension increases (accrued after 6 April 2006)	2.50	2.50

*Before / after 2030 respectively

Discount Rate

IAS 19 requires that the discount rate is determined by reference to market yields at the balance sheet date on high quality corporate bonds. The currency and term of these should be consistent with the currency and estimated term of the pension liabilities. The discount rate assumption was calculated by applying projected benefit cash flows of the EEPS to a corporate bond yield curve constructed by an independent actuary based on the yield on AA rated corporate bonds.

The increase in the discount rate assumption over the year reflects changes in the market yield of corporate bonds.

Inflation

The RPI inflation assumption was calculated by applying the projected benefit cash flows for the EEPS to an inflation curve derived from market yields on government bonds and making an adjustment for an Inflation Risk Premium (IRP) (to reflect the extra premium paid by investors for inflation linked assets). The IRP is 0.2% p.a. before 2030 and 0.4% p.a. thereafter (2024: 0.2% p.a. and 0.3% p.a. respectively).

Notes to the Financial Statements (continued)

20. Pensions (continued)

CPI inflation expectations are set with reference to the RPI inflation assumption taking into account market data and independent estimates of the expected difference between the two. Before 2030 CPI inflation is assumed to be 1.1% lower than RPI inflation (2024: 1.0%). RPI will be aligned with CPIH from 2030, and we assume a 0.1% (2024: nil) gap between CPI and CPIH inflation.

Longevity

The longevity assumption takes into account:

- The actual mortality experience of the EEPS pensioners, based on a formal review carried out as part of the 2021 triennial funding valuation; and
- Future improvements in longevity based on the CMI's 2023 Mortality Projections model published by the UK actuarial profession.

There continues to be significant uncertainty for future life expectancy assumptions following the Covid-19 pandemic. In setting our assumptions for future life expectancy we have fully allowed for population mortality data from 2022 and 2023 and not data from 2021 and 2022 to exclude the impact of the pandemic.

We continue to assume mortality will improve in the long-term by 1% per year.

Life expectancies

Based on the IAS 19 longevity assumptions, the forecast life expectancies at age 65 are as follows:

	31 March 2025 Years	31 March 2024 Years
Current pensioners (male member aged 65 today)	21.7	21.6
Future pensioners (male member aged 40 today)	22.3	22.2

Asset allocation

The fair value of the assets of the EEPS analysed by asset category are shown below.

	31 March 2025 £m	31 March 2024 £m
A) Investments quoted in active markets		
Global equities	4	17
B) Unquoted investments		
Corporate bonds, derivatives and hedge funds	424	465
Property / Illiquid funds	231	249
C) Cash and cash equivalents	<u>72</u>	<u>38</u>
Total	<u>731</u>	<u>769</u>

The assets do not include any of the Company's own financial instruments, or any property occupied by the Company.

Notes to the Financial Statements (continued)

20. Pensions (continued)

Financial derivatives (e.g. swaps) are used to reduce the mismatch between movements in the liabilities and the assets from changes in interest rates and inflation. This improves the stability of the funding position, and therefore the deficit contributions that may be required from the Company.

While the use of derivatives reduces funding risk it also increases the plan's liquidity requirements which is then factored into the overall investment strategy. The EEPS manages its liquidity risk by monitoring potential and actual liquidity requirements on an ongoing basis, ensuring that sufficient cash resources can be made available for its projected cash requirements. At 31 March 2025 (and 31 March 2024), the EEPS held more liquidity than the minimum levels required by the Bank of England and the Pensions Regulator.

Movements in defined benefit plan assets and liabilities

The table below shows the movements on the plan assets and liabilities and shows where they are reflected in the financial statements.

£m	Assets	Liabilities	Surplus / (Deficit)
At 31 March 2023	749	(713)	36
Operating cost: current service cost	-	-	-
Interest income/(expense)	36	(33)	3
Included in the Company income statement	36	(33)	3
Return on plan assets below that included in the Company income statement	(35)	-	(35)
Actuarial gain from demographic assumptions	-	9	9
Actuarial gain arising from changes in financial assumptions	-	34	34
Actuarial loss from experience adjustments	-	(19)	(19)
Included in the statement of comprehensive income	(35)	24	(11)
Deficit contributions by employer	31	-	31
Benefits paid	(12)	12	-
At 31 March 2024	769	(710)	59
Operating cost: current service cost	-	-	-
Interest income/(expense)	37	(34)	3
Included in the Company income statement	37	(34)	3
Return on plan assets below that included in the Company income statement	(82)	-	(82)
Actuarial gain from demographic assumptions	-	(1)	(1)
Actuarial gain arising from changes in financial assumptions	-	130	130
Actuarial loss from experience adjustments	-	2	2
Included in the statement of comprehensive income	(82)	131	49
Deficit contributions by employer	20	-	20
Benefits paid	(13)	13	-
At 31 March 2025	731	(600)	131

Risk exposure from the EEPS

The discount rate, inflation and life expectancy assumptions all have a significant effect on the measurement of the plan liabilities. The table below provides an indication of the increase in the IAS 19 pension liabilities as a result of an assumption change.

Notes to the Financial Statements (continued)

20. Pensions (continued)

	31 March 2025	31 March 2024
	£m	£m
0.25% decrease in discount rate	28	36
0.25% increase in inflation	19	23
One year increase to life expectancy (for someone currently aged 65)	14	19

The impact shown under each scenario looks at each simplistic event in isolation and reflects the liabilities only at 31 March 2025. In practice more complex events could arise throughout the year and further consideration should be given when using the sensitivities sensitivity analyses above are limited as the movements described would not happen in isolation.

EEPS funding

A funding valuation is carried out for the Trustee by a professionally qualified independent actuary at least every three years. The funding valuation assesses the on-going financial health of the EEPS. If there are insufficient assets to meet the estimated future benefit payments to members (i.e. a funding deficit), the Company and the Trustee agree the amount and timing of additional cash contributions. It is prepared using the principles set out in UK Pension legislation, such as the 2004 and 2021 pensions acts, and uses a prudent approach overall when setting the actuarial assumptions. The Trustee invests in a way which partly hedges interest and inflation risk. The approach currently seeks to hedge 90% of the impact on the funding liabilities. The impact on the funding liabilities from changes in interest rates (i.e. the discount rate) and inflation will differ to the sensitivities shown above, due to differences in the assumptions used.

A triennial valuation of the defined benefit section as at 31 December 2024 is currently underway. The previous triennial valuation was performed as at 31 December 2021 and agreed in March 2023. This showed a funding deficit of £218 million. The Company is scheduled to contribute £1.7 million each month until 31 July 2025 and a final payment of up to £80 million by 31 March 2026. £20.0 million (2024: £31.7 million) of deficit contributions were paid by the Company to the EEPS during the year.

21. Share capital and reserves

Movement in reserves is shown in the statement of changes in equity.

Share capital

	31 March 2025	31 March 2024
	£m	£m
Issued and fully paid		
22,050,306 Ordinary shares of £1 each	22	22

Share premium account

Share premium is £1,638 million (2024: £1,638 million).

Capital contribution reserve

The capital contribution reserve relates to a cash contribution from EE's previous shareholders without the issue of additional shares.

Cash flow hedge reserve

The Company uses hedge accounting for its foreign currency transactions. The effective part of the hedged item is taken to the cash flow hedge reserve.

Notes to the Financial Statements (continued)

22. Dividends paid

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Dividends declared and paid	<u>1,000</u>	<u>1,000</u>
Dividend per share (£ / share)	<u>£45.35</u>	<u>£45.35</u>

23. Capital and financial commitments

Purchase commitments

The Company has £197 million of device commitments as at 31 March 2025 (2024: £169 million).

Capital commitments

The Company has £209 million of capital commitments as at 31 March 2025 (2024: £230 million), including its share of the MBNL joint arrangement's capital commitments of £25 million (2024: £18 million).

24. Events after the reporting period

No significant events have occurred after the reporting period.

25. Ultimate parent undertaking

The immediate parent undertaking is EE Group Investments Limited, a company incorporated in England & Wales.

The ultimate parent company and controlling party is BT Group Plc, a company incorporated in England & Wales. BT Group Plc is the parent of the largest and BT Plc is the parent of the smallest group to consolidate these financial statements. The consolidated financial statements of the ultimate parent company BT Group Plc are available on the group website, www.btplc.com or from the Company Secretary at the registered office, 1 Braham Street, London, United Kingdom, E1 8EE.

Consequently, the Company is exempt under the terms of IAS 24 "Related Party Disclosures" from disclosing details of transactions and balances with BT Group Plc and fellow group subsidiaries provided such subsidiaries are wholly owned members of the group during the year ended 31 March 2025.

26. Related party transactions

During the financial year the Company received income of £4 million (2024: £4 million) and incurred expenditure of £27 million (2024: £22 million) with Midland Communications Distribution Limited, a 35% associate. At the year end £0.2 million (2024: £0.3 million) was due to and £1 million (2024: £2 million) was due from Midland Communications Distribution Limited. The receivable is unsecured and no guarantees have been received.