

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Directors' report and Financial Statements

For the year ended 31 December 2022

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Registered office address:

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
United Kingdom

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Directors' report and financial statements
for the year ended 31 December 2022

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Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Directors' report for the year ended 31 December 2022

The Directors present their report and the individual audited company financial statements for Vodafone Hutchison (Australia) Holdings Limited (the "Company") for the year ended 31 December 2022.

Vodafone Hutchison (Australia) Holdings Limited is a private limited company and has taken advantage of the Small Companies exemption in preparing this Directors' report.

Directors

The Directors who served during the year, and up to the date of this report, were:

David Richard Dyson
Pierre Christian Bourdett Klotz
Diego Massidda (resigned on 21 September 2022)
Barry Roberts-Thomson
Frank John Sixt
Jamie Stead
Finlay Reid (appointed on 21 September 2022)

The Directors benefited from qualifying third party indemnity provisions in place during the year and at the date of this report.

The Company has not otherwise during the year and up to the date of this report, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditors of the Company against a liability incurred as such an officer or auditors.

Political contributions

Neither the Company nor its subsidiary made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office, having already expressed they are willing to do so.

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Directors' report for the year ended 31 December 2022 (continued)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are also 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.

Directors' confirmations

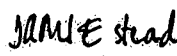
In the case of each director in office at the date the Directors' report is approved:

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

Signed on behalf of the Board



David Dyson
Director
26 April 2023

DocuSigned by:

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Jamie Stead
Director
26 April 2023

Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN
United Kingdom



Independent auditors' report to the members of Vodafone Hutchison (Australia) Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Vodafone Hutchison (Australia) Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of profit or loss and other comprehensive income, the Statement of cash flows and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the direct and indirect tax laws relevant to the Company's operations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential misappropriation of the Company's assets. Audit procedures performed by the engagement team included:

- Enquiries with management and those charged with governance to understand any actual or potential litigation and claims, and any instances of non compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing significant accounting estimates and judgements and evaluating the business rationale of significant contracts and transactions entered into by the Company during the year.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Christopher Boreham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
26 April 2023

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Notes	2022 A\$'000	2021 A\$'000
Dividend income	4	90,535	80,189
Impairment expense	5	(824,995)	-
Other operating expenses	6	(233)	(6,865)
Operating (loss) / profit		(734,693)	73,324
(Loss) / profit before interest and taxation		(734,693)	73,324
Finance income	8	349,192	287,100
Finance expense	9	(469,311)	(329,818)
Net finance expense		(120,119)	(42,718)
(Loss) / profit before taxation		(854,812)	30,606
Taxation	10	-	-
(Loss) / profit for the year		(854,812)	30,606

The results disclosed above relate entirely to continuing operations.


The Company has no other comprehensive income during the year; therefore, no separate statement to present other comprehensive income has been prepared.

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Balance sheet
as at 31 December 2022

	Notes	2022 A\$'000	2021 A\$'000
Non-current Assets			
Investments in subsidiaries and associates	11	2,905,951	3,730,946
Total Non-current Assets		2,905,951	3,730,946
Current Assets			
Cash and cash equivalents		355,721	361,456
Derivative financial instruments	13	248,555	-
Total Current Assets		604,276	361,456
Total Assets		3,510,227	4,092,402
Current Liabilities			
Trade and other payables	12	(25,317)	(7,390)
Borrowings	13	(5,132,823)	-
Total Current Liabilities		(5,158,140)	(7,390)
Non-Current Liabilities			
Borrowings	13	-	(4,809,445)
Derivative financial instruments	13	-	(68,668)
Total Non-Current Liabilities		-	(4,878,113)
Total liabilities		(5,158,140)	(4,885,503)
Net current (liabilities) / assets		(4,553,864)	354,066
Total assets less current liabilities		(1,647,913)	4,085,012
Net liabilities		(1,647,913)	(793,101)
Equity			
Share capital	14	100	100
Accumulated losses		(1,648,013)	(793,201)
Total Equity		(1,647,913)	(793,101)

The financial statements on pages 9 to 22, which are prepared in accordance with the provisions applicable to companies subject to the Small Companies regime, were approved by the Board of Directors on 26 April 2023 and signed on its behalf by:


David Dyson
Director

DocuSigned by:

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Jamie Stead
Director

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Statement of cash flows
For the year ended 31 December 2022

	2022	2021
	A\$'000	A\$'000
Cash flow from operating activities		
Payments to suppliers, employees and related parties (inclusive of GST)	(281)	(6,517)
Dividend received	90,535	80,189
Finance expense paid	(95,989)	(54,298)
Net cash (outflows) / inflows from operating activities	<u>(5,735)</u>	<u>19,374</u>
Cash flows from investing activities		
Net cash inflows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net cash inflows from financing activities	<u>-</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(5,735)	19,374
Cash and cash equivalents at 1 January	361,456	342,083
Effect of exchange rate changes on cash and cash equivalents	-	(1)
Cash and cash equivalents at 31 December	<u>355,721</u>	<u>361,456</u>

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Statement of changes in equity
For the year ended 31 December 2022

	Share capital A\$'000	Accumulated losses A\$'000	Total A\$'000
Balance at 1 January 2021	100	(823,807)	(823,707)
Profit for the year	-	30,606	30,606
Total comprehensive income for the year	-	30,606	30,606
Balance at 31 December 2021	100	(793,201)	(793,101)
Balance at 1 January 2022	100	(793,201)	(793,101)
Loss for the year	-	(854,812)	(854,812)
Total comprehensive loss for the year	-	(854,812)	(854,812)
Balance at 31 December 2022	100	(1,648,013)	(1,647,913)

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Notes to the financial statements for the year ended 31 December 2022

1 Presentation of the financial statements

General information

Vodafone Hutchison (Australia) Holdings Limited (the "Company") is a private company limited by shares, incorporated on 17 June 2020, domiciled and registered in the UK (in England). The registered number is 12677309 and the registered address is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, United Kingdom.

The Company is exempt by virtue of section 399 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with *Section 1A Small Entities of the Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). They were authorised for issue by the Company's board of Directors on 26 April 2023.

The presentation currency of these financial statements is Australian Dollars. All amounts in the financial statements have been rounded to the nearest A\$'000 (thousand).

The Company has elected to adopt the recognition and measurement principles of IFRS 9 *Financial Instruments*.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 3.

The principal activity of the Company is to act as an investment holding company.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in existence for at least 12 months from the date of signing of these financial statements. In assessing the going concern position of the Company, the Directors have considered the Company's cash flows, liquidity and business activities. At 31 December 2022, the Company had a cash balance of A\$356 million (2021: A\$361 million), net current liabilities of A\$4,554 million (2021: net current assets of A\$354 million), and net liabilities of A\$1,648 million (2021: A\$793 million).

The Directors have assessed that the cash balance is sufficient to fund the forecast cash outflows from the Company for the foreseeable future, being interest payments on the Syndicated Loan Facility. The Syndicated Loan Facility, which is repayable in November 2023, is fully guaranteed by the ultimate shareholders, CK Hutchison Holdings Limited ("CKHH") and Vodafone Group Plc ("VGP").

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

(b) Foreign currency transactions

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the statement of profit or loss and comprehensive income. The functional currency of the Company is Australian Dollars.

(c) Operating expenses

Operating expenses are recognised in respect of services received when supplied in accordance with contractual terms.

(d) Dividends received

Dividends received are included in the statement of profit or loss and other comprehensive income in the year in which the right to receive the payment is established. Dividends in specie are recognised at their fair value at the date of receipt.

(e) Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

(f) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are held at cost less accumulated impairment losses.

(g) Impairment of non-current assets

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the statement of profit or loss and other comprehensive income in the year concerned.

Impairment losses on non-financial assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

(h) Trade and other payables

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognised in the statement of profit or loss and other comprehensive income.

(i) Borrowings

Borrowings are initially recognised at fair value, less any facility fees directly attributable to the issue. They are subsequently measured at amortised cost using the effective interest method. Interest expense associated with guarantee fees and foreign exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in the statement of profit or loss and other comprehensive income.

(j) Derivatives

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of profit or loss and other comprehensive income.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(l) Taxation

Current tax is provided at the amounts expected to be paid or refunded at the rates that have been enacted or substantively enacted by the balance sheet date.

(m) Share capital

Ordinary shares are classified as equity.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, the Directors are required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates.

See note 5 for the key assumptions used in the estimate of the recoverable amount of the investment in TPG Telecom Limited ("TPG").

Vodafone Hutchison (Australia) Holdings Limited
(Registered number: 12677309)

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Dividend income

The current year's dividend income of A\$90.5 million (2021: A\$80.2 million) represented the fully franked dividend received from its 27.82% investment in TPG of 8.5 cents per share final dividend for the year ended 31 December 2021 (2021: 7.5 cents per share final dividend for the year ended 31 December 2020) and 9.0 cents per share interim dividend for the year ended 31 December 2022 (2021: 8.0 cents per share interim dividend for the year ended 31 December 2021).

	31 December 2022 A\$'000	31 December 2021 A\$'000
Dividend income	<u>90,535</u>	<u>80,189</u>

5 Impairment of investment

The Company has assessed whether there are any indications of potential impairment of its investments in TPG at 31 December 2022 and noted a decrease in TPG's share price during the current year, from A\$5.89 at 31 December 2021 to A\$4.89 at 31 December 2022. The price decline is an indicator and plays a key role in establishing the fair value less costs of disposal ("FVLCO") of the Company's investment in TPG.

The investment in TPG was written down to its recoverable amount of A\$2,906 million, which was determined by reference to the FVLCO of TPG shares as it was higher than its value in use. The main valuation inputs used in arriving at the FVLCO were the closing price of TPG shares at 31 December 2022 (level 1 input of the fair value hierarchy). A block premium (level 3 input of the fair value hierarchy) on the basis of the Company's significant influence on TPG is included with reference to specific, comparable and current transactions within the investee's industry. As a result an impairment of the investment of A\$825 million for the amount by which the carrying amount exceeds the recoverable amount was recognised for the current year.

6 Other operating expenses

The following items have been charged in operating profit / loss:

	31 December 2022 A\$'000	31 December 2021 A\$'000
Debt forgiveness	-	(6,144)
Consultancy and professional fee	(70)	(457)
Auditors' remuneration	(145)	(128)
Auditors' remuneration under provision of prior year	(18)	(102)
Non recoverable VAT	-	(34)
	<u>(233)</u>	<u>(6,865)</u>

TPG provides various services and facilities to the Company including finance and administrative services for which a management fee of A\$15,805 is charged (2021: A\$49,129) and is included in consultancy and professional fee above.

Vodafone Hutchison (Australia) Holdings Limited
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Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Employees and directors' remuneration

The Company has no employees (2021: nil).

During the year, the Directors of the Company did not receive any credits or advances (2021: nil). The Directors of the Company received no remuneration in respect of their services to the Company (2021: nil).

8 Finance Income

	31 December 2022 A\$'000	31 December 2021 A\$'000
Fair value movements on derivative financial instruments	318,556	269,926
Net interest income on derivative financial instruments	30,636	17,174
Total finance income	349,192	287,100

9 Finance expense

	31 December 2022 A\$'000	31 December 2021 A\$'000
Foreign exchange losses on external borrowings	(318,634)	(269,929)
Interest payable on external borrowings	(150,677)	(59,889)
Total finance expense	(469,311)	(329,818)

Vodafone Hutchison (Australia) Holdings Limited
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Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Taxation

	31 December 2022 A\$'000	31 December 2021 A\$'000
Analysis of charge in the year:		
Current tax:		
UK corporation tax charge on losses for the year	-	-
	31 December 2022 A\$'000	31 December 2021 A\$'000
Reconciliation of total tax charge		
(Loss) / profit on ordinary activities before tax	(854,812)	30,606
Tax on ordinary activities at the UK standard rate 19.00% (2021: 19.00%)	(162,414)	5,815
Effects of:		
Impairment not tax deductible	156,749	-
Dividend income not taxable	(17,202)	(15,236)
Deferred tax not recognised	22,852	8,252
Others	15	1,169
Total tax charge	-	-

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

As at 31 December 2022, amount of temporary differences, unused tax losses and tax credits for which no deferred tax asset is recognised comprise A\$232 million (2021: A\$116 million) relating to corporate interest restriction and A\$11 million (2021: A\$7 million) relating to tax losses. These tax attributes do not expire.

Vodafone Hutchison (Australia) Holdings Limited
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Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Investments in subsidiaries and associates

	Subsidiary and associate shares at cost A\$'000
Cost	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	4,475,034
Accumulated impairment	
At 1 January 2021, 31 December 2021 and 1 January 2022	(744,088)
Impairment charge for the year (note 5)	(824,995)
At 31 December 2022	<u>(1,569,083)</u>
Carrying value at 31 December 2022	<u>2,905,951</u>
Carrying value at 31 December 2021	<u>3,730,946</u>

On 9 July 2020, the Company acquired 100% of the share capital of Vodafone Hutchison Finance Pty Limited ("VHF") for A\$2 from TPG. The registered address of VHF was Level 1, 177 Pacific Highway, North Sydney, NSW 2060, Australia. At that time of acquisition of VHF and in accordance with the TPG merger scheme of arrangement, the Company effectively assumed A\$4,475 million of debt from TPG. VHF was placed in member's voluntary liquidation on 30 March 2021 and formally deregistered on 12 December 2021.

On 14 July 2020, the Company received 27.82% of the share capital of TPG as consideration for the assumption of A\$4,475 million of debt. The transaction price is considered to be equal to the fair value of consideration received. No material transaction costs were incurred by the Company. The registered address of TPG is Level 1, 177 Pacific Highway, North Sydney, NSW 2060, Australia.

12 Trade and other payables

	31 December 2022 A\$'000	31 December 2021 A\$'000
Amount falling due within one year		
Interest payable on borrowings	(25,043)	(7,068)
Accruals	(229)	(261)
Amounts owed to related undertakings	(45)	(61)
Total amounts falling due within one year	<u>(25,317)</u>	<u>(7,390)</u>

The amounts owed to related undertakings are unsecured, interest free and are repayable on demand.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Financial instruments

Borrowings

The Company has a US\$3,500 million syndicated loan facility with a syndicate of lenders. The facility is based on the 3 month US LIBOR plus a margin and it will mature in November 2023. Interest is payable quarterly and the principal is repayable at the termination date. The loan facility of A\$5,133 million (2021: A\$4,809 million) is guaranteed by the ultimate shareholders for which the Company pays no fee. In order to protect against exchange rate movements, the Company has in place cross currency interest rate swaps to coincide with the maturity of the loan. The swaps in place cover 100% of the outstanding loan balance and have a fixed exchange rate and effectively swap US Dollar debt for Australian Dollar debt. The swaps were entered into with related parties associated with the jointly controlling parent entities. The Company's effective rate of interest is based on the Australian 3 month BBSW plus a margin.

The cross currency interest rate swaps are settled in full on the same date as the interest payment is made to the facility agent.

Derivative Financial instruments

	31 December 2022 \$'000	31 December 2021 \$'000
Cross Currency Interest Rate Swap Derivatives (current asset)	248,555	-
Cross Currency Interest Rate Swap Derivatives (non-current)	-	(68,668)

As at 31 December 2022, the cross currency interest rate swaps are in a current asset position (2021: non-current liability). The cross currency interest rate swaps are marked to market on a monthly basis using latest Bloomberg market data and adjusted for credit risk using credit curves provided by CKHH and VGP treasury teams. This is considered to be a Level 2 fair value as it is based on observable prices.

14 Share capital

	31 December 2022		31 December 2021	
	Number of shares	A\$'000	Number of shares	A\$'000
Authorised				
Ordinary Shares of A\$1 each	100,000	100	100,000	100
Issued, allotted and fully paid				
Ordinary Shares of A\$1 each	100,000	100	100,000	100

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Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Related parties

The Company was incorporated in June 2020 as a joint venture between Vodafone Europe B.V. ("VEBV") (50% ownership) and Hutchison 3G Australia Holdings Pty Limited (50% ownership). The nature of the business is principally to hold investments in companies in the telecommunications sector, including shares in TPG (formerly named Vodafone Hutchison Australia Limited) which merged with TPG Corporation Limited (formerly named TPG Telecom Limited), as well as a 100% stake in a legacy Vodafone Hutchison financing entity, VHF. VHF was placed in member's voluntary liquidation on 30 March 2021 and formally deregistered on 12 December 2021. The business of the entity is also to undertake activities to satisfy the funding requirements of the Company. On 19 December 2022, Vodafone International Operations Limited ("VIOL") acquired VEBV's 50% shareholding in the Company.

During the year, the Company had material transactions with following companies:

Company name	Relationship	Registered
TPG Telecom Limited (TPG)*	Associate	Australia
Hutchison Telecommunications (Australia) Limited (HTAL)	Related party	Australia
Vodafone Europe B.V. (VEBV)	Shareholder (up to 19 December 2022)	Netherlands
Vodafone International Operations Limited (VIOL)	Shareholder (since 19 December 2022)	United Kingdom
Hutchison 3G Australia Holdings Pty Limited (H3GAH)	Shareholder	Australia
Vodafone Group Plc (VGP)	Ultimate parent of shareholder	United Kingdom
CK Hutchison Holdings Limited (CKHH)	Ultimate parent of shareholder	Cayman Islands
Hutchison Whampoa Europe Investments S.à r.l. (HWEI)	Related party	Luxembourg

* Vodafone Hutchison Australia Pty Limited ("VHA") was converted to a public company on 19 June 2020 and changed its name to Vodafone Hutchison Australia Limited. On 29 June 2020, VHA changed its name from Vodafone Hutchison Australia Limited to TPG Telecom Limited (the company that previously bore that name having changed its name to TPG Corporation Limited) and was listed on the Australian Securities Exchange on 30 June 2020.

In 2020, part of merger implementation activities, TPG, HTAL and Vodafone group were required to restructure existing TPG debt, which involved the transfer of VHF which held external debt of A\$4,475 million in return for TPG shares (of which H3GAH, through its 50% ownership of the Company effectively owned shares valued at A\$2,237 million). Following the debt restructure, VHF became a 100% owned subsidiary of the Company.

On 30 November 2020, the outstanding US\$3,500 million Syndicated Banking Facility held by VHF matured and VHF repaid in full the outstanding balance and accrued interest using A\$4,539 million received from the Company as a result of the Company entering into a new US\$3,500 million Syndicated Banking Facility ("New SFA"). The related cross currency interest rate swap contracts with VHF's ultimate shareholders were also terminated as part of the transaction. The guarantee fee arrangement with VHF's ultimate shareholders remained on foot and deferral notices for the outstanding guarantee fee in an aggregate sum of A\$6 million were executed. On 2 March 2021, the Company and VHF resolved and agreed that the Company would pay A\$6 million in guarantee fees owed by VHF to CKHH and VGP and that VHF had no obligation to reimburse or repay the Company for any of that payment. The New SFA is guaranteed by the Company's ultimate parent entities, CKHH and VGP. CKHH and VGP have also entered into a Counter Indemnity Agreement with the Company but no guarantee fee is charged to the Company.

In order to protect against exchange rate movements, the Company entered into cross currency interest rate swaps to coincide with the maturity of the loan. The swaps in place cover 100% of the outstanding loan balance and have a fixed exchange rate and effectively swap US dollar debt for Australian dollar debt. The swaps were entered into with related parties associated with the Company joint venture partners. The Company's effective rate of interest is based on the Australian 3 month BBSW plus a margin. The cross currency interest rate swaps are settled in full on the same date as interest payment is made to the facility agent.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Related parties (continued)

	31 December 2022 A\$'000	31 December 2021 A\$'000
(a) Expenses incurred from related parties		
Entities over which the Company has control or significant influence (subject to wholly owned exemption) (note 6)	(16)	(6,193)
(b) Income from related parties		
Entities with joint control (note 8)	349,192	287,100
Entities over which the Company has control or significant influence (subject to wholly owned exemption) (note 4)	90,535	80,189
	31 December 2022 A\$'000	31 December 2021 A\$'000
(a) Receivable outstanding		
Entities with joint control (note 13)	248,555	-
(b) Creditor outstanding		
Entities with joint control (notes 12 and 13)	(2)	(68,671)
Entities over which the Company has control or significant influence (subject to wholly owned exemption) (note 12)	(43)	(58)

Expenses from entities over which the Company has control or significant influence includes VHF's guarantee fee forgiven by both shareholders and management fees payable to TPG (see note 6). Income from entities with joint control relates to changes in the fair value of cross currency interest rate swaps (see note 13) held by HWEI and VGP. Dividend income of A\$90.5 million (2021: A\$80.2 million) was received from TPG during the year.

16 Ultimate parent undertaking

The Company is a joint venture between VIOL (2021: VEBV) (50% ownership) and H3GAH (50% ownership). The Company therefore does not have an ultimate controlling party and the results of the Company are not consolidated by any party.

VIOL now holds a 50% direct interest in the Company following an acquisition of the Company's shares from VEBV on 19 December 2022.

17 Subsequent events

The Company had the following events subsequent to the balance sheet date:

- On 27 February 2023, TPG declared fully franked final dividend of 9.0 cents per share for the year ended 31 December 2022.
- On 13 April 2023, the Company received a fully franked dividend of A\$46.6 million from TPG.