

**VMED O2 UK HOLDCO 3 LIMITED  
(FORMERLY NEWCO HOLDCO 3 LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE SEVENTEEN MONTH PERIOD ENDED 31 DECEMBER 2021**

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**VMED O2 UK HOLDCO 3 LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J L Boyle M D Hardman
<b>Company secretary</b>	VMED O2 Secretaries Limited
<b>Registered number</b>	12807077
<b>Registered office</b>	Griffin House 161 Hammersmith Road London United Kingdom W6 8BS
<b>Independent auditor</b>	KPMG LLP 1 St Peter's Square Manchester M2 3AE

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**VMED O2 UK HOLDCO 3 LIMITED**

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**VMED O2 UK HOLDCO 3 LIMITED**

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

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**Principal activities and business review**

VMED O2 UK Holdco 3 Limited, (the company) was incorporated on 12 August 2020.

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

The principal activity of the company during the period was, and will continue to be, that of a holding company. The investments of the company are shown in note 15.

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

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

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

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

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

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

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

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

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## **VMED O2 UK HOLDCO 3 LIMITED**

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

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

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

#### **Principal risks and uncertainties**

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

#### **Brexit**

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

#### **COVID-19**

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

#### **Key performance indicators (KPIs)**

The directors do not use KPIs to assess the performance of the company as its principal activity is that of a holding company.

#### **Future outlook**

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

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**VMED O2 UK HOLDCO 3 LIMITED**

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

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**Section 172 Statement**

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

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

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

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

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

During the period the company was involved in the organisation of the joint venture whereby the company acquired VMED O2 UK Holdco 4 Limited and its subsidiaries (acquisition). Whilst performing their duty under section 172(1) in relation to acquisition the directors had regard to the decision by the Board of VMED O2 UK Limited that it was in the best interests of the group's stakeholders to form the joint venture. The decision of the directors was supported by management information provided by the professional advisors to the group and having considered the group's internal controls as to the integrity of the management information provided to them. As a result, the directors were satisfied that the acquisition will benefit the company and the group as a whole.

Further detail is provided in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

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**VMED O2 UK HOLDCO 3 LIMITED**

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

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

*Mark Hardman*

**M D Hardman**  
Director

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## VMED O2 UK HOLDCO 3 LIMITED

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

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

#### Results and dividends

On 20 August 2020, the name of the company was changed from Newco Holdco 3 Limited to VMED O2 UK Holdco 3 Limited.

The loss for the period, after tax, amounted to £3,000.

The directors have not recommended an ordinary dividend.

#### Directors

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

J L Boyle (appointed 1 October 2021)  
C H R Bracken (appointed 12 August 2020, resigned 1 June 2021)  
M D Hardman (appointed 1 October 2021)  
J L Evans (appointed 12 August 2020, resigned 1 June 2021)  
R G McNeil (appointed 1 June 2021, resigned 1 October 2021)  
L Milner (appointed 1 June 2021, resigned 31 August 2021)  
C B E Withers (appointed 1 June 2021, resigned 1 October 2021)

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

#### Political donations

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

#### UK employee engagement statement

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

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



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## VMED O2 UK HOLDCO 3 LIMITED

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

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#### UK employee engagement statement (continued)

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

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

#### Corporate governance

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

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**VMED O2 UK HOLDCO 3 LIMITED**

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

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**Going concern**

Notwithstanding net current liabilities of £3,000 as at 31 December 2021 and a loss for the period ended 31 December 2021 of £3,000, the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

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

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

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

Taking into account these forecasts and projections and after making enquiries, the directors have a reasonable expectation the company has adequate support and resources to continue in operational existence for the foreseeable future. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

**Disclosure of information to auditor**

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

**Auditor**

KMPG LLP has been appointed under section 487(2) of the Companies Act 2006.

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

*Julia Boyle*

**J L Boyle**  
Director

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**VMED O2 UK HOLDCO 3 LIMITED**

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

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

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

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

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

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

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

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**VMED O2 UK HOLDCO 3 LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK HOLDCO 3 LIMITED**

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**Opinion**

We have audited the financial statements of VMED O2 UK Holdco 3 Limited ("the company") for the period from 12 August 2020 to 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, 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 December 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Going concern**

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

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

Our conclusions based on this work:

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

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

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**VMED O2 UK HOLDCO 3 LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK HOLDCO 3 LIMITED  
(CONTINUED)**

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**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the VMED O2 UK Holdings Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud. As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks. We performed procedures including agreeing all accounting entries in the period to supporting documentation.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations. The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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

**Strategic Report and Directors' Report**

The directors are responsible for the Strategic Report and Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

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

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

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**VMED O2 UK HOLDCO 3 LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK HOLDCO 3 LIMITED  
(CONTINUED)**

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**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.

**Directors' responsibilities**

As explained more fully in their statement set out on page 8, 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.

**Auditors' responsibilities**

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

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

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**VMED O2 UK HOLDCO 3 LIMITED**

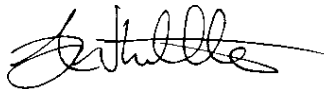
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VMED O2 UK HOLDCO 3 LIMITED  
(CONTINUED)**

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

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



**Antony Whittle (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered accountants  
1 St Peter's Square  
Manchester  
M2 3AE  
Date: 30 June 2022

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**VMED O2 UK HOLDCO 3 LIMITED**


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


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	Note	2021 £000
Administrative expenses		(1)
<b>Operating loss</b>		<u>(1)</u>
Finance costs	7	(2)
<b>Loss before tax</b>		<u>(3)</u>
Tax on loss	8	-
<b>Loss for the financial period</b>		<u><u>(3)</u></u>

The notes on pages 16 to 24 form part of these financial statements.

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

All results were derived from continuing operations.



**VMED O2 UK HOLDCO 3 LIMITED**  
**REGISTERED NUMBER: 12807077**

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

	Note	2021 £000
<b>Fixed assets</b>		
Investments in subsidiaries	9	7,844,694
<b>Current assets</b>		
Cash and cash equivalents		1
<b>Creditors: amounts falling due within one year</b>	10	(4)
<b>Net current liabilities</b>		(3)
<b>Net assets</b>		<u>7,844,691</u>
<b>Capital and reserves</b>		
Ordinary shares	11	-
Share premium	12	7,844,694
Accumulated losses	12	(3)
<b>Total shareholder's funds</b>		<u>7,844,691</u>

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

*Mark Hardman*

**M D Hardman**  
 Director

The notes on pages 16 to 24 form part of these financial statements.

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**VMED O2 UK HOLDCO 3 LIMITED**


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


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	Ordinary shares £000	Share premium £000	Accumulated losses £000	Total shareholder's funds £000
Balance as at 12 August 2020	-	-	-	-
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(3)	(3)
Shares issued during the period (see note 11)	-	7,844,694	-	7,844,694
<b>Total transactions with owners</b>	-	7,844,694	-	7,844,694
<b>Balance as at 31 December 2021</b>	-	7,844,694	(3)	7,844,691

The notes on pages 16 to 24 form part of these financial statements.

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**VMED O2 UK HOLDCO 3 LIMITED**

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

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**1. Company information**

VMED O2 UK Holdco 3 Limited (the "company"), was incorporated on 12 August 2020. On 20 August 2020, the name of the company was changed from Newco Holdco 3 Limited to VMED O2 UK Holdco 3 Limited.

The principal activity of the company during the period was, and will continue to be, that of a holding company.

The company is a private company incorporated, domiciled and registered in the UK. The registered number is 12800546 and the registered address is Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS.

In accordance with s400 of the Companies Act 2006, consolidated financial statements for this company have not been prepared as the company and its subsidiaries are included in the consolidated financial statements of VMED O2 UK Holdings Limited for the period ended 31 December 2021, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

**2. Accounting policies**

**2.1 Basis of accounting**

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

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

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

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

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

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**VMED O2 UK HOLDCO 3 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.2 Going concern**

Notwithstanding net current liabilities of £3,000 as at 31 December 2021 and a loss for the period ended 31 December 2021 of £3,000, the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

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

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

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

Taking into account these forecasts and projections and after making enquiries, the directors have a reasonable expectation the company has adequate support and resources to continue in operational existence for the foreseeable future. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

**2.3 Investments in subsidiaries**

Investments are recorded at cost, less provision for impairment as appropriate. The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the investment or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

**2.4 Cash and cash equivalents**

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

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**VMED O2 UK HOLDCO 3 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.5 Creditors**

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

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

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

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

**Estimates and assumptions**

***Carrying value of investments***

Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

**4. Operating loss**

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

The directors received no remuneration for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2021 and 2020 was disclosed in the Consolidated Annual Report of VMED O2 UK Holdings Limited, which is available from the company secretary at 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

**5. Auditor's remuneration**

Auditor's remuneration of £10,260 for the audit of the financial statements has been borne by a fellow group undertaking and not recharged.

**6. Employees**

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

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**7. Finance costs**

	<b>2021 £000</b>
Other finance charges	<u>2</u>

**8. Income tax expense**

	<b>2021 £000</b>
<b>Total current tax</b>	<u>-</u>
<b>Deferred tax</b>	
<b>Total deferred tax</b>	<u>-</u>
<b>Tax on loss</b>	<u>-</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	<b>2021 £000</b>
Loss on ordinary activities before tax	<u>(3)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	<u>(1)</u>
<b>Effects of:</b>	
Group relief surrendered for nil consideration	<u>1</u>
<b>Tax expense</b>	<u>-</u>

**Factors affecting current and future tax charges**

In March 2021, legislation was introduced to increase the UK corporate income tax rate from 19% to 25% from 1 April 2023. This rate change was substantively enacted on 24 May 2021 and enacted on 10 June 2021 (Finance Bill 2021).

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**VMED O2 UK HOLDCO 3 LIMITED**


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**9. Investment in subsidiaries**

	<b>Investments in subsidiaries £000</b>
<b>Cost</b>	
At 12 August 2020	-
Additions	15,689,388
Disposals	(7,844,694)
<b>At 31 December 2021</b>	<b>7,844,694</b>

**Subsidiary undertakings**

On 13 August 2020, the company incorporated VMED O2 UK Holdco 4 Limited for £1.

On 1 June 2021, the company acquired 100% shareholding in O2 Holdings Limited for £7,844,694,000. This shareholding was subsequently contributed to VMED O2 UK Holdco 4 Limited in exchange for 4 ordinary shares with a nominal value of £4.

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are shown in note 15.

In the opinion of the directors the aggregate value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

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

	<b>2021 £000</b>
Amounts owed to group undertakings	<b>4</b>

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

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**VMED O2 UK HOLDCO 3 LIMITED**


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**11. Share capital**

	2021 £
<b>Allotted, called up and fully paid</b>	
5 Ordinary shares of £1.00 each	<b>5</b>

On 12 August 2020, the company issued 1 ordinary share with a nominal value of £1 for a consideration of £1.

On 1 June 2021, the company issued 4 ordinary shares with a nominal value of £4 for a consideration of £7,844,694,000.

**12. Reserves****Ordinary shares**

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

**Share premium**

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

**Accumulated losses**

Includes all accumulated losses since incorporation.

**13. Guarantees**

Fellow group undertakings are party to a senior secured credit facility with a syndicate of banks. As at 31 December 2021, this comprised term facilities that amounted to £5,916 million and revolving credit facilities of £1,378 million, which were undrawn as at 31 December 2021. Borrowings under the facilities are secured against the assets of certain members of the group.

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior secured credit facility. The amount outstanding under the senior secured notes at 31 December 2021 amounted to £8,066 million. Borrowings under the notes are secured against the assets of certain members of the group.

Furthermore, a fellow group undertaking has issued senior notes for which certain fellow group undertakings, have guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as at 31 December 2021 amounted to approximately £1,103 million.

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



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**14. Controlling party**

The company's immediate parent undertaking is VMED O2 UK Financing II plc.

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

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

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

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**VMED O2 UK HOLDCO 3 LIMITED**


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**15. Investment listing**

<b>Name of company</b>		<b>Holdings</b>	<b>Proportion held</b>	<b>Nature of business</b>
<b>Direct shareholdings</b>				
VMED O2 UK Holdco 4 Limited	β	Ordinary	100%	Holding
<b>Indirect shareholdings</b>				
Cellular Radio Limited		Ordinary	100%	Non-Trading
Cornerstone Telecommunications Infrastructure Limited	ψ	Ordinary	50%	Joint Venture
Digital Mobile Spectrum Limited	Ξ	Ordinary	25%	Telecoms
DX Communications Limited	Σ	Ordinary	100%	Dormant
giffgaff Limited		Ordinary	100%	Telecoms
O2 Cedar Limited		Ordinary	100%	Non-Trading
O2 Communications Limited		Ordinary	100%	Non-Trading
O2 Holdings Limited		Ordinary	100%	Holding
O2 Networks Limited		Ordinary	100%	Non-Trading
O2 Redwood Limited		Ordinary	100%	Dormant
O2 Unify Limited		Ordinary	100%	IT Consultancy
Statiq Limited		Ordinary	100%	Non-Trading
Telefonica Cybersecurity Tech UK Limited		Ordinary	100%	Dormant
Telefónica Europe People Services Limited	Ω	Ordinary	100%	HR Services
Telefonica UK Limited		Ordinary	100%	Telecoms
Telefonica UK Pension Trustee Limited		Ordinary	100%	Dormant
Tesco Mobile Limited	μ	Ordinary	50%	Telecoms
The Mobile Phone Store Limited		Ordinary	100%	Dormant
VMED O2 Secretaries Limited		Ordinary	100%	Dormant
Weve Limited		Ordinary	100%	Non-Trading

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**15. Investment listing (continued)**

All companies are registered at 260 Bath Road, Slough, Berkshire, SL1 4DX, unless otherwise noted below:

β	Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS
ψ	Hive 2, 1530 Arlington Business Park, Theale, Reading, Berkshire, England, RG7 4SA
Ξ	24/25 The Shard, 32 London Bridge Street, London, England, SE1 9SG
Σ	The Ca'D'Ore, 45 Gordon Street, Glasgow, United Kingdom, G1 3PE
Ω	South Point Herbert House, Harmony Row, Grand Canal Dock Dublin 2, Dublin. This entity is registered in Ireland.
μ	Shire Park, Welwyn Garden City, United Kingdom, AL7 1GA