

# **Thunderbird Holdco Limited**

Report and Financial Statements

15-month Period Ended

31 December 2020

Company Number 12236893

# Thunderbird Holdco Limited

## Report and financial statements for the period ended 31 December 2020

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### Directors

D Tobak  
R Woodward

### Registered office

Kings House 174 Hammersmith Road London W6 7JP

### Company number

12236893

### Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

# Thunderbird Holdco Limited

## Strategic report for the period ended 31 December 2020

The directors present their strategic report together with the audited financial statements for the period 01 October 2019 to 31 December 2020.

### Principal activity

Thunderbird Holdco Limited (the “Company”) and its subsidiaries (each a “Group Company” and together the “Group”) is constructing and operating a fibre optic broadband network throughout the UK.

The Company's principal activity during the period was that of a holding company.

### Business review

The Company was incorporated on 1<sup>st</sup> October 2019. On 1<sup>st</sup> November 2019 a Group Company acquired all the share capital of WRS Topco Ltd for a consideration of £482m, The fair value of the acquired net liabilities of WRS Topco Limited was £26m which resulted in goodwill on acquisition of £508m.

Turnover for the period was £59.1m. Gross profit margin was 82%. Operating loss for the period was £114.5m. The group will strive for increased efficiencies of the core network as the business achieves scale in terms of nationwide coverage and takes advantage of the underlying reduction in operating cost base. The Group has continued to grow its network and has invested heavily in growing its homes passed footprint in the period, investing £70.4m in the fibre network. The Group is well positioned to continue the expansion of the network into new sites within existing cities as well as expanding into new cities in the UK.

There were no major strategic decisions taken by the Group during the financial period.

### Financial key performance indicators

The Group's key financial performance indicators are set out below:	<b>2020</b>
	<b>£'m</b>
Revenue	<b>59.1</b>
Gross profit	<b>48.4</b>
Gross profit margin	<b>82%</b>
EBITDA*	<b>(25.8)</b>

\* EBITDA represents the operating loss for the period plus depreciation and amortisation

### Principal risks and uncertainties

Risk	Mitigation
<b>Health and safety</b> The Group is involved in activities and environments that have the potential to cause serious injury to its stakeholders, or to damage property, the environment or its reputation. It is reliant on a large subcontracted workforce to operate to its high standards and procedures.	The health and safety of people is the primary focus of the Group. In order to control risk and prevent harm, the Group is focused on achieving the highest standards of health and safety management. This is achieved by establishing effective health and safety procedures and ensuring that effective leadership and organisational arrangements are in place to operate these procedures.

# Thunderbird Holdco Limited

Strategic report (*continued*)  
for the period ended 31 December 2020

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## Principal risks and uncertainties (continued)

Risk	Mitigation
<p><b>Coronavirus</b></p> <p>The current Coronavirus pandemic may affect the Group's ability to continue growing the network at the existing rate due to staff illness and possible travel restrictions on engineers. Furthermore, the Group may be unable to connect new customers if access to their premises is restricted, and the Group may experience delays and shortages in its materials supply chain.</p>	<p>The directors and the Group are monitoring the situation closely. Where possible staff are able to work from home, and engineers have been provided with guidance for safe working practices. The Group has engaged with its suppliers to ensure that it maintains several months' supply of materials for the continuing rollout of the network.</p>
<p><b>Market risk</b></p> <p>Demand for the services of the Group may be vulnerable to sudden economic downturns, a lack of confidence in the housing market and the broader economy, reductions in government and private sector spending, regulatory developments (including building and fire regulations) and increases in costs.</p>	<p>The Group's strategic focus is on those market sectors in which a competitive advantage is maintained and that have the most potential for profitable growth. Members of the leadership team participate in political, economic and regulatory forums to maintain effective working relationships with the government and regulatory authorities.</p>
<p><b>Brexit</b></p> <p>The impact of Brexit continues to create uncertainty in the UK economy. This may result in general uncertainty in the economy leading to customers delaying purchasing decisions. It may also increase the level of counter-party credit and currency risk faced by the Group.</p>	<p>The Group continues to monitor the impact of Brexit and has developed plans to respond to a range of potential scenarios. This includes specific plans that cater for changes in market conditions, complications with the movement and availability of its workforce, pressure on the supply chain, delays in delivery of materials and components, changes in exchange rates and pricing impact of increased tariff and commodity costs. The Group has analysed the supply chain and does not see a significant impact on current or future projects. The Group does not deliver any contract, projects or services to any other country in the EU.</p>
<p><b>Competition</b></p> <p>The broadband telecom sector is highly competitive with low margins. If it does not compete effectively in its market sectors, the Group runs the risk of losing market share. While service quality, capability, reputation and experience are considered in customer decisions, price often remains the key determining factor.</p>	<p>The Group mitigates competitive risk by seeking to target projects where it has a competitive advantage and can manage its costs and risks. The risk profile of every project is assessed at the planning stage to determine whether it is in line with the strategic objectives of the Group before approval of the project is given.</p>

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# Thunderbird Holdco Limited

Strategic report (*continued*)  
for the period ended 31 December 2020

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## Principal risks and uncertainties (continued)

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Risk	Mitigation
<p><b>Project Delivery</b></p> <p>Execution of projects involves professional judgement in estimating, planning, design and construction, often in complex environments. The Group's projects could encounter difficulties that could lead to cost and time overruns, lower revenues, litigation or disputes.</p>	<p>The Group's activities are guided by operating throughout the project lifecycle. These, combined with comprehensive management oversight, the risk management process, project reviews, quality audits, peer reviews and customer feedback help mitigate the risk to successful project delivery.</p>
<p><b>Liquidity (Financial Risk)</b></p> <p>Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, and could affect its ability to invest, win work or pay dividends.</p>	<p>The Group manages liquidity such that it always has sufficient liquidity to meet its liabilities when due. The Group continually monitors and stress tests its liquidity position. Funding arrangements are reviewed regularly and approved by the Group Board.</p>
<p><b>Credit risk</b></p> <p>Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The principal credit risk for the Group arises from its trade debtors.</p>	<p>In order to manage the credit risk, the directors set credit limits for customers, and actively monitor customers that do not pay on time.</p>
<p><b>Appointing and retaining talent</b></p> <p>The success of the Group is dependent on being able to attract and retain people that have the necessary experience and expertise. Competition for high quality people is intense.</p>	<p>The Group knows that its people are at the heart of its on-going success. It seeks to offer market-competitive remuneration (which is reviewed regularly), training and career development opportunities, and to be an attractive and engaging employer.</p>
<p><b>Regulatory Risk</b></p> <p>There is a risk that regulation imposed by Ofcom, the National Cyber Security Centre ("NCSC") and other regulatory bodies could put constraints on the Group's operating model in complying with those regulations causing increased cost and operational disruption.</p>	<p>The Group proactively manages regulatory risk and engages policy and regulatory development at many levels. The Group maintains relationships with a diverse set of suppliers in order to mitigate against specific NCSC High Risk Vendor decisions.</p>

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# Thunderbird Holdco Limited

Strategic report (*continued*)  
for the period ended 31 December 2020

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## Principal risks and uncertainties (continued)

Risk	Mitigation
<b>Systems, Data, Cyber Security &amp; GDPR</b> A loss of the Group's key systems through a lack of resilience or an information security breach or attack, could impact the successful delivery of projects and lead to a loss of confidential data, damaging its reputation and brand.	Robust controls and procedures are in place to monitor the performance of the Group's systems and to identify and mitigate external threats. The Group is continually developing and upgrading its IT infrastructure, software and cyber threat and assessment capabilities. The Group continues to develop and enhance its data protection procedures in line with regulations.

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## Section 172 Statement

The Directors of the Group act in the way they consider, in good faith, will be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the Group's employees,
- (c) the need to foster the Group's business relationships with suppliers, customers and others,
- (d) the impact of the Group's operations on the community and the environment,
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the Group.

## Strategy and Business Model

The Board believes it has established a strategy and business model which promotes long-term value for shareholders.

Hyperoptic is building a full fibre broadband network. It works with freeholders, developers, property managers and residents to bring award-winning services to residential and business developments, delivering a future-proof connection that increases the attractiveness and value of each property. Hyperoptic broadband is already available at selected sites in 57 UK towns & cities. The business model will deliver long term value by connecting new sites, towns and cities and increasing penetration rates at existing sites.

## Shareholder needs and expectations

The Board of Hyperoptic acts within the powers granted by the Thunderbird Topco Limited shareholder agreement. The Group strategy and budgets are approved by the Thunderbird Topco Limited Board which is controlled by representatives of the shareholders. There is a monthly reporting process and regular feedback from the shareholders.

## Stakeholder and social responsibilities

The Board takes into account wider stakeholder and social responsibilities and their implications for long-term success. The wider stakeholder community has been identified as the employees, customers, suppliers and regulators.

## Health and Safety

The Board remains committed to the effective management and monitoring of health and safety and to providing a safe working environment for all employees and partners and to keeping members of the public with whom the Group comes into contact free from harm. Health and Safety remains a key strategic priority to further enhance the Group's performance and to develop the leadership skills and behaviour required to achieve a positive and high performing culture.

# Thunderbird Holdco Limited

## Strategic report (*continued*) for the period ended 31 December 2020

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### **Employees**

The Board recognises the importance of engaging employees to help them make their fullest contribution to the business, which is fundamental to achieving the Group's strategy and long-term objectives. The Group uses a variety of media to inform employees about the Group's development and prospects and seeks and listens to employees' views and opinions.

The Group's annual "Kick off Meeting", which is open to all employees, is the forum by which the Chief Executive informs and updates staff on the Group's performance plans and future outlook and provides employees with an opportunity to provide feedback, ask questions, or to seek clarification, on the Group's purpose, goals and direction.

There is a quarterly pulse survey to check employee engagement and satisfaction, this is reviewed by the Board and senior leadership team to produce action plans to address areas of concern and improve staff retention.

The Group is committed to improving the skills of employees through training and development and through nurturing a culture in which employees feel valued for their contribution and motivated to achieve their full potential.

### **Customers**

The Group aims to treat its customers fairly and do business with them in a sustainable way. It constantly strives to exceed its customers' expectations and monitors customer satisfaction and feedback using Trustpilot surveys. On the occasions where the Group falls short it offers automatic compensation in line with Ofcom guidance and has a comprehensive complaints code published on its website.

### **Suppliers**

The Group aims to treat its suppliers fairly and do business with them in a sustainable way. It also has a responsibility to make sure that its suppliers operate with high ethical standards.

Hyperoptic's procurement department works closely with the supply base to ensure the Group understands the way in which those businesses operate. The Group has conducted relevant business continuity planning in relation to significant risks, to minimise business disruption from its supply base.

The Group is committed to doing all it can to assist in the eradication of slavery and human trafficking. It has a zero-tolerance approach to any slavery or human trafficking activity within its business or in its supply chain.

### **Regulators and Industry forums**

The Group operates under General Conditions of Entitlement (the "GCs") (established by Ofcom in accordance with the Communications Act 2003). There are three broad sections of the GCs: Network Functioning Conditions; Numbering and Technical Conditions; and Consumer Protection Conditions. The directors have established policies to ensure that the Group complies with these obligations as well as other requirements from voluntary codes. As requirements evolve or new ones are established, the Group reviews them and kicks off work streams to ensure that processes are amended accordingly.

The Group is engaged with policy and regulatory development at many levels. This ranges from the CEO having meetings with the Secretary of State, other Ministers and the Chair of Ofcom, to the policy team interfacing at senior and working levels with DCMS, Ofcom and the Office of the Telecoms Adjudicator ("OTA"). The OTA are independent of Ofcom and primarily deal with major or strategic issues affecting the rollout and performance of Openreach products and services.

### **Risk management**

The Board seeks to embed effective risk management, considering both opportunities and threats, throughout the organization. The Board has established a risk committee to own the Group's risk management framework and ensure it identifies and addresses all relevant risks in order to execute and deliver the Group's agreed strategy. The principal risks and their mitigations are listed in the Strategic Report on pages 2-5.

# Thunderbird Holdco Limited

Strategic report (*continued*)  
for the period ended 31 December 2020

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## Risk management (*continued*)

The Board is mindful of all stakeholders' risk tolerance and risk appetite when setting strategy and carefully determines the extent of risk exposure, especially in the areas of the Group's supply chain, project delivery and liquidity, that the stakeholders will accept.

## Corporate Governance

The Board of Thunderbird Holdco Limited is governed by the shareholders' agreement.

The Board members have a collective responsibility and legal obligation to promote the interests of the Group, and are collectively responsible for defining corporate governance arrangements.

The Board is supported by committees drawn from the senior leadership that have the necessary skills and knowledge to help the Board discharge their duties and responsibilities effectively.

Good governance supports open and fair business, ensures that the Group has the right safeguards in place and makes certain that every decision it takes is underpinned by the right considerations. Whilst Board oversight is always maintained, key decisions are made by the individuals and committees with the most appropriate knowledge and industry experience. Each Board member has a clear understanding of their accountability and responsibilities.

The Board receives regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs).

Key financial information is collated from the Group's various accounting systems. The Group's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is currently externally audited by BDO LLP on an annual basis.

This Strategic Report was approved by order of the Board on 27 September 2021.



R Woodward

**Director**



# Thunderbird Holdco Limited

## Report of the directors for the period ended 31 December 2020

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The directors present their report together with the audited non-statutory financial statements for the period ended 31 December 2020.

### Future Developments

The future developments of the business are discussed in the Strategic report on page 2.

### Results and dividends

The statement of comprehensive income is set out on page 15 and shows the loss for the period. The directors do not recommend payment of a dividend.

### Directors

The directors of the Group during the period and subsequent to the reporting period were:

C Gonzalez (resigned 22 January 2020)  
D Tobak (appointed 22 January 2020)  
P White (appointed 22 January 2020, resigned 16 April 2021)  
R Woodward (appointed 16 April 2021)

### Directors Indemnities and Insurance

The Group's Articles of Association provide for the indemnification of its directors and the Group Secretary to the extent permitted by the Companies Act 2006 and other applicable legislation, out of the assets of the Group, in the event that they incur certain expenses in connection with the execution of their duties. In addition, and in common with many other companies, the Group has directors' and officers' liability insurance, in respect of certain losses or liabilities to which officers of the Group may be exposed in the discharge of their duties.

### Information included in the Strategic Report

As permitted by s414C(11) of the Companies Act, certain directors' report requirements of Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to the Group's engagement with employees have been included in the Strategic Report on page 6.

### Financial instruments

The Group policy is to minimise the financial risks of interest rate volatility. The Group uses interest rate swap arrangements to fix the interest rate on a minimum of 50% and maximum of 110% of the principal outstanding on the £500m loan facility. As of 31 December 2020, the loan facility had a hedge of 53% on the principal outstanding on the loan. These cash flow hedges were effective monthly, matching the interest period of the loan facility. Management does not consider the unhedged proportion of the loan facility to be a significant risk to the business.

Loan due from fellow Group Companies are at a fixed interest rate. The payment of interest is deferred and will continue to be deferred on an ongoing basis.

### Research and development

The Group continues to invest in the development of both its website and its internal network management and customer relationship management software. Costs in respect of this development have been capitalised on the balance sheet.

# Thunderbird Holdco Limited

## Report of the directors (continued) for the Period ended 31 December 2020

### Streamlined Energy and Carbon Reporting (“SECR”)

With effect from this year, the Company is required to report on energy consumption and Greenhouse Gas (“GHG”) emissions and energy consumed by the Group for the year 01 January 2020 to 31 December 2020, under the Streamlined Energy and Carbon Reporting regulations.

#### *UK kWh and CO<sub>2</sub>e Scope 1 and Scope 2 emissions*

The total energy consumption for the Group in the latest year for scope 1 and 2 emissions was 9,054,280 kWh. The activities that generated this energy consumption, their individual volumes and related emissions were as follows:

Energy type	Definition	Total energy use (kWh)	Calculated CO <sub>2</sub> emissions (tonnes of CO <sub>2</sub> e)
Transport	Emissions from combustion of fuel for transport purposes	8,953,508	2,152.5
Electricity	Emissions from purchased electricity	81,587	19
Gas	Emissions from combustion of gas	19,185	3.5

#### *Quantification and reporting methodology*

Energy usage information (gas and electricity) has been obtained from energy suppliers. The emissions have been calculated by using the UK Government GHG Conversion Factors for Company Reporting for the year 2020.

#### *Energy efficiency actions*

In the period covered by the report, the Group tested a number of electric vehicles to understand their use and limitations. However, due to the limitations on range and re-charging facilities, the company has not been able to make a commitment to switch to electric vehicles at the present time. No other energy efficiency work has been undertaken.

During the next year, the Group intends to continue to review the feasibility of using low-emission vehicles in its fleet for future replacement.

#### *Intensity ratio*

The majority of emissions created by the Group are from the fuel use in its vehicle fleet. The main use of this fleet is to install network equipment so the chosen metric is the total emissions divided by the capex spent in £ millions. This is felt to be the correct metric to reflect ongoing vehicle use in future years as it will account for any increase or reduction in business activity as well as any reduced emissions as the vehicle fleet is changed.

As the capex spend for 2020 was £67 million, the metric for the period 1st January 2020 to 31st December 2020 was 32 Tonnes of CO<sub>2</sub> emitted for each £1 million of capex spent.

As this is the first year of reporting, there are no comparisons of change from previous years.

### Equal Opportunities

The Group is an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

# Thunderbird Holdco Limited

## Report of the directors (continued) for the Period ended 31 December 2020

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### Equal opportunities (continued)

The Group is focused on fostering a diverse and inclusive working environment and has implemented specific development programmes to assist business leaders in engaging further with their teams and in demonstrating the contribution that each individual can make to the success of the Group. The Group is committed to growing a diverse pool of talent for purposes of long term succession planning.

The Group gives full and fair consideration to applications for employment made by disabled people and encourages and assists the recruitment, training, career development and promotion of disabled people. The Group endeavours to retain and adjust the environment of employees who become disabled during the course of their employment.

### Post balance sheet events

The outbreak of a novel coronavirus ("COVID-19") continues to spread throughout the world and has adversely impacted global and local commercial activity and contributed to the significant volatility in financial markets. The outbreak has caused a significant business disruption and impacted the growth of the Group due to lockdowns across the UK.

A further lockdown was declared in January 2021.

The Group continues to monitor the impact of the COVID-19 outbreak closely and, following the lifting of restrictions in July 2021, expects a recovery in business activity. The impact on going concern is disclosed in note 1.

In July 2021, a Group Company drew an additional £60m under the debt facility.

In August 2021, the Group increased the size of its committed debt facility from £535m to £659m.

### Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

Approved by the Board of Directors on 27 September 2021 and signed on its behalf by:



R Woodward

**Director**

# Thunderbird Holdco Limited

## Statement of directors' responsibilities for the period ended 31 December 2020

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### Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

The directors have elected to adopt company law in the preparation of financial statements for the financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and of the profit or loss of the Group 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 accounting 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; 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 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Thunderbird Holdco Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THUNDERBIRD HOLDCO LIMITED

#### Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Thunderbird Holdco Limited ("the Parent Company") and its subsidiaries (the 'Group') for the period ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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.

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 Group's and Parent 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.

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

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Thunderbird Holdco Limited

## Independent auditor's report (*continued*)

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### Other information (*continued*)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Group's and the Parent 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 Group or the Parent Company to cease operations, or have no realistic alternative but to do so.

### Auditor's 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 auditor's 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.

# Thunderbird Holdco Limited

## Independent auditor's report (*continued*)

### *Extent to which the audit was capable of detecting irregularities, including fraud*

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:

- Enquiring of management and obtaining and reviewing supporting documentation relating to the Group's policies and procedures relating to: compliance with laws and regulations and whether they were aware of any instances of non-compliance or any actual or potential litigation and claims; and detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- Discussion within the engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations of the group;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments such as evaluating entries posted with unusual account combinations to Revenue, journals posted by senior management, rounded off journals, large material journals. This includes evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Julian Frost*

*Julian Frost* (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

28 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Thunderbird Holdco Limited

## Consolidated statement of income for the period ended 31 December 2020

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	Note	2020 £'000
<b>Turnover</b>	3	<b>59,123</b>
Cost of sales		<b>(10,742)</b>
		<hr/>
<b>Gross profit</b>		<b>48,381</b>
Distribution costs		<b>(5,352)</b>
Administrative expenses		<b>(158,333)</b>
Other operating income	6	<b>774</b>
		<hr/>
<b>Operating loss</b>	6	<b>(114,530)</b>
Interest receivable and similar income		<b>37</b>
Interest payable and similar expenses	7	<b>(27,343)</b>
Fair value movement on interest rate swap		<b>(1,284)</b>
		<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(143,120)</b>
Taxation credit on loss on ordinary activities	8	<b>670</b>
		<hr/>
<b>Loss and total comprehensive loss for the financial period</b>		<b>(142,450)</b>
		<hr/> <hr/>

All amounts recognised relate to continuing activities.

The notes on pages 21 to 35 form part of these financial statements.



# Thunderbird Holdco Limited

## Consolidated statement of financial position at 31 December 2020

<i>Company number 12236893</i>	Note	2020 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	9		467,809
Tangible assets	10		177,294
<b>Current assets</b>			
Stock	12	6,738	
Debtors	13	9,796	
Cash at bank and in hand		65,968	
		82,502	
<b>Creditors: amounts falling due within one year</b>	14	(164,701)	
<b>Net current liabilities</b>			(82,199)
<b>Creditors: amounts falling due after more than one year</b>	15		(310,860)
<b>Provisions for other liabilities</b>	16		(4,784)
			247,260
<b>Net assets</b>			247,260
<b>Capital and reserves</b>			
Called up share capital	18		3,897
Share premium account	24		385,813
Profit and loss account	24		(142,450)
			247,260
<b>Equity attributable to shareholders</b>			247,260

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2021.

Richard Woodward

R Woodward  
Director

The notes on pages 21 to 35 form part of these financial statements.

# Thunderbird Holdco Limited

## Consolidated statement of changes in equity For the period ended 31 December 2020

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	Share capital	Share premium	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000
Balance at incorporation	-	-	-	-
Loss for the financial Period	-	-	(142,450)	(142,450)
<b>Total comprehensive loss</b>	-	-	<b>(142,450)</b>	<b>(142,450)</b>
Shares issued	3,897	385,813	-	389,710
<b>Total transactions with owners, recognised directly in equity</b>	<b>3,897</b>	<b>385,813</b>	-	<b>389,710</b>
Balance as at 31 December 2020	<b>3,897</b>	<b>385,813</b>	<b>(142,450)</b>	<b>247,260</b>

The notes on pages 21 to 35 form part of these financial statements.

# Thunderbird Holdco Limited

## Consolidated statement of cash flows for the period ended 31 December 2020

	Notes	2020 £'000
<b>Cash flows from operating activities</b>		
Loss for the financial period		(142,450)
Adjustments for:		
Depreciation		23,793
Amortisation		64,986
Amortisation of issue costs on long-term loans		12,274
Interest receivable		(37)
Interest payable		15,069
Fair value movement on swaps		1,284
Taxation credit		(670)
Increase in inventory		(2,815)
Increase in receivables		(1,999)
Increase in payables		8,887
		<hr/>
		(21,678)
Interest paid		(15,239)
Tax paid		(85)
		<hr/>
<b>Net cash utilised in operating activities</b>		<b>(37,002)</b>
		<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets		(49,553)
Capitalised staff costs		(29,986)
Interest received		37
Purchase of subsidiary undertaking	19	(347,428)
Cash acquired from acquisitions	19	28,136
		<hr/>
<b>Net cash utilised in investing activities</b>		<b>(398,794)</b>
		<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity	18	389,710
Issue of long-term loans		321,000
Repayment of long-term loans		(196,650)
Issue costs on new long-term loans		(12,296)
		<hr/>
<b>Net cash generated from financing activities</b>		<b>501,764</b>
		<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>65,968</b>
Cash and cash equivalents at the beginning of the period		-
		<hr/>
<b>Cash and cash equivalents at the end of the period</b>		<b>65,968</b>

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows. The notes on pages 21 to 35 form part of these financial statements.

# Thunderbird Holdco Limited

## Company statement of financial position at 31 December 2020

<i>Company number 12236893</i>	Note	2020 £'000	2020 £'000
<b>Fixed assets</b>			
Investments	11		389,710
<b>Current assets</b>			
Debtors	13	134,159	
		<hr/>	
		134,159	
<b>Creditors: amounts falling due within one year</b>			
	14	(134,159)	
		<hr/>	
<b>Net current assets</b>			-
			<hr/>
<b>Net assets</b>			389,710
			<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	18		3,897
Share premium account	24		385,813
Profit and loss account			-
			<hr/>
<b>Equity attributable to shareholders</b>			389,710
			<hr/> <hr/>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the period was £ nil.

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2021.



R Woodward  
Director

The notes on pages 21 to 35 form part of these financial statements.

# Thunderbird Holdco Limited

## Company statement of changes in equity For the period ended 31 December 2020

---

	Share capital	Share premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance at incorporation	-	-	-	-
Profit for the financial period	-	-	-	-
<b>Total comprehensive profit</b>	-	-	-	-
Shares issued	3,897	385,813	-	389,710
<b>Total transactions with owners, recognised directly in equity</b>	<b>3,897</b>	<b>385,813</b>	-	<b>389,710</b>
<b>Balance as at 31 December 2020</b>	<b>3,897</b>	<b>385,813</b>	-	<b>389,710</b>

The notes on pages 21 to 35 form part of these financial statements.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020

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### 1 Accounting policies

Thunderbird Holdco Limited is a private company, limited by shares and incorporated in England and Wales under the Companies Act. The registered office is set out on the contents page 1. The nature of the Group's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates (see note 2). It also requires management to exercise judgement in applying the Group's accounting policies.

The following principal accounting policies have been applied:

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available under FRS 102:

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

#### *Basis of consolidation*

The consolidated financial statements present the results of Thunderbird Holdco Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group Companies are therefore eliminated.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### *Going concern*

At the end of the reporting period the Group has current liabilities in excess of its current assets of £82,199,000 but total assets exceeded total liabilities by £247,260,000.

Subsequent to the period end the Group has continued to face significant disruption in the business due to government's lockdown in view of the outbreak of the Coronavirus. The directors have prepared a cash flow forecast covering a period of 12 months from the date of these Financial Statements.

The demand for broadband services increased during the lockdown, however, the movement restrictions caused operational limitations for the Group to expand its network and service new customers. The directors have performed a stress test of the Group's cash flow forecasts for next 12 months and believe that any cash flow needs of the Group can be covered through the existing cash balances and the significant undrawn loan facility available to the Group. Under the stressed scenario, the Group expects the recovery of business activities during 2021.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

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### 1 Accounting policies (*continued*)

The directors have assessed the conditions precedent required to be met in order to draw down further loans and consider that the Group is in a strong position to meet such conditions precedent. Moreover, the covenants are also likely to be met comfortably over the going concern assessment period.

In addition, the Company has received a letter of support from its ultimate parent company and a commitment that amounts owing to group undertakings of £134,159,000 will not be recalled for a period of at least 12 months from the date of these financial statements.

Given the facts and circumstances, the directors believe that the Group will have sufficient funds to continue for the foreseeable future. Therefore, they consider it appropriate to prepare the financial statements on a going concern basis.

#### *Revenue*

Revenue is attributable to the sale of high speed Internet broadband and the installation of the infrastructure related to that provision. Revenue is recognised net of sales tax and discounts when the amount of revenue can be reliably measured.

Installation fees are recognised evenly over the period of the contract.

Revenue from internet and broadband services provided to residential customers is recognised on a monthly basis commencing when the services are provided.

#### *Government Grants*

Grants are accounted for under the accruals model as permitted by FRS102.

Grants of a revenue nature are recognised within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme (“Furlough”) and grants from the Serbian government for safeguarding employment. The Group has not directly benefited from any other forms of government assistance.

#### *Intangible assets*

##### *Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in ‘intangible assets’.

Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised to ‘administrative expenses’ over a period of 10 years.

##### *Brand*

The “Hyperoptic” brand has been independently valued by external advisers and is carried at cost less accumulated amortisation and accumulated impairment losses. It is being amortised over its expected useful life of 9 years.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

### 1 Accounting policies (*continued*)

#### *Customer Relationships*

The acquired customer relationships have been independently valued by external advisers and are carried at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are being amortised over their expected useful life of 12 months.

Estimates of the useful economic life of intangible assets are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Costs capitalised include internal personnel costs incurred to bring the network asset up to working condition. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	- 20% straight line
Network asset	- 10% straight line
Physical infrastructure asset	- 5% straight line
Software	- 20-25% straight line
Motor vehicles	- 20% straight line
Office equipment	- 25% straight line

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss to recognise. If there is an indication of possible impairment this is recognised immediately in the income statement.

#### *Derivative instruments*

The entity uses interest rate swap and floor contracts to adjust interest rate exposures. The fair value of interest rate swap and floor contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

#### *Financial instruments*

Financial assets, other than investments and derivatives are initially measured at transaction price and subsequently held at amortised cost, less any impairment. Derivatives are initially recognised at fair value and are also recognised at fair value in subsequent periods. Movements in fair value are recognised in profit or loss in the Statement of Comprehensive Income. Financial liabilities are initially measured at transaction price and subsequently held at amortised cost.

#### *Operating leases*

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### *Stock*

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Cost is based on the cost of purchase on a first in, first out basis.



# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Customer Acquisition Costs*

The directly attributable costs of acquiring customers is capitalised and amortised on a straight-line basis over the expected life of the customer. The expected life of a customer is estimated to be 36 months. These customer acquisition costs have been capitalised within prepayments.

#### *Taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

### 2 Significant judgements and estimates

The preparation of financial statements under FRS 102 requires management to make judgements, estimates and assumptions which affect the application of certain accounting policies and reported amounts in the financial statements. The areas requiring a higher degree of complexity or judgement or where the effect of assumptions or estimates are significant to the financial statements are detailed below:

#### *Useful economic life of tangible fixed assets*

The Group depreciates the tangible fixed assets over their useful economic lives which reflects management's estimate for the period that the Group intends to derive future economic benefits from the use of those tangible fixed assets. Changes in the expected level of usage of technological developments could affect the useful economic lives and residual value of these assets. This could affect the future depreciation charge of these assets. The carrying amount of the Group's tangible fixed assets are disclosed in note 10 to the financial statements.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

### 2 Significant judgements and estimates (continued)

#### *Purchase price allocation on acquisition of WRS Topco Ltd and subsidiaries*

The Group revalued the assets and liabilities acquired during the acquisition of WRS Topco Ltd. It also assigned values to intangible assets of goodwill, brand and customer relationships. The revaluation and allocation of costs to intangible assets was calculated by an independent third-party valuer based on management assumptions and information. Further estimates were made of the useful economic life of these assets. Changes to the assumptions, method of calculation or the useful economic lives of these assets could affect the carrying amount of the assets and the amortisation charge. The carrying amount of the Group's intangible fixed assets are disclosed in note 9 to the financial statements.

#### *Value of intangible assets*

At December 31, 2020 the Group recognised £468 million in respect of intangible assets, including goodwill. Further information on these assets is included in note 9 to the financial statements. The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and intangible assets have been tested for impairment during the financial period. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, using a single-scenario discounted cash flow model, in which the Group has applied judgement in the cost of future network expansion and the availability and cost of capital to meet that investment need, as well as in the revenue from subscribers on that future network. Changes to the assumptions or method of calculation within those value-in-use calculations the carrying amount of the assets and result in an impairment charge.

### 3 Turnover

All turnover arose from the Group's principal activities within the United Kingdom.

### 4 Employees

	<b>2020</b>
	<b>£'000</b>
Staff costs including directors' remuneration, consist of:	
Wages and salaries	<b>59,557</b>
Social security costs	<b>5,459</b>
Pension costs	<b>1,292</b>
Less: costs capitalised	<b>(29,986)</b>
	<hr/>
	<b>36,322</b>
	<hr/> <hr/>

During the period the Group claimed government grants of £472,000 relating to the Coronavirus Job Retention Scheme.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (continued)

The average monthly number of employees, including directors, during the Period was 1,255 split as follows:

	<b>2020 Number</b>
Directors	<b>2</b>
Head office	<b>193</b>
Customer services	<b>106</b>
IT and Systems	<b>52</b>
Marketing and Sales	<b>130</b>
Network and Field	<b>772</b>
	<hr/>
	<b>1,255</b>
	<hr/> <hr/>

### 5 Key management and directors remuneration

Key management personnel include all directors and senior executives of the Group, who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the Group was £2,000,093. The Group paid into the pension scheme for 9 key management personnel.

The directors remuneration for the period was:

	<b>2020 £'000</b>
Emoluments	<b>643</b>
	<hr/> <hr/>

Emoluments of the highest paid director was £386,000. Group pension contributions of £14,000 were made to a defined contribution scheme on their behalf.

### 6 Operating loss

	<b>2020 £'000</b>
This has been arrived at after charging/(crediting):	
Depreciation of tangible fixed assets - owned by the Group	<b>23,789</b>
Amortisation of intangible assets - owned by the Group	<b>64,986</b>
Auditor remuneration:	
- Audit services	<b>151</b>
- Tax services	<b>72</b>
Operating lease expense	<b>2,583</b>
Other income	<b>(774)</b>

Other income relates to the receipt of service level credits from a supplier of £388,000 and grants from the Serbian government for safeguarding employment of £386,000.

# Thunderbird Holdco Limited

Notes forming part of the financial statements  
for the period ended 31 December 2020 (*continued*)

## 7 Interest payable

	2020 £'000
Interest due on bank loans and overdrafts	15,069
Amortisation of loan issue costs	12,274
	<hr/>
	27,343
	<hr/> <hr/>

## 8 Taxation on loss on ordinary activities

	2020 £'000
<i>UK corporation tax</i>	
Current tax on profits of the period	-
<i>Foreign tax</i>	
Current tax on foreign income for the period	22
	<hr/>
<b>Total current tax</b>	<b>22</b>
<i>Deferred tax</i>	
Effect of change of tax rates	600
Origination and reversal of timing differences	(1,292)
	<hr/>
<b>Taxation credit on loss</b>	<b>(670)</b>
	<hr/>

### *Factors affecting tax charge for the period*

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

	2020 £'000
Loss on ordinary activities before tax	(143,120)
	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(27,193)
Effects of:	
Expenses not deductible for tax purposes	20,641
Foreign PE exemption	(117)
Deferred tax not recognised and other adjustments	5,999
	<hr/>
<b>Total tax charge for period</b>	<b>(670)</b>
	<hr/> <hr/>

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

### 8 Taxation on loss on ordinary activities (continued)

#### *Factors that may affect future tax charges*

The Group has an unrecognised deferred tax asset arising from its unrelieved trading losses and fixed asset timing differences, which has not been recognised due to the uncertainty over the level and timing of profits in the future. The unrecognised deferred tax asset is made up as follows:

	<b>2020</b>
	<b>£'000</b>
Unrecognised deferred tax asset	<b>16,957</b>

The unrecognised deferred tax asset relates to unrelieved trading losses available to carry forward £53,289,022, fixed asset timing differences £35,640,568 and other timing differences of £316,674.

### 9 Intangible assets

	<b>Goodwill</b>	<b>Brand</b>	<b>Customer</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>Relationships</b>	<b>£'000</b>
			<b>£'000</b>	
<i>Cost</i>				
Acquisitions	507,895	22,000	2,900	532,795
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>507,895</b>	<b>22,000</b>	<b>2,900</b>	<b>532,795</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
Charge for the Period	59,234	2,852	2,900	64,986
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>59,234</b>	<b>2,852</b>	<b>2,900</b>	<b>64,986</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2020	<b>448,661</b>	<b>19,148</b>	<b>-</b>	<b>467,809</b>
	<hr/>	<hr/>	<hr/>	<hr/>

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 10 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

The "Hyperoptic" brand has been independently valued by external advisers and is being amortised over its expected useful life of 9 years.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

### 9 Intangible assets (continued)

The customer relationships have been independently valued by external advisers and is being amortised over their expected useful life of 12 months.

### 10 Tangible assets

	Leasehold Improvements £'000	Network Asset £'000	Physical Infrastructure Access £'000	Software £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
<i>Cost</i>							
At 1 October 2019	-	-	-	-	-	-	-
Acquisition of subsidiary	1,054	92,183	22,552	4,035	3	1,721	121,548
Additions	2,074	58,491	11,900	5,659	-	1,415	79,539
At 31 December 2020	<b>3,128</b>	<b>150,674</b>	<b>34,452</b>	<b>9,694</b>	<b>3</b>	<b>3,136</b>	<b>201,087</b>
<i>Depreciation</i>							
At 1 October 2019	-	-	-	-	-	-	-
Charge for the Period	543	17,220	1,785	3,347	1	897	23,793
At 31 December 2020	<b>543</b>	<b>17,220</b>	<b>1,785</b>	<b>3,347</b>	<b>1</b>	<b>897</b>	<b>23,793</b>
<i>Net book value</i>							
At 31 December 2020	<b>2,585</b>	<b>133,454</b>	<b>32,667</b>	<b>6,347</b>	<b>2</b>	<b>2,239</b>	<b>177,294</b>

### 11 Fixed Asset Investments

Company	Group undertakings £'000
<i>Cost</i>	
Additions	389,710
At 31 December 2020	<b>389,710</b>

# Thunderbird Holdco Limited

Notes forming part of the financial statements  
for the period ended 31 December 2020 (*continued*)

## 11 Fixed Asset Investments (continued)

The undertakings in which the Company's interest at the period end is 20% or more are as follows

Name	Registered Address	Holding
Thunderbird Bidco Limited	Kings House 174 Hammersmith Road London W6 7JP	100%
WRS Topco Limited	Kings House 174 Hammersmith Road London W6 7JP	100%*
JHW Bidco Limited	Kings House 174 Hammersmith Road London W6 7JP	100%*
Hyperoptic Limited	Kings House 174 Hammersmith Road London W6 7JP	100%*

\* Held indirectly

## 12 Stock

	2020 £'000
CPE, switch and material stock	6,738

## 13 Debtors

	Group 2020 £'000	Company 2020 £'000
Trade debtors	2,226	-
Other debtors	953	-
Amounts owed by group undertakings	-	134,159
Prepayments and accrued income	5,029	-
VAT recoverable	1,588	-
	<u>9,796</u>	<u>134,159</u>

## 14 Creditors: amounts falling due within one year

	Group 2020 £'000	Company 2020 £'000
Trade creditors	9,282	-
Amounts owed to group undertakings	134,159	134,159
Corporation tax	(162)	-
Other taxation and social security	1,117	-
Accruals and deferred income	15,440	-
Pension payable	427	-
Other creditors	500	-
Derivative financial instruments	3,938	-
	<u>164,701</u>	<u>134,159</u>

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

### 15 Creditors: amounts falling due after more than one year

	<b>Group 2020 £'000</b>
Loan (net of arrangement fees)	310,754
Accruals and deferred income	106
	<hr/>
	<b>310,860</b>
	<hr/> <hr/>

In November 2019 the Group established a loan facilities agreement of £500m with an additional £35m revolving credit facility. The facility bears interest at LIBOR plus a 3.5% margin during the draw down period, with repayment falling due on 1 November 2026. The Group drew down £171m of the debt facility on 1 November 2019 and a further £30m in December 2019. In March 2020 the Group drew down £60m from the debt facility and in December 2020 the Group drew down a further £60m.

Unamortised arrangement fees were £10.2m at 31 December 2020.

### 16 Provisions for other liabilities

	<b>Dilapidation provision</b>	<b>Deferred tax liability</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Arising on business combinations	147	5,280	5,427
Charged to the profit and loss	49	(692)	(643)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<b>196</b>	<b>4,588</b>	<b>4,784</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Dilapidations provision

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised as the leases terminate.

#### Deferred taxation provision

The provision for deferred tax consists of the following deferred tax liabilities.

	<b>2020 £'000</b>
Acquired intangible assets	3,638
Acquired tangible assets	950
	<hr/>
	<b>4,588</b>
	<hr/> <hr/>



# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

### 17 Financial instruments

Information regarding the Group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

The carrying values of the Group and Company's financial assets and liabilities measured at fair value through profit or loss are summarised by category below:

	<b>Group 2020 £'000</b>
<b>Financial assets that are debt instruments measured at amortised cost</b>	
Trade debtors	2,226
Other debtors	2,541
<b>Financial liabilities measured at fair value through the statement of other comprehensive income</b>	
Interest rate swaps	(3,938)
<b>Financial liabilities measured at amortised cost</b>	
Bank loan	(321,000)
Trade creditors	(9,282)
Accruals	(13,157)
Amounts owed to Group undertakings	(134,159)
Other creditors	(927)

The Group purchased interest rate swaps to manage interest rate risk volatility on firm future commitments. The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates.

### 18 Share capital

	<b>Allotted, called up and fully paid</b>	
	<b>2020 Number</b>	<b>2020 £'000</b>
Ordinary shares of £0.01 each	<b>389,710,000</b>	<b>3,897</b>

The Company was incorporated on 1<sup>st</sup> October 2019 with a share capital of 1 £1 Ordinary share. On 12<sup>th</sup> October this share was subdivided in 100 shares of £0.01 each and a further 389,709,900 shares were issued. Thunderbird Jersey Holdco Limited subscribed for the entire share capital at £1 per share.

### 19 Business Combinations

On 1 November 2019 the Group acquired 100% of WRS Topco Limited, a company registered in England and Wales which owns a fibre optic broadband network, for £481,587,354 paid in cash and loan notes.

In calculating the goodwill arising on acquisition, the fair value of net liabilities of £46,194,000 been assessed and adjustments from book value have been made where necessary.

# Thunderbird Holdco Limited

Notes forming part of the financial statements  
for the period ended 31 December 2020 (*continued*)

## 19 Business Combinations (continued)

	Book value	Revaluation of fixed assets	Fair value
	£'000	£'000	£'000
<i>Fixed assets</i>			
Tangible	115,389	6,159	121,548
Intangible	5,893	19,007	24,900
<i>Current assets</i>			
Stocks	3,922		3,922
Debtors	7,699		7,699
Cash at bank and in hand	28,136		28,136
<i>Total assets</i>			
<i>Creditors</i>			
Due within one year	(20,326)		(20,326)
Due after one year	(186,907)		(186,907)
Deferred tax liability	-	(5,280)	(5,280)
<b>Net Liabilities</b>	<b>(46,194)</b>	<b>19,886</b>	<b>(26,308)</b>
Goodwill			507,895
<b>Total purchase consideration (including seller expenses of £740,795)</b>			<b>481,587</b>
Purchase consideration settled in cash			347,428
Cash and cash equivalents in subsidiary acquired			(28,136)
<b>Cash outflow on acquisition</b>			<b>319,292</b>

Purchase consideration of £481,587,000 included £134,159,000 of equity rollover loan notes and similar instruments. The sellers immediately converted these instruments into equity in Thunderbird Topco Limited, the ultimate parent company of the Group, leaving the Company with £134,159,000 owed to Group undertakings, per note 14.

The uplift in tangible fixed assets is to the value of a third party valuation of acquisition. The intangible assets reflect the recognition of brand and customer relationships on acquisition. Deferred tax is in relation to those adjustments.

The useful economic life of intangible assets is estimated to be as follows

Goodwill	10 years
Brand	9 years
Customer Relationships	1 year

Since the acquisition date, the acquisition has contributed £59,123,000 to Group turnover and £137,700,000 to Group losses.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

### 20 Commitments under operating leases

As at 31 December 2020, the Group had commitments under non-cancellable operating leases as set out below:

	Land and buildings 2020 £'000	Other operating leases 2020 £'000
In under one year	1,704	1,573
In one to five years	4,642	1,666
Later than five years	3,641	-
<b>Total</b>	<b>9,987</b>	<b>3,239</b>

### 21 Net debt reconciliation

	1 October 2019 £'000	Cashflows £'000	Acquisition £'000	Non-cash movements £'000	31 December 2020 £'000
Cash and cash equivalents	-	37,832	28,136	-	65,968
Bank Loans	-	(124,350)	(196,650)	-	(321,000)
Interest accrued but not yet paid	-	-	(820)	783	(37)
Interest rate swaps	-	-	(2,654)	(1,284)	(3,938)
<b>Total</b>	<b>-</b>	<b>(86,518)</b>	<b>(171,988)</b>	<b>(501)</b>	<b>(259,007)</b>

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand, and bank overdrafts.

### 22 Related party transactions

The Group has taken advantage of the exemption conferred by FRS 102 Section 33 "Related Party Disclosures" paragraph 33.1A not to disclose transactions with Group Companies on the grounds that 100% of the voting rights in the Group are controlled by the Group.

The Group rents Serbian office premises from a director of the ultimate parent undertaking. This transaction totalled £81,667 in the period. The property is rented on an arm's length basis at £70,000 p.a., the prevailing market rent, by a Group Company. The balance outstanding due by the Group Company to the director as at the period end was £52,000.

# Thunderbird Holdco Limited

## Notes forming part of the financial statements for the period ended 31 December 2020 (*continued*)

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### 22 Related party transactions (continued)

The Group pays management fees to KKR for the provision of some corporate and management services. During the period ended 31<sup>st</sup> December 2020 the Group incurred costs of £1,371,965. At 31<sup>st</sup> December 2020 the balance outstanding was £293,993.

The Group pays monitoring fees to Rensburg Investment Management Services Inc., a shareholder, for the provision of some corporate and management services. During the period ended 31<sup>st</sup> December 2020 the Group incurred costs of £435,886. At 31<sup>st</sup> December 2020 the balance outstanding was £435,886.

### 23 Controlling party

100% of the share capital is held by the Company's immediate parent Thunderbird Jersey Holdco Limited. The Company's ultimate parent company is Thunderbird Topco Limited, a company registered in Jersey. Thunderbird Topco Limited is controlled by KKR.

### 24 Reserves

#### Share premium account

Share premium includes amount subscribed on issue of equity shares in excess of the nominal value, net of any issue costs.

#### Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 25 Non-adjusting Subsequent Events

The outbreak of a novel coronavirus ("COVID-19") continues to spread throughout the world and has adversely impacted global and local commercial activity and contributed to the significant volatility in financial markets. The outbreak has caused a significant business disruption and impacted the growth of the Group due to lockdowns across the UK.

A further lockdown was declared in January 2021.

The Group continues to monitor the impact of the COVID-19 outbreak closely and, following the lifting of restrictions in July 2021, expects a recovery in business activity. The impact on going concern is disclosed in note 1.

In July 2021, a Group Company drew an additional £60m under the debt facility.

In August 2021, the Group increased the size of its committed debt facility from £535m to £659m.