

**Cyxtera Technology UK Limited**

**Annual report and financial statements**

**For the financial year ended 31 December 2022**

**Company Number: 03816299**



Cyxtera Technology UK  
Limited Company Information

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**Cyxtera Technology UK  
Limited Company Information**

<b>Directors</b>	C Sagasta V Semah
<b>Auditor</b>	Crowe U.K. LLP 55 Ludgate Hill London  ECEN 7JQ
<b>Company Secretary</b>	Corporation Service Company (UK) Limited
<b>Registered Office</b>	C/O Corporation Service Company (UK) Limited 5 Churchill Place 10th Floor London United Kingdom E14 5HU

Cyxtera Technology UK Limited  
Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic report together with the audited financial statements for the year ended 31 December 2022.

### Principal activity

The principal activity of Cyxtera Technology UK Limited (the "Company") is the provision of colocation services through our global infrastructure to medium and large businesses, multinational corporations, and government agencies. Our colocation solutions meet the specific needs of customers who require control of their physical assets.

### Business review

The Company is presenting its results and financial position under IFRS, as part of the Group's efforts to streamline financial reporting across all subsidiary undertakings. All figures referenced and discussed within these financial statements are therefore in accordance with IFRS, including comparatives presented.

	2022	2021	Change
	£000	£000	%
Turnover	58,145	53,938	8%
Gross profit	22,037	21,923	1%
Operating profit/(loss)	(2,188)	462	574%
Total equity	57,966	65,053	-11%
Average number of employees	61	—	0%

The Company's revenues increased during 2022 by £4.2m or 8% (2021 increase of £9.0m or 22%) arising from a combination of growth for existing clients and new clients. The Company continues to target new clients in key markets, to drive strategic revenue growth.

### Key Performance Indicators ("KPIs")

The Company monitors the business performance through several KPIs including revenue growth and earnings before interest, tax, depreciation, amortisation, foreign currency gains, and losses ("EBITDA").

	2022	2021
	£000	£000
Revenue Growth		
Colocation	58,145	53,938
EBITDA	11,029	14,405

EBITDA is calculated as net income (loss) plus income tax, finance cost, depreciation and amortization expense.

EBITDA increase is directly attributed to increase in revenue.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company are broadly grouped as competitive, legislative, financial, operational, security and funding risks.

#### **Competitive risks**

The Company constantly enters competitive bids with other local and multi-national competitors within the industry and continues to provide competitive solutions to customers.

#### **Legislative risks**

The Company is aware of all its legal requirements and takes active steps to ensure compliance with its obligations. The Company is up to date with its corporate filings, Health and Safety legislation and insurances.

#### **Financial risks**

The Company ensures that it has adequate cover against any commercial risks. It constantly reviews the provisions it maintains for bad debts, service level credits and additional costs and ensures that adequate provisions are always maintained.

#### **Operational risks**

The Company is dependent on uninterrupted power supply (UPS) to its data centres. In order to avoid any business interruption, the Company maintains and always reviews its power arrangements on an on-going basis. In recent years, the Company has been upgrading all its UPS equipment. Together with generator backup, the Company's aim is to eliminate any impact on business operations.

#### **Security risks**

It is important for the business to provide all its customers physical security and to safeguard the integrity of its customers' data. The Company maintains a high level of security at all times by means of security personnel and surveillance equipment throughout the business premises. The Company constantly reviews and updates its firewalls and other software to ensure that no customer or business data is accessed by unauthorised personnel.

#### **Going concern**

The Company reported revenue in the year of £58.1m (2021 - £53.9m) and had net current liabilities of £(10.7)m as of 31 December 2022 (2021 - £(14.3)m).

The continuing operations and cash flows generated by the business, mean the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Business strategy and future developments**

Based on current favourable economic conditions and independent market data, demand for our colocation services are projected to continue to be strong over the longer term. The Company will continue to remain focused on initiatives that are expected to improve and grow the business. These initiatives include a focus on improving processes and productivity in service delivery and support, increasing customer satisfaction in response to client feedback, delivering truly differentiated services, and exploring options for acquisition and strategic alliances that enable the Company to achieve its business objectives.

The directors believe that good environmental and energy efficiency practices support the board's strategy by enhancing the reputation of the Company and consequently the Company continues to put these responsibilities high on its agenda.

### **Statement by the Directors in relation to Performance of their Statutory Duties in accordance with Section 172(1) Companies Act 2006 (Section 172)**

The directors of the Company consider they have acted in good faith and would promote the success of the Company for the benefit of its members as a whole, with regard to stakeholders and matters set out in Section 172 for the year ended 31 December 2022.

The ultimate parent undertaking and controlling party is Cyxtera Technologies, Inc. a company incorporated in the United States of America. As part of a global group, the Company is combining global knowledge with the local expertise.

When making decisions, each director ensures that they are acting in the way that is considered, in good faith and would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

#### **Environmental Responsibility**

The Group is committed to minimizing the environmental impact of our operations. As a company committed to 100% carbon neutrality, operating our global data centre platform as efficiently as possible is a critical focus. The Group is committed to developing environmental programs that harmonize our business needs with our responsibility to be good stewards of our planet. Highlights of the Group's environmental sustainability efforts and accomplishments include:

- Approximately 60% of the Group's data centres are designed to mitigate water consumption.
- Approximately 46% of the Group's current data centre footprint is Energy Star certified.
- The Group has incorporated the evaluation of clean and renewable energy infrastructure and equipment for our existing footprint as well as for our data centre expansions.
- The Group has enabled rack level metering for nearly all our data centre deployments so we can monitor and improve the power efficiency of our data centres.
- Qualified Cyxtera energy professionals conduct regular inspections of our energy consumption and make recommendations to improve the energy efficiency of our operations.

The Group is continuously exploring innovative ways to boost efficiency and minimize our environmental impact. In 2021, we announced a partnership with a leading renewable energy provider to advise, support, and accelerate our sustainability efforts, including through the installation of distributed generation systems at data centres across our existing footprint in North America and the development of next generation data centres that leverage the latest environmentally friendly technologies and renewable energy sources. The Group believes that their focus on sustainability will provide a strategic benefit for Cyxtera and will also benefit the customers the Group serves and the communities in which the Group operates.

Scope 1 SECR disclosures are not made as the entity has followed the operational control model and does not believe they have operational control over most of the emissions/energy usage from their data centres. The remaining usage is under 40,000 kilowatt-hours.

**Long-term decision making (The likely consequences of any decision in the long term)**

Cyxtera Technologies, Inc. is a global data centre leader in retail colocation and interconnection services. The Company operates data centres in the United Kingdom. Cyxtera Technologies Inc.'s data centre platform consists of 65 highly interconnected data centres across 33 markets on three continents. Cyxtera provides an innovative suite of deeply connected and intelligently automated infrastructure and interconnection solutions to more than 2,300 leading enterprises, service providers and government agencies around the world – enabling them to scale faster, meet rising consumer expectations and gain a competitive edge.

The directors understand the business and the environment in which the Company operates, including the specific challenges in the UK. At the same time as being part of a global group, the decision-making is a process that is discussed and taken, in compliance with the global controls and internal procedures that are in place in order to prevent errors and fraud.

The directors recognise that the Company works from a global perspective and decisions that impact in the long term are taken in accordance with the term plan designed to have a beneficial impact on the Group as a whole and to contribute to its success and satisfaction of the stakeholders.

**Employees interests (The interests of the Company's employees)**

The Directors recognise that Cyxtera employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining, and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible

More information on the standards by which we expect our employees to maintain during their employment with the Company can be found in our Code of Business Conduct and Ethics, which can be obtained from <https://ir.cyxtera.com/governance/governance-documents/default.aspx>.

### **Company's business relationships with suppliers, customers, and other stakeholders**

The directors recognise that delivering the company's strategy requires a strong mutually beneficial relationship with suppliers, customers, and other stakeholders. Cyxtera seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter or remain in such relationships. The Company can leverage with its suppliers and customers to enhance its global presence. The global presence also gives the Company opportunities and creates advantages to ensure priorities of supplies and customers are analysed by specialised departments, within the business.

Moreover, the directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. The directors are more involved in maintaining close relationships with the customer in the UK environment.

### **The impact of the Company's operations on the community and the environment**

The Directors view compliance with laws and environmental regulation in each location as paramount and are committed to ensuring the Company conducts business throughout the world, in a manner that reflects this.

### **The desirability of the Company maintaining a reputation for high standards of business conduct.**

The directors are committed to the highest standards of business and professional conduct.

### **Acting fairly between members of the Company**

The entire group, including both directors and specialised departments consider which course of action is best to achieve the Company's strategy through the long-term. These decisions take into consideration several factors including the impact on the stakeholders. In doing so, the directors act fairly between themselves and all the members of the Company.

### **Statement by the directors in relation to Performance of their Statutory Duties in relation to Stakeholder engagement and employee engagement**

As presented in Section 172 the directors recognise that delivering the Company's strategy requires strong mutual beneficial relationship with all the stakeholders.

The global presence of the wider Group creates the advantage that suppliers and customer needs are continuously analysed by dedicated groups within the business. The Directors take actions through communication with employees and department heads to be aware of the environment and act if needed. The board also engages with stakeholders directly, to understand their needs and opinions.

Employees: During the year, the directors engage with employees through video calls, one-on-one meetings, various training, and quarterly town hall meetings. The involvement and commitment of the directors ensure the Company remains a responsible employer from salaries and benefits to the safety of the workplace environment. During the quarterly town hall meetings, the employees can ask questions and get updates about the business and plans. In addition, all directors have a strict "open door" policy that encourages open communication between the employees and directors on any topics at any time.



**Statement by the directors in relation to Performance of their Statutory Duties in relation to Stakeholder engagement and employee engagement (continued)**

**Suppliers:** During the year, information on suppliers and their performance is consistently assessed. Fostering positive business relationships with key stakeholders, including suppliers, is important to the success of the Company. The Directors closely monitor metrics and engage with the management team to understand issues and assess performance.

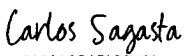
**Customers:** All customers of the company have access to an online Customer Portal that enhances the customers experience and ability to directly engage with the Company. Customers can review all their open balances and billing history. Customers can order new services and terminate current services. In addition, customers can leave customer feedback and suggestions. Using this platform and their expertise, the directors engage with customers and customer questions.

**Community and Environment:** The Company is committed to giving back to the communities in which it operates by creating job opportunities and supporting the connectivity of the internet through its data centre networks. In addition, in relation to the environment, active steps are taken by the Company to consume only energy that is needed.

**Regulators:** During the year, a legal team monitors the changes in laws and regulations. The legal team is in constant communication with the directors and active steps are taken to make sure that the Company is compliant with any such regulations as required.

**Investors:** The Company is an indirect wholly owned subsidiary Cyxtera Technologies, Inc. The UK market is an important part of the business for the group.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
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Carlos Sagasta  
Director

October 10, 2023  
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Date

**Registered Office**  
C/O Corporation Service Company (UK) Limited  
5 Churchill Place  
10th Floor  
London  
United Kingdom  
E14 5HU

Registration number: 03816299

The directors present their annual report on the affairs of Cyxtera Technology UK Limited, together with the financial statements and auditors report for the year ended 31 December 2022.

### **Directors of the Company**

The directors who held office during the year and up to the date of signing were as follows:

Carlos Sagasta  
Victor Semah

### **Dividends**

There were no dividends declared for the year ended 31 December 2022 and 2021.

### **Directors' liabilities**

The parent of the Company has granted an indemnity to one or more of its directors 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 remains in force as at the date of approving the directors' report.

### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practical in the same or an alternative position and to provide appropriate training to achieve this aim.

### **Engagement with suppliers, customers and others**

The Company has adequately disclosed their engagements with suppliers, customers and other in the strategic report. Refer to the strategic report for further information.

### **Financial instruments and concentrations of credit risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. The Company operates primarily in the U.K. and therefore realisation of its customer accounts receivable and its future operations and cash flows could be affected by adverse economic conditions in the U.K. During the year ended 31 December 2021 CenturyLink Communications and Refinitiv Financial & Risk Ltd, the Company's largest customers, accounted for approximately 42% of the Company's revenue (2021CenturyLink Communications and Refinitiv Financial & Risk Ltd, – 42%). The directors are satisfied with the size of these customers as a proportion of the Company's overall customer base and are confident of the continued delivery for all existing customers, as well as the strategic revenue growth of target new clients in key markets.

### **Events after the financial period**

On 4 May 2023, Cyxtera Technologies, Inc., the ultimate holding company entered into a Restructuring Support Agreement ("RSA") with certain of its lenders holding over two-thirds of its outstanding term loan. Pursuant to the RSA, on 4 June 2023, CTI and fellow subsidiaries have initiated a pre-arranged court-supervised process under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the District of New Jersey. The directors consider no material impact on the audited financial statements as the Company is not affiliated with the above process.

The Company has evaluated events subsequent to the reporting date and determined that there have been no other events that have occurred that would require adjustments to the Company's disclosures in the financial statements.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

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:

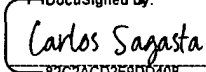
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the 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 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.

#### Disclosure of information to the auditor

As 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.

Approved by the board and signed on its behalf by:

  
82C7ACD2F9D6408

Carlos Sagasta

Director

October 10, 2023

Date

#### Registered Office

C/O Corporation Service Company (UK) Limited  
5 Churchill Place  
10th Floor  
London  
United Kingdom  
E14 5HU

## **Independent Auditor's Report to the Members of Cyxtera Technology UK Limited**

### **Opinion**

We have audited the financial statements of Cyxtera Technology UK Limited for the year ended 31 December 2022 which comprise Statements of comprehensive income, Statements of financial position, Statements of changes in equity, Statements of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 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 contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 by the company, 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 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, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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.

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts

## **Independent Auditor's Report to the Members of Cyxtera Technology UK Limited (continued)**

and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 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.



Leo Malkin  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
London

10 October 2023

Cyxtera Technology UK Limited  
Statements of comprehensive loss  
For the financial year ended 31 December 2022

	Notes	2022	2021
		£000	£000
<b>Revenue</b>	5	58,145	53,938
Cost of sales		(36,108)	(32,015)
<b>Gross profit</b>		<b>22,037</b>	<b>21,923</b>
Impairment losses for amounts due from fellow subsidiaries		(9,496)	—
Administrative expenses		(14,729)	(21,461)
<b>Operating profit/(loss)</b>	8	<b>(2,188)</b>	<b>462</b>
Finance expense	9	(3,583)	(3,409)
Finance income	9	1,017	850
<b>Loss before tax</b>		<b>(4,754)</b>	<b>(2,097)</b>
Income tax credit	10	(2,525)	957
<b>Loss for the year and total comprehensive</b>		<b>(7,279)</b>	<b>(1,140)</b>

The statement of comprehensive expense has been prepared on the basis that all operations are continuing operations.

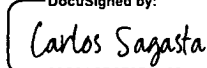
*The accompanying notes form an integral part of the financial statements.*



Cyxtera Technology UK Limited  
Statements of financial position  
For the financial year ended 31 December 2022

Company number 03816299	Notes	2022 £000	2021 £000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	13	17,635	9,842
Cash and cash equivalents	14	6,721	3,292
Cash and cash equivalents - restricted	14	134	134
		<b>24,490</b>	<b>13,268</b>
<b>Non-current assets</b>			
Plant and equipment	11	50,314	52,013
Right-of-use assets	12	43,264	34,420
Trade and other receivables	13	28,825	33,469
Deferred tax asset	16	—	2,156
		<b>122,403</b>	<b>122,058</b>
<b>Total assets</b>		<b>146,893</b>	<b>135,326</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	31,247	23,112
Lease liabilities	12	3,992	4,457
Income tax payable		—	—
		<b>35,239</b>	<b>27,569</b>
<b>Net current liabilities</b>		<b>(10,749)</b>	<b>(14,301)</b>
<b>Non-current liabilities</b>			
Trade and other payables	15	2,039	775
Lease liabilities	12	51,380	41,660
Provisions	17	269	269
		<b>53,688</b>	<b>42,704</b>
<b>Total liabilities</b>		<b>88,927</b>	<b>70,273</b>
<b>Net assets</b>		<b>57,966</b>	<b>65,053</b>
<b>EQUITY</b>			
Called up share capital	18	2,000	2,000
Share premium	19	48,769	48,769
Retained earnings	19	7,197	14,284
<b>Total equity</b>		<b>57,966</b>	<b>65,053</b>

The financial statements were approved by the board on October 10, 2023 and signed on its behalf by:

DocuSigned by:  
  
 Carlos Sagasta  
 Director

The accompanying notes form an integral part of the financial statements.

Cyxtera Technology UK Limited  
Statements of changes in equity  
For the financial year ended 31 December 2022

	Called Up Share Capital £000	Share Premium £000	Accumulated Gains £000	Total equity £000
<b>Balance at 1 January 2021</b>	2,000	48,769	15,402	66,171
Equity-based compensation (Note 20)	—	—	22	22
Income for the year, representing total comprehensive expense for the year	—	—	(1,140)	(1,140)
<b>Balance at 31 December 2021</b>	2,000	48,769	14,284	65,053
Equity-based compensation (Note 20)	—	—	192	192
Income for the year, representing total comprehensive expense for the year	—	—	(7,279)	(7,279)
<b>Balance at 31 December 2022</b>	2,000	48,769	7,197	57,966

*The accompanying notes form an integral part of the financial statements.*

Cyxtera Technology UK Limited  
Statements of cash flows  
For the financial year ended 31 December 2022

	Notes	2022 £000	2021 £000
<b>Cash flows from operating activities</b>			
Income (loss) for the year after taxation		(7,279)	(1,140)
<u>Adjustments for:</u>			
Equity-based compensation	20	192	22
Depreciation expense	11	7,849	7,805
Impairment losses for amounts due from fellow subsidiaries		9,496	—
Amortisation of right-of-use assets	12	5,369	6,138
Allowance for doubtful debts	13	(18)	(470)
Finance income	9	(1,017)	(850)
Finance expense	9	3,583	3,409
<b>Operating cash flows before changes in working capital</b>		18,174	14,914
Decrease in trade and other receivables		(11,609)	1,943
(Increase) decrease in trade and other payables		13,458	(9,808)
Decrease in provisions for liabilities		—	—
<b>Net cash flows generated from operating activities</b>		<b>20,024</b>	<b>7,049</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	11	(8,184)	(11,874)
<b>Net cash flows used in investing activities</b>		<b>(8,184)</b>	<b>(11,874)</b>
<b>Financing activities</b>			
Principal paid on lease liabilities	12	(8,411)	(5,723)
<b>Net cash flows used in financing activities</b>		<b>(8,411)</b>	<b>(5,723)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		3,428	(10,548)
Cash and cash equivalents at the beginning of the financial year		3,426	13,974
<b>Cash and cash equivalents at the end of the financial year</b>	14	<b>6,854</b>	<b>3,426</b>

*The accompanying notes form an integral part of the financial statements.*

## 1. Corporate information

Cyxtera Technology UK Limited (the "Company") is a private company, limited by share capital, incorporated and domiciled in England & Wales within the United Kingdom. The immediate holding company is Cyxtera Data Centers, Inc., which is incorporated in Delaware, the United States of America. The ultimate holding company is Cyxtera Technologies, Inc. which is incorporated in Delaware, the United States of America.

The registered office and principal place of business of the Company is located at 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU.

The principal activity of the Company is the provision of colocation services through our global infrastructure to medium and large businesses, multinational corporations and government agencies. Our colocation solutions meet the specific needs of customers who require control of their physical assets.

## 2. Going concern

The Company reported revenue in the year of £58.1m (2021 - £53.9m) and had net current liabilities of £(10.7)m as of 31 December 2021 (2021 - £(14.3)m).

Subsequent to end of the reporting year, on 4 June 2023, Cyxtera Technologies, Inc., the ultimate holding company, and certain of its direct and indirect subsidiaries (collectively, the "Debtors"), which did not include the Company, filed voluntary cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the U.S. Bankruptcy Court in the District of New Jersey (the "Bankruptcy Court"). The Debtors will continue to operate their businesses and manage their properties as "debtors-in-possession" through a pre-arranged financial restructuring plan under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. To ensure the Debtors' ability to continue operating in the ordinary course of business and minimize the effect of the restructuring on the Debtors' customers and employees, the Debtors filed with the Bankruptcy Court motions seeking a variety of "first-day" relief, including the authority to obtain up to \$200 million of "debtor-in-possession" financing from certain of the term lenders that are party to the previously disclosed Restructuring Support Agreement, dated as of 4 May 2023, among certain of the Debtors and the consenting stakeholders party, to pay employee wages and benefits and to pay vendors and suppliers in the ordinary course for all goods and services.

Notwithstanding the above, the directors of the Company are of the view that the Company will be a going concern for a period not less than 12 months from the date of authorization of these financial statements, for the following reasons:

- Management prepared a sensitised cash flow forecast on a severe but plausible downside scenario. Based on this scenario, the Company is able to generate sufficient cash flow from its operation to meet its obligations, including the lease payment for the facilities for the next 12 months. This is based upon current available information.

The validity of the going concern assumption on which the financial statements are prepared depends on the successful conclusion of these matters. If the going concern assumption is inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are now recorded in the statement of financial position. In addition, the reporting entity may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

### 3. Summary of significant accounting policies

#### 3.1 Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the IASB. The financial statements are prepared under the historical cost convention, and on a going concern basis as referred to in Note 2 above.

The financial statements are presented in Great British Pounds ("£") which is the functional currency of the Company and the presentation currency for the financial statements and rounded to the nearest £000.

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the Company's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 4.

#### 3.2 Changes in accounting policies

The standards, amendments to standards, and interpretations, issued by IASB that will apply for the first time by the Company are not expected to impact the Company as they are either not relevant to the Company's business activities or require accounting which is consistent with the Company's current accounting policies, except that in the current financial year. The Company has adopted all new and amended standards, IFRS 3 (Amendments), Reference to Conceptual Framework, IAS 6 (Amendments) PP&E - Proceeds before intended use, IAS 37, Onerous Contracts - Cost of Fulfilling a contract, which are relevant to the Company and are effective for annual periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

##### *(b) New standards, amendments and interpretations issued but not yet effective*

At the date of authorisation of these financial statements, the following IFRSs that are relevant to the Company were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 (Amendments)	Disclosure on Accounting Policies	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from Single Transactions	1 January 2023

Consequential amendments were also made to various standards as a result of these new/revised standards. Management anticipates that the adoption of the above IFRSs in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

### 3 Summary of significant accounting policies (continued)

#### 3.3 Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded upon initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the statement of comprehensive expense within administrative expenses.

#### 3.4 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other costs of servicing are recognised in the statement of comprehensive expense when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	The lesser of 3 years and remaining lease terms
Buildings	The lesser of 3 years and remaining lease terms
Computer hardware and equipment	4 years
Office equipment	4 years
Machinery and equipment	3 to 30 years in line with lease term
Furniture and fixtures	5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

### **3 Summary of significant accounting policies (continued)**

#### **3.5 Property, plant and equipment (continued)**

In the prior period financial statements, assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive expense within administrative expenses.

#### **3.5 Impairment of non-financial assets**

At the end of each financial year, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive expense in the same category to where the initial impairment expense was recognised.

### **3 Summary of significant accounting policies (continued)**

#### **3.6 Financial instruments**

Financial assets and financial liabilities are recognised on the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

##### **(a) Financial assets**

The Company classifies its financial assets under the amortised cost based on the business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Company shall reclassify its affected financial assets when and only when the Company changes its business model for managing these financial assets. The Company classifies its financial assets at amortised cost. The Company's accounting policy for financial assets at amortised cost is as follows:

##### Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected credit loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive expense. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other financial assets are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit loss along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit loss along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost in the statement of financial position comprise trade and other receivables in the statement of financial position.



### **3 Summary of significant accounting policies (continued)**

#### **3.7. Financial instruments (continued)**

##### **(a) Financial assets (continued)**

###### Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

###### Credit-impaired financial assets

At the end of each financial year, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

###### Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### **3 Summary of significant accounting policies (continued)**

#### **3.7 Financial instruments (continued)**

##### **(b) Financial liabilities and equity instruments**

###### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

###### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Company classifies ordinary shares as equity instruments.

###### Financial liabilities

The Company classifies all financial liabilities as subsequently measured at amortised cost.

###### *Trade and other payables*

Trade and other payables, excluding VAT payables, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

###### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in the statement of comprehensive expense.

### **3 Summary of significant accounting policies (continued)**

#### **3.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **3.9 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company has recognised provisions for liabilities of uncertain timing or amount in relation to leasehold dilapidations.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in the statement of comprehensive expense in the period it arises.

#### **3.10 Deferred revenue**

Deferred revenue relates to installation fees for providing hosting, colocation, and network services to customers. The deferred revenue is credited to the statement of comprehensive expense on a straight-line basis, over the period of the customer contracts.

#### **3.11 Revenue**

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Company expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Most of the Company's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to these fixed prices.

### 3. Summary of significant accounting policies (continued)

#### 3.11 Revenue (continued)

##### (a) Rendering of services

Revenues from recurring revenue streams are generally invoiced monthly in advance and recognised ratably over the term of the contract, which is generally three years for data centre colocation customers. Non-recurring installation fees, although generally invoiced in a lump sum upon installation, are deferred and recognised ratably over the contract term. For contracts with customers that contain multiple performance obligations, the Company accounts for individual performance obligations separately if they are distinct or as a series of distinct obligations if the individual performance obligations meet the series criteria. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgement. The transaction price is allocated to the separate performance obligation on a relative standalone selling price basis. The standalone selling price is determined based on overall pricing objectives, taking into consideration market conditions, geographic locations and other factors. Other judgments include determining if any variable consideration should be included in the total contract value of the arrangement such as price increases.

Revenue is generally recognised on a gross basis in accordance with the accounting standard related to reporting revenue on a gross basis as a principal versus on a net basis as an agent, as the Company is primarily responsible for fulfilling the contract, bears inventory risk and has discretion in establishing the price when selling to the customer. To the extent the Company does not meet the criteria for recognising revenue on a gross basis, the Company records the revenue on a net basis. Revenue from contract settlements, when a customer wishes to terminate their contract early, is treated as a contract modification and recognised ratably over the remaining term of the contract, if any.

The Company's contracts with colocation customers generally require the Company to deliver specified levels of service or performance. If the Company fails to meet these service levels, customers may be eligible to receive credits on their contractual billings. These credits are estimated and included as part of the transaction price. In addition, the Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required contractual payments for which the Company had expected to collect. Historically, these credits have not been significant.

##### (b) Contract costs

Contract assets are direct and indirect incremental costs solely related to obtaining revenue contracts. These are capitalised as costs of obtaining a contract, when they are incremental and if they are expected to be recovered. Such costs consist primarily of commission fees, and contract fulfilment costs. Contract costs are amortised over the contractual period of the contract, which is generally 3 years. The amortisation charged for the year has been included in cost of sales and staff costs of the statement of comprehensive expense.

A contract liability is recognised when the Company has an unconditional right to a payment before it transfers products or services to customers.

### **3. Summary of significant accounting policies (continued)**

#### **3.12 Interest receivable and interest payable**

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the statement of comprehensive expense using the effective interest method and unwinding of the discount on provisions.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income will include interest receivable on funds invested.

Interest income and interest payable are recognised in the statement of comprehensive expense as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### **3.13 Leases**

As lessee, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

##### Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

### 3. Summary of significant accounting policies (continued)

#### 3.13 Leases (continued)

##### Initial measurement (continued)

The Company presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the statement of financial position.

##### Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation; any accumulated impairment loss and, if applicable, adjusted for any re-measurement of the lease liabilities. The right-of-use assets under cost model are amortised on a straight-line basis over the remaining useful life of the right-of-use assets, using the straight-line method, on the following bases:

Data centres / Office space	3-15 years
Computer equipment	1 years

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 3.6 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities is recognised in statement of comprehensive expense, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Company has elected to account for the entire contract as a lease. The Company does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

### **3. Summary of significant accounting policies (continued)**

#### **3.14 Employee benefits**

##### **(a) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive expense in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

#### **3.15 Taxes**

Income tax charges and credits represents the sum of the tax currently payable/receivable and deferred taxes impacting a future reporting period.

##### **(a) Current income tax**

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported in the statement of comprehensive expense because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Current income taxes are recognised in the statement of comprehensive expense, except to the extent that the tax relates to items recognised outside the statement of comprehensive expense, either in other comprehensive expense or directly in equity.

##### **(b) Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

**3. Summary of significant accounting policies (continued)**

**3.15 Taxes (continued)**

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the financial year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle its assets and liabilities, except for investment property at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in the statement of comprehensive expense, except when it relates to items recognised outside the statement of comprehensive expense, in which case the tax is also recognised either in other comprehensive expense or directly in equity, or where it arises from the initial accounting for a business combination. Deferred taxes are not discounted.

**(a) Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**4. Significant accounting estimates and judgements**

In the application of the Company's accounting policies, which are described in Note 3, the preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



**4. Significant accounting estimates and judgements (continued)**

**(a) Critical judgements made in applying the entity's accounting policies (continued)**

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**(i) Transfer pricing**

The Company determines whether transactions with other subsidiary undertakings of the wider group have been conducted on an arm's length basis. These decisions involve the input of internal and external tax advisors to the Company, including analysis of comparable companies and groups who operating in similar markets to Cyxtera Technologies, Inc.

**(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(i) Useful lives of property, plant and equipment**

The cost of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to range from 3 to 30 years. These are common life expectancies applied in the industry. The carrying amount of the Company's property, plant and equipment, excluding Right of Use Assets, at 31 December 2022 was £50.3m (2021: £52.0m).

**(ii) Estimating expected credit loss allowance ("ECL") for trade and other receivables**

Management determines the expected loss arising from default for trade and other receivables, by using historical credit loss rates, which were adjusted to reflect the effects of the current conditions and its forecasts of future economic conditions, taking into account historical repayment trends and historical provision trends. For credit impaired trade receivables, ECL is determined as the difference between the gross carrying amount and the present value of the estimated future cash flows.

During the financial year, the recovery on trade receivables of £17k (2021: £470k) was recognised in the Company's profit or loss. During the financial year, the company recognised impairment losses on intercompany receivables of £9,496k (2021: nil). The loss allowance on trade receivables for the previous financial year was accounted based on incurred loss model. The carrying amount of the Company's trade and other receivables at 31 December 2022 is disclosed in Note 13 of the financial statements.

**4. Significant accounting estimates and judgements (continued)**

**(b) Key sources of estimation uncertainty**

**(iii) Measurement of lease liabilities**

The Company cannot readily determine the interest rate implicit in all leases, therefore it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 December 2022 was 7.4% (2021: 7.0%). The carrying amount of lease liabilities as at 31 December 2022 was £55,371k (2021: £46,117k) (Note 12).

## 5. Revenue

### Disaggregation of revenue

The Company has disaggregated revenue into categories in the following table that is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data.

	2022	2021
<u>Type of service</u>	£000	£000
Colocation services	58,145	53,938

### Contract assets and contract liabilities

	2022	2021
	£000	£000
<u>Contracts assets</u>		
Trade receivables (Note 13)	6,176	3,369
Deferred commissions and installation costs (Note 13)	2,653	2,863
<u>Contracts liabilities</u>		
Deferred revenue (Note 15)	3,708	5,265

The timing of revenue recognition and installation and commission costs paid would affect the amount of trade receivables, contract assets and contract liabilities the reporting date in the statement of financial position.

Significant changes in contract assets and contract liabilities during the reporting period are as follows:

	Contract assets		Contract liabilities	
	2022	2021	2022	2021
	£000	£000	£000	£000
At 1 January	2,863	5,195	5,265	6,804
Installation costs and commissions capitalised	—	—	—	—
Amounts recognised as revenue	—	—	(2,147)	(2,707)
Amortisation of installation costs and commissions capitalised	(2,156)	(2,880)	—	—
Cash received in advance of performance	1,946	548	590	1,168
At 31 December	2,653	2,863	3,708	5,265

The vast majority of the Company's contracts are for the delivery of services within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. Hence, the allocation of aggregate transaction price to the remaining performance obligations and explanation on when the Company expects the revenue to be recognised are not disclosed.

## 5. Revenue (continued)

The amount of revenue that is expected to be recognised in future periods on these contracts with remaining performance obligations as at 31 December 2022, is analysed as follows:

	2023 £000	2024 £000	2025 £000	Total £000
2022	1,326	823	412	2,561
2021	4,488	608	169	5,265

The Company has applied the exemption in paragraph C5(d) of the transitional rules in IFRS 15 and therefore has not disclosed the amount of revenue that will be recognised in future periods for the comparative period.

## 6. Employee benefit expenses

	2022 £000	2021 £000
Wages and salaries	5,657	5,641
Social security contributions	757	665
Defined contribution schemes	246	234
Stock compensation (Note 20)	192	22
	<u>6,852</u>	<u>6,562</u>

The Company operates a defined contribution personal pension plan. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund. There were no unpaid contributions outstanding in either the current or prior periods.

The average monthly number of employees, including directors, during the year was as follows:

	2022 No.	2021 No.
Administration and management	4	4
Operations	39	34
Sales and marketing	18	14
	<u>61</u>	<u>52</u>

## 7. Directors' remuneration

	2022 £000	2021 £000
Aggregate remuneration in respect of qualifying services	—	—
Amount contributed to directors' pension	—	—
	—	—
	<b>No.</b>	<b>No.</b>
Members of defined contribution pension schemes	—	—

Certain directors of the Company are also directors or officers of other companies within the Cyxtera Technologies, Inc. organization. Those directors' services to the Company do not occupy a significant amount of their time. As such, these directors do not consider they receive any remuneration for their incidental services to the Company for the years ended 31 December 2022 and 31 December 2021.

## 8. Profit/(loss) from operations

Included within loss from operations are the following charges/(credits):

	2022 £000	2021 £000
Auditor's remuneration – audit of the financial statements	—	37
Depreciation of property, plant and equipment (Note 11)	7,849	7,805
Amortisation of right-of-use assets (Note 12)	5,369	6,138
Foreign exchange loss/(gains) - realised	165	122
Foreign exchange loss/(gains) - unrealised	(5,912)	823
Recoveries on bad debt expenses (Note 13)	(17)	(470)

## 9. Finance income and expense

	2022 £000	2021 £000
Interest expense on obligations under finance lease	(3,583)	(3,404)
Interest receivable from related companies	1,017	850
Other interest expense	—	(5)
	<b>(2,566)</b>	<b>(2,559)</b>

All losses and gains are incurred on financial assets and liabilities measured at amortised cost.

## 10. Income tax

Total tax expense recognised in the statement of comprehensive expense, other comprehensive expense and equity is as follows:

(a) Tax on profit from operations is made up as follows:

	2022 £000	2021 £000
<b>Current tax:</b>		
UK corporation tax on the loss for the year	369	—
Adjustments in respect of prior periods	—	—
	<u>369</u>	<u>—</u>
<b>Deferred tax:</b>		
Origination of timing differences (note 16)	2,156	(957)
Total deferred tax	<u>2,156</u>	<u>(957)</u>
Total tax	<u>2,525</u>	<u>(957)</u>

The reconciliation to the effective tax rate is shown below:

	2022 £000	2021 £000
Loss before taxation	(5,107)	(2,097)
Loss multiplied by standard rate of corporation tax in the UK of 19%	(970)	(398)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,868	25
Tax under provided in prior year	(147)	—
Deferred tax on short term timing differences	—	(2)
Impact to tax rate change	122	(582)
Unrecognised deferred tax asset	1,652	—
Total tax for the year	<u>2,525</u>	<u>(957)</u>

### Factors that may affect future tax charges

On 3 March 2021 the Chancellor of the Exchequer announced that the corporation tax rate would increase to 25% from 1 April 2023. This rate was enacted at 31 December 2022 and 2021 and therefore has been used to calculate deferred tax. In September and October 2022 there were further announcements relating to the change to a corporation tax rate of 25% which concluded that the rate change would go ahead as planned.

**11. Property, plant and equipment**

	Machinery and Equipment £000	Leasehold Improvement £000	Office Equipment £000	Furniture and Fixtures £000	Computer Hardware and Equipment £000	Assets under construction £000	Total £000
<b>COST</b>							
At 1 January 2021	76,162	45,846	925	86	910	851	124,780
Additions	—	—	—	—	—	11,874	11,874
Reclassifications	407	1,145	—	—	183	(1,735)	—
At 31 December 2021	76,569	46,991	925	86	1,093	10,990	136,654
Additions	505	1,114	—	—	124	4,407	6,150
Reclassifications	25	336	—	—	170	(531)	—
At 31 December 2022	77,099	48,441	925	86	1,387	14,866	142,804
<b>ACCUMULATED DEPRECIATION</b>							
At 1 January 2021	55,276	20,165	883	85	427	—	76,836
Depreciation charged	4,431	3,214	35	1	124	—	7,805
At 31 December 2021	59,707	23,379	918	86	551	—	84,641
Depreciation charged	4,333	3,327	6	—	183	—	7,849
At 31 December 2022	64,040	26,706	924	86	733	—	92,490
<b>NET BOOK VALUE</b>							
At 31 December 2021	16,862	23,612	7	—	542	10,990	52,013
At 31 December 2022	13,059	21,735	1	0	653	14,886	50,314

## 12. Leases

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019.

The Company has lease contracts for data centres/office space and computer equipment for its colocation and back office operations. Leases of data centres/office space generally have lease terms between 6 to 16 years and the computer equipment have lease terms of 3 years. The Company's obligation under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

### Right-of-Use Assets

(a) Carrying amounts of right-of-use assets recognised and movement during the period:

	<b>Machinery and Equipment £000</b>	<b>Land and Building £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2021	2,941	61,937	64,878
Additions for the year	—	—	—
At 1 January 2022	2,941	61,937	64,878
Additions for the year	918	13,295	14,213
At 31 December 2022	3,859	75,232	79,091
<b>Accrued amortisation</b>			
At 1 January 2021	(1,636)	(22,684)	(24,320)
- Amortisation charge (see below)	(780)	(5,358)	(6,138)
At 1 January 2022	(2,416)	(28,042)	(30,458)
- Amortisation charge (see below)	(61)	(5,308)	(5,369)
At 31 December 2022	(2,477)	(33,350)	(35,827)
<b>Net book value</b>			
At 31 December 2021	525	33,895	34,420
At 31 December 2022	1,382	41,882	43,264

Cyxtera Technology UK Limited are exercising the expedient within IFRS 16 for a leasehold right-of-use asset, as this includes the rental amount and service charge within the right-of-use asset. This is also included within the lease liability amount.



## 12. Leases (continued)

(b) Amount recognised in the statement of comprehensive expense:

	2022	2021
	£000	£000
Amortisation of right-of-use assets	(5,369)	(6,138)
Interest expense on lease liabilities	(3,583)	(3,404)
Total amount recognised in the statement of comprehensive expense	(8,952)	(9,542)

### Lease Liabilities

	Machinery and Equipment	Land and Building	Total
At 1 January 2021	1,002	50,838	51,840
Additions	—	—	—
Interest expense (note 10)	56	3,348	3,404
Lease payments			
- Principal portion	(976)	(4,747)	(5,723)
- Interest portion	(56)	(3,348)	(3,404)
At 31 December 2021 and 1 January 2022	26	46,091	46,117
Additions	918	13,295	14,213
Interest expense (note 10)	167	3,416	3,583
Lease payments			
- Principal portion	(196)	(4,763)	(4,959)
- Interest portion	(167)	(3,416)	(3,452)
At 31 December 2022	748	54,623	55,371

## 12. Leases (continued)

The maturity analysis of lease liabilities of the Company at each reporting date are as follows:

	2022 £000	2021 £000
Contractual undiscounted cash flows		
- Not later than a year	9,121	7,506
- Between one and two years	8,754	7,094
- Between two and five years	20,440	22,631
- Later than five years	41,242	28,026
	<u>79,557</u>	<u>65,257</u>
Less: Future interest expense	(24,186)	(19,140)
Present value of lease liabilities	<u>55,371</u>	<u>46,117</u>
Presented in statement of financial position		
- Non-current	51,380	41,660
- Current	3,992	4,457
	<u>55,371</u>	<u>46,117</u>

The Company does not face a significant liquidity risk with regard with its lease liabilities, since the Company has the ability to meet the maturity of the lease obligation with the cash generated from the respective lease assets. Refer to Note 24 for further discussion on the Company's financial risk management objectives and policies.

Future cash outflow which are not capitalised in lease liabilities:

### *Extension options*

The extension options for the data centres have not been included in lease liabilities because the Company is not currently reasonably certain it will exercise these extension options. The Company negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Company's operations.

As at 31 December 2022, the weighted incremental borrowing rates applied are 7.4% (2021: 7.0%). These lease liabilities are denominated in GBP.

### 13. Trade and other receivables

	2022 £000	2021 £000
<b>Trade and other receivables (current):</b>		
Trade receivables		
- third parties	6,176	3,369
- amounts owed by fellow subsidiaries of Parent	6,113	3,357
Prepayments and accrued income	3,944	1,181
Deferred commissions and installation costs (note 5)	1,402	1,935
	<u>17,635</u>	<u>9,842</u>
<b>Trade and other receivables (non-current):</b>		
Trade receivables - related companies	27,544	32,501
Prepayments and accrued income	30	40
Deferred commissions and installation costs (note 5)	1,251	928
	<u>28,825</u>	<u>33,469</u>
<b>Total trade and other receivables</b>	<b>46,460</b>	<b>43,311</b>
Add: Cash and cash equivalents (note 15)	6,854	3,426
Less: Deferred commission and installation costs	(2,653)	(2,863)
Less: Prepayments and accrued income	(3,973)	(1,221)
<b>Financial assets at amortised cost</b>	<b>46,688</b>	<b>42,653</b>

#### Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' term (2021: 30 to 60 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:

	2022 £000	2021 £000
United States Dollar	101	113
Euro	136	—
<b>Total</b>	<u>238</u>	<u>113</u>

**13. Trade and other receivables (continued)**

Trade receivables (continued)

Related party balances

Amounts due (except as disclosed below) to related companies are trade related, unsecured, interest-free, and are repayable on demand. These amounts are expected to be settled in cash.

Amounts owed by group under are repayable on demand and include loans to group companies operating in Singapore, Japan, Canada and Germany. All loans made at an interest rate of 5%.

Amounts due from related companies denominated in foreign currencies at 31 December are as follows:

	2022 £000	2021 £000
Due from related companies		
- United States Dollar	33,657	35,858

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Company's historical credit losses experienced over the one-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

No impairment loss is required for amounts due from related companies, as an intermediate parent company, Cyxtera DC Holdings, Inc., has undertaken to make good the payment of these outstanding balances to the Company in the event that the related companies default in the payments of the amounts owing by them as at 31 December 2022 and 31 December 2021.

### 13. Trade and other receivables (continued)

The Company has trade receivables to third parties that are past due at the end of each of the reporting period but not impaired. The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	Trade receivables			Total £000
	1 to 90 days £000	Days past 91 to 120 days £000	>120 days £000	
<b>31 December 2022</b>				
Third party	6,172	12	(13)	6,171
Estimated total gross carrying amount at default	6,172	12	(13)	6,171
Estimated credit loss	5	1	(1)	5
	<u>6,177</u>	<u>13</u>	<u>(14)</u>	<u>6,176</u>
<b>31 December 2021</b>				
Third party	3,508	13	19	3,540
Estimated total gross carrying amount at default	3,508	13	19	3,540
Estimated credit loss	(169)	(1)	(1)	(171)
	<u>3,339</u>	<u>12</u>	<u>18</u>	<u>3,369</u>

The estimated credit losses for other financial instruments are nil for the years ended 31 December 2022 and 2021.

#### Receivables that are impaired

The Company's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
At 1 January	171	842
(Recovery) loss allowance made	(17)	(470)
Write offs	(159)	(201)
At 31 December	<u>(5)</u>	<u>171</u>

**14. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash at bank	6,721	3,292
Cash at bank- restricted	134	134

Cash at bank earns interest at floating rates based on daily bank deposit rates.  
Cash and cash equivalents denominated in foreign currencies as of 31 December are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
United States Dollar	524	386
Euro	4,016	1,289

**15. Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Trade and other payables (current):</b>		
Trade payables	2,167	5,387
Goods and services tax	1,215	5
Amounts due to fellow subsidiaries of Parent	19,152	10,609
Accruals	4,003	2,622
Deferred revenue	4,710	4,489
	<u>31,247</u>	<u>23,112</u>
<b>Trade and other payables (non-current):</b>		
Deferred rent	678	53
Deferred revenue	1,361	722
	<u>2,039</u>	<u>775</u>
<b>Total trade and other payables</b>	<b><u>33,286</u></b>	<b><u>23,887</u></b>
Less: Accruals	(4,003)	(2,622)
Less: Deferred revenue	(6,070)	(5,211)
<b>Financial liabilities at amortised cost</b>	<b><u>23,211</u></b>	<b><u>16,054</u></b>

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 days' term (2021: 30 to 60 days).

# **15. Trade and other payables (continued)**

Trade payables denominated in foreign currencies at 31 December are as follows:

	2022 £000	2021 £000
United State Dollars	452	486
Euro	—	48
Total	452	534

## Related party balances, current

Amounts due (except as disclosed below) to related companies are trade related, unsecured, interest-free, and are repayable on demand. These amounts are expected to be settled in cash.

Current balances are interest free.

Amounts due to related companies denominated in foreign currencies at 31 December are as follows:

	2022 £000	2021 £000
United State Dollars	19,152	10,399

# **16. Deferred tax assets/(liabilities)**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2021: 19%). Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The total closing deferred tax assets/(liabilities) as of 31 December 2022 and 2021 were as follows:

	2022 £000	2021 £000
At 1 January	—	965
Utilised tax losses	(9,180)	(10,678)
Fixed assets	10,808	11,866
Other	24	3
Valuation allowance on the deferred tax asset	(1,652)	—
At 31 December	—	2,156

# **16. Deferred tax assets/(liabilities) (continued)**

The movement on the deferred tax account is shown below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At 1 January	2,156	1,199
Utilized tax losses	(965)	146
Fixed assets	440	861
Other	21	(50)
Reversal of prior year recognized deferred tax asset	(1,652)	—
At 31 December	—	2,156

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

# **17. Provisions**

	<b>Asset retirement obligations</b>
	<b>£000</b>
At 1 January 2021	269
Charged to statement of comprehensive expense	—
Utilised in 2021	—
At 31 December 2021 and 1 January 2022	269
Charged to statement of comprehensive expense	—
Utilised in 2022	—
At 31 December 2022	269

The Company had recorded asset retirement obligations related to the rehabilitation and removal of certain leasehold improvements relating to its Slough and London data centres. The Company depreciates the leasehold improvements using the straight-line method and recognises accretion expense over the term of the related lease agreement. With the adoption of IFRS 16, asset retirement obligations that are recognized in 2021 and 2020 are offset the existing right-of-use assets.

# **18. Share Capital**

	<b>2022</b>		<b>2021</b>	
	<b>No.</b>	<b>£000</b>	<b>No.</b>	<b>£000</b>
<b>Authorised, allotted, called up and fully paid</b>				
Ordinary shares of £1 each	2,000,000	2,000	2,000,000	2,000



## 19. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium reserve	Amount subscribed for share capital in excess of nominal value, net of any issue costs.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

### Dividends

There was no dividend declared for the year ended 31 December 2022 and 2021.

## 20. Share-based payment

Cyxtera Technologies Inc. ("CTI"), the ultimate holding company of the Company, maintains the 2021 Omnibus Incentive Plan (the "2021 Plan"), an equity incentive plan under which the CTI may grant equity incentive awards, including non-qualified stock options and restrictive stock units ("RSUs"), to employees, officers, directors and consultants.

The employees of the Company were granted RSUs of CTI under the 2021 Plan. There were no RSUs granted to directors of the Company. There were no stock options granted to the employees and directors of the Company.

Details of specific categories of RSUs are as follows:

<u>Date of grant</u>	<u>Grant price</u> US\$
1 October 2021	9.30
23 March 2022	11.60
9 August 2022	12.02

The RSUs vest in equal instalments over a period of three years.

The following table discloses movement of restrictive stock units held by employees of the Company during the year ended 31 December 2022:

	Balance at 1 January 2022	Granted During the year	Vested during the year	Cancelled during the year	Balance at 31, 2022
Date of Grant					
1 January 2023	31,950	29,949	(10,650)	-	51,249
Total	31,950	31,950	(10,650)	-	51,249

## 20. Share-based payment (continued)

The weighted average fair value of restrictive stock units on their grant date during the year ended 31 December 2022 was US\$11.72. There were no restricted stocks units exercised during the year ended 31 December 2022

The following table discloses movement of restrictive stock units held by employees of the Company during the year ended 31 December 2021:

	Balance at 1 January 2021	Granted During the year	Vested during the year	Cancelled during the year	Balance at 31, 2021
Date of Grant					
1 October 2021	-	31,950	-	-	31,950
Total	-	31,950	-	-	31,950

The weighted average fair value of restrictive stock units on their grant date during the year ended 31 December 2021 was US\$9.30. There were no restricted stocks units exercised during the year ended 31 December 2021.

The Company recognised a total expense of approximately £192k for the year ended 31 December 2022 (2021: £22k) to the profit or loss in relation to restricted stocks units granted by the ultimate holding company.

## 21. Related parties

There were no related party transactions with the Parent company for years ended 31 December 2021 and 2020. The Company has the following transactions with other related parties during the year:

	2022		2021	
	Sales to/(from) £000	Interest from/(to) £000	Sales to/(from) £000	Interest from/(to) £000
Other related parties	298	1,017	784	850
	<u>298</u>	<u>1,017</u>	<u>784</u>	<u>850</u>

The Company had the following balances with related parties at 31 December:

	2022		2021	
	Receivables outstanding £000	Creditors outstanding £000	Receivables outstanding £000	Creditors outstanding £000
Parent company	3,445	-	3,336	-
Other related parties	30,211	(19,152)	32,522	(10,609)
	<u>33,657</u>	<u>(19,152)</u>	<u>35,858</u>	<u>(10,609)</u>

## 22. Ultimate parent undertaking and controlling party

At 31 December 2022 and 2021, the Company's immediate parent company was Cyxtera Data Centers, Inc., a company incorporated in the United States of America. The ultimate parent company and controlling party is Cyxtera Technologies, Inc., a company incorporated in the United States of America. The address for Cyxtera Data Centers, Inc. and Cyxtera Technologies, Inc. is 3411 Silverside Road Tatnall Building, Suite 104, Wilmington, DE 19810.

## 23. Capital risk management

The Company's primary objective of managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debts.

The capital structure of the Company consists of share capital and amount due to fellow subsidiary.

## **24. Financial risk management objectives and policies**

The Company's activities expose it to credit risks, market risks (foreign currency risks) and liquidity risks. The Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Company's financial performance.

The board of directors reviews and agrees policies for managing each of these risks. Details of these risks are summarised below.

There have been no changes to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

### **(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (i.e. cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

#### Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

The Company's major classes of financial assets are cash and bank balances, and trade and other receivables.

## **24. Financial risk management objectives and policies (continued)**

### Credit risk concentration profile

The Company's exposure to credit risk is largely dependent on the credit quality of its trade and other receivables, which in turn, is mainly influenced by the individual characteristic of each customer. At the end of the reporting period, approximately 81% (2021: 87%) of the Company's trade receivables were due from 5 (2021: 5) major customers.

### Trade receivables

The Company determines expected credit losses on trade receivables from third parties by making individual assessment of expected credit loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, past due status of the trade receivables and adjusted with forward looking assumptions, as appropriate. Management takes into account historical trend and other relevant factors.

The allowance matrix is based on actual credit loss experience over the past three years.

The expected credit loss computed is derived from historical data and credit assessment includes forward-looking information which management is of the view that customer conditions are representative at the reporting date. Management has determined that the credit risk for these assets has not increased significantly since their initial recognition and subject to immaterial credit loss.

### Non-trade receivables

Management monitors and assess at each reporting date on any indicator of significant increase in credit risk for the non-trade receivables (Note 7). In the assessment for indicators, management took into account information that are available internally about these counterparties and if the entities had defaulted in their debts. Management has determined that the credit risk for these assets has not increased significantly since their initial recognition.

The Cyxtera Technologies Inc, the ultimate holding company has provided the financial support for the amount due from related companies at 31 December 2022 and 2021. The Company's management has assessed that the intermediate holding company is able to provide financial support to the related parties to meet its financial obligations. Therefore, amount due from related parties has been measured based on 12 months expected credit loss model and subject to immaterial credit loss.

## 24. Financial risk management objectives and policies (continued)

### Cash and bank balances

Credit risk also arises from balances held with bank. The Company substantially placed its cash and bank balances in 2 banks (2021: 2 banks) which represent 100% (2021: 100%) of the Company's cash and bank equivalents as at 31 December 2022.

The Directors monitor the credit ratings of counterparties regularly. Impairment of cash and bank balances have been measured based on 12-month expected credit loss model. At the reporting date, the Company did not expect any credit losses from non-performance by the counterparties which are banks assigned with investment grade ratings of generally at least A1 by international credit-rating agencies.

### (b) Foreign currency risk

The Company transacts business in various foreign currencies other than the functional currency of the Company, including United States dollar (USD) and hence is exposed to foreign currency risks. These risks are managed through natural hedges arising from a matching of sales and purchases or a matching of assets and liabilities of the same currency and amount. The Company has transactional currency exposure arising mainly from revenue or expenses which are denominated in currencies other than its functional currency. The Company's exposure from foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year is as follows:

	2022	2021
	£000	£000
<b>Monetary assets</b>		
USD	34,282	36,356
EUR	4,152	1,289
Total	38,434	37,645
<b>Monetary liabilities</b>		
USD	11,061	11,095
EUR	—	48
Total	11,061	11,143

## 24. Financial risk management objectives and policies (continued)

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in the following exchange rates against the Great British Pound, with all other variables held constant.

	Increase/(decrease) loss before tax	
	2022	2021
	£000	£000
USD/GBP		
strengthened 5% (2021: 5%)	1,161	1,261
weakened 5% (2021: 5%)	(1,161)	(1,261)

	Increase/(decrease) loss before tax	
	2022	2021
	£000	£000
EUR/GBP		
strengthened 5% (2021: 5%)	208	64
weakened 5% (2021: 5%)	(208)	(64)

#### (c) Interest rate risk

The Company's interest rate risks primarily relate to amount due to a related company and lease liabilities as disclosed in Note 15 and Note 12 respectively. The Company maintains an efficient and optimal interest cost structure. The Company does not use derivative financial instruments to hedge its interest rate risk.

As at end of the financial year, the Company does not have any exposure to interest rate risk. As such, an interest rate sensitivity analysis is deemed not necessary.

#### (d) Liquidity risk

Liquidity risk refers to the risk that funds will not be available to meet liabilities as they fall due, and it results from timing and amount mismatches of cash inflow and outflow.

The Company adopts prudent liquidity risk management and manages its liquidity risk centrally by the treasury function to ensure it has sufficient liquid cash balances to meet its payment obligations as they fall due.

**24. Financial risk management objectives and policies (continued)**

**(d) Liquidity risk (continued)**

The Company closely monitors its exposure to liquidity risk by preparing cash flow forecast and reviewing the cash position regularly. All surplus cash is held centrally to maximise the returns on deposits through economies of scale.

The Company's financial liabilities are current in nature and repayable on demand or according to trade credit term. Therefore, the contractual undiscounted cash flows of the Company's financial liabilities are less than one year at the end of the reporting period.

**25. Events subsequent to the reporting date**

On 4 May 2023, CTI, the ultimate holding company entered into a Restructuring Support Agreement ("RSA") with certain of its lenders holding over two-thirds of its outstanding term loan. Pursuant to the RSA, on 4 June 2023, CTI and fellow subsidiaries have initiated a pre-arranged court-supervised process under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the District of New Jersey. The directors consider no material impact on the audited financial statements as the Company is not affiliated with the above process.

The Company has evaluated events subsequent to the reporting date and determined that there have been no other events that have occurred that would require adjustments to the Company's disclosures in the financial statements.