

Registered Number
11697243

AE Corp UK Limited

Annual Report and Consolidated Financial Statements
Year ending 31 December 2022

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COMPANIES HOUSE

AE Corp UK Limited

COMPANY INFORMATION

Directors

H Harris
D Hobby

Registered Number

11697243

Registered Office

First Floor Office Manning House
22 Carlisle Place
London
United Kingdom
SW1P 1JA

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

AE Corp UK Limited

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**AE Corp UK Limited
Strategic Report
for the year ended 31 December 2022**

Introduction

For the purposes of this Strategic Report, Directors' Report and financial statements, the AE Corp UK Limited group will be referred to as "the group"; AE Corp UK Limited the entity will be referred to as "the company"; and, the group headed by AE Group SARL will be referred to as "AtlasEdge".

The company is a wholly owned subsidiary of AE Group Holdco II Sarl, which itself is a wholly owned subsidiary of AE Group SARL.

The group and parent company financial statements of AE Corp UK Limited are presented for the year end 31 December 2022 and comparative information presented for the year to 31 December 2021.

Principal activities and business review

AtlasEdge is an international data centre business providing next generation edge colocation services to business customers across Europe.

At 31 December 2022, AtlasEdge operated over 100 sites across 13 different countries providing ultra-low latency digital infrastructure to its customers.

The principal activity of the group is to hold properties which are leased to a joint venture between Liberty Global plc and Telefónica, SA, to provide data centre services to third parties and to provide support services to the wider AtlasEdge group.

During the year the group continued to complete its strategic objectives through investing in its existing sites and acquiring new sites to expand the sites capacity and capabilities to meet the requirements of AtlasEdge's customers.

The group's revenue increased due to the recharge of central overheads to other operating entities within AtlasEdge.

Key performance indicators (KPIs)

The group's key financial indicators for the year are considered below:

	2022 £000	2021 £000
Revenue	30,203	16,634
Operating profit	7,982	9,935

The revenue and operating profit generated by the group during the year are in line with the directors' expectations.

**AE Corp UK Limited
Strategic Report
for the year ended 31 December 2022**

Financing

In January 2019 the group borrowed £76,500,000 through a senior facilities agreement. In August 2022, this facility was amended to increase the borrowing capacity by £26,000,000 and to extend the maturity date from December 2023 to December 2024. The group borrowed the additional £26,000,000 in August 2022 and also entered into derivative instruments to manage the floating interest rate exposure on the additional borrowing (see note 16). On 20 December 2022 AE Group HoldCo II Sarl entered into a senior facilities agreement due to mature in January 2030. On 16 January 2023 AE Corp UK Limited entered into intercompany loan agreements with AE Group HoldCo II Sarl and borrowed approximately £103,000,000, using the proceeds to settle the outstanding principal and the accrued interest owed under the legacy senior facility agreement in full.

On 22 June 2022 AE Corp UK Limited issued two ordinary shares of £1.00 each for an aggregate subscription price of £5,700,000 to AE Group Holdco II Sarl. These shares ranked *pari passu* in all respects with the existing issued ordinary shares of the company.

Principal risks, uncertainties

Financial and operational risk management is undertaken as part of the AtlasEdge group operations as a whole. The group's operations expose it to a variety of operational and financial risks.

Financial risks

Interest rate fluctuations are managed, where appropriate, with derivative instruments (interest rate swaps). Where the group enters into foreign currency transactions the group will review its funding across the group and where appropriate will enter into conversion agreements to limit the impact of fluctuations in foreign exchange rates.

Operational risks

AtlasEdge uses various insurance policies to limit any significant adverse impact to the group's assets. Operations could be impacted by significant changes to technology. AtlasEdge is providing the next-generation of Data Centre technology and does not believe it is subject to significant risks due to changes in technology.

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions.

This report was approved by the board on 14 December 2023 and signed on its behalf.



D Hobby
Director

AE CORP UK LIMITED
Directors' Report
for the year ended 31 December 2022

The directors present their report and audited financial statements for the group and company for the year ended 31 December 2022.

Results and dividends

During the year revenue for the group increased by £13,569,000 (2021: increase £3,448,000) due to increased management recharges to other group companies. In 2021 the management recharges were only applicable for 4 months of 2021 compared to a full year in 2022.

Investments in property, plant and equipment increased by £21,717,000 (2021: increase £8,557,000) as a result of the groups purchase of land and buildings which were acquired as part of the groups ongoing growth strategy.

The value of investment properties increased by £5,422,000 (2021: £nil) as a result of market conditions which were assessed by an independent, professionally qualified Royal Institute Chartered Surveyor on 1 June 2022.

The profit for the year after tax was £4,707,000 (2021 - £10,433,000). The directors have not recommended the payment of a dividend.

As at 31 December 2022, the group had net assets of £99,600,000 (2021 - assets £88,065,000).

Directors

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

H Harris
D Hobby

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

Employee involvement

AtlasEdge is resolved to building a safe, accepting and inclusive culture in the workplace and have been actively involved in similar efforts in our local communities. A diverse and inclusive culture is critical to AtlasEdge's performance, reputation and innovation, and it brings us closer to the communities in which we live and operate.

AtlasEdge challenges employees to achieve their full potential and become purposeful leaders. AtlasEdge commits significant resources and make ongoing investment towards the development of employee's leadership skills. AtlasEdge invests significantly in its employees because it recognises that when each employee is supported and given the opportunity to succeed, the company as a whole flourishes.

AE CORP UK LIMITED
Directors' Report
for the year ended 31 December 2022

Employment policies and disabled employees

AtlasEdge remains committed to the continuing introduction and practice of progressive employment policies which reflect changing business, social and employee needs.

AtlasEdge aims to ensure that everyone connected to it is treated fairly and equally, whether they are a current or former member of staff, job applicant, customer or supplier.

Nobody should be discriminated against, either directly or indirectly, on the grounds of their gender, gender reassignment, marital status, pregnancy, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or belief, age political affiliation or trade union membership. The policy applies to anyone who works for, who has worked for or who applies to work for AtlasEdge or its partners. That means permanent, temporary, casual or part-time staff, anyone on a fixed-term contract, agency staff and consultants working with the group, ex-employees and people applying for jobs. This applies to all aspects of employment, including recruitment and training.

AtlasEdge gives full consideration to application from employees with disabilities where they can adequately fulfil the requirements of the job. Depending on their skills and abilities, employees with a disability have the same opportunities for promotion, career development and training as other employees. Where existing employees become disabled it is AtlasEdge's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

In line with AtlasEdge's 'Code of Conduct', the group's employees and directors are expected to display responsible and ethical behaviour to follow consistently both the meaning and intent of this Code and to act with integrity in all the group's business dealings. Managers and supervisors are expected to take such action as is necessary and appropriate to ensure that the group's business processes and practiced are in full compliance with the Code.

Going Concern

The group had a net asset position of £99,600,000 (2021 - assets £88,065,000) as at 31 December 2022, the group's bank loan was not due until December 2024, the group held cash and cash equivalents of £4,169,000 (2021 – £21,871,000) as at 31 December 2022. The group has also subsequently settled the senior credit facility and has intercompany loans agreements in place which will continue to support the group's financial position.

The group's principal activity is to lease properties to related parties for use in their operations and to provide support services to the wider AtlasEdge group. The directors have reviewed the fixed rental cashflows for the group for the 12 months from the date of the approval of these financial statements. Considering its financial resources, as well as the long-term lease arrangements securing the cash settlements and the possibility of a severe but plausible downside, the group will have sufficient cash funds to meet its liabilities as they fall due for that period.

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

Post balance sheet events

On 16 January 2023 AE Corp UK Limited settled the principle amount of £102,500,000 and the accrued interest owed under the senior facility agreement in full. The repayment was financed through intercompany loan agreements entered into with the company's parent, AE Group HoldCo II SARL, which entered into a separate senior credit facility on 22 December 2022.

AE CORP UK LIMITED
Directors' Report
for the year ended 31 December 2022

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to the auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 14 December 2023 and signed on its behalf



D Hobby
Director

First Floor Office Manning House
22 Carlisle Place
London
United Kingdom
SW1P 1JA

Directors' Responsibility Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Member of AE CORP UK Ltd

Opinion

We have audited the financial statements of AE Corp UK Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Independent Auditor's Report to the Member of AE CORP UK Ltd

- Enquiring of directors and management and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Considering remuneration incentive schemes and performance targets for management/directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the predictable and contractual nature of sales transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those containing unusual or unexpected items and those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

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

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

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

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

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

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety regulations and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

Independent Auditor's Report to the Member of AE CORP UK Ltd

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

Independent Auditor's Report to the Member of AE CORP UK Ltd

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

Paul Smeulders (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

14 December 2023

AE CORP UK LIMITED
Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2022

		For the year ending 31 December 2022 £'000	For the year ending 31 December 2021 £'000
	Notes		
Revenue		30,203	16,634
Administrative expenses		(21,885)	(8,696)
Other operating expenses		(515)	(2,569)
Gain on sale of assets		-	4,566
Operating profit	5	7,803	9,935
Finance income	8	960	3,324
Finance costs	9	(6,011)	(2,917)
Gain on revaluation of investment properties		5,422	-
Profit before tax		8,174	10,342
Income tax (expense) / benefit	10	(3,467)	91
Profit for the financial year		4,707	10,433
Other comprehensive income			
Revaluation of investment property	12	-	116,629
Deferred tax on revaluation of investment property	10	-	(23,332)
Other comprehensive income for the year, net of income tax		-	93,297
Total comprehensive income for the year		4,707	103,730

The notes on pages 15 to 33 form part of these financial statements.

All results relate to continuing operations.

AE CORP UK LIMITED
Consolidated Balance Sheet
As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Property plant and equipment	11	34,700	14,004
Intangibles		68	71
Investment Property	12	<u>137,509</u>	<u>132,087</u>
		172,277	146,162
Current assets			
Debtors: amounts falling due after more than one year	13	34,696	18,306
Debtors: amounts falling due within one year	13	41,566	11,918
Cash and cash equivalents		<u>4,169</u>	<u>21,871</u>
		80,431	52,095
Creditors: amounts falling due within one year	14	(22,639)	(11,603)
Net current assets		57,792	40,492
Total assets less current liabilities		230,069	186,654
Creditors: amounts falling due after more than one year	15	(104,691)	(75,627)
Deferred tax	19	(25,778)	(22,962)
Net assets		<u>99,600</u>	<u>88,065</u>
Capital and reserves			
Ordinary shares	20	-	-
Share Premium	21	5,700	-
Retained earnings	21	22,973	17,138
Revaluation Reserve	21	70,927	70,927
Total funds		<u>99,600</u>	<u>88,065</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 December 2023.



D Hobby
Director

Registered Number
11697243

AE CORP UK LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Ordinary shares £'000	Share Premium £'000	Retained earnings £'000	Revaluation reserve £'000	Total funds £'000
At 1 January 2022	-	-	17,138	70,927	88,065
Comprehensive income for the year					
Profit for the year	-	-	4,707	-	4,707
Total comprehensive income for the year	-	-	4,707	-	4,707
Share option recharges from parent	-	-	1,128	-	1,128
Shares issued to parent	-	5,700	-	-	5,700
At 31 December 2022	-	5,700	22,973	70,927	99,600

AE CORP UK LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Ordinary shares £'000	Retained earnings £'000	Merger reserve £'000	Revaluation reserve £'000	Total funds / (deficit) £'000
At 1 January 2021	-	12,345	(22,370)	-	(10,025)
Comprehensive income for the year					
Profit for the year	-	10,433	-	-	10,433
Other comprehensive income	-	-	-	93,297	93,297
Total comprehensive income for the year	-	10,433	-	93,297	103,730
Merger adjustment	-	-	22,370	(22,370)	-
Share option recharges from parent	-	296	-	-	296
Dividends paid to parent	-	(5,936)	-	-	(5,936)
At 31 December 2021	-	17,138	-	70,927	88,065

The notes on pages 15 to 33 form part of these financial statements.

AE CORP UK LIMITED
Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	For the year ending 31 December 2022 £'000	For the year ending 31 December 2021 £'000
Cash flows from operating activities:		
Profit for the financial year	4,707	10,433
Adjustments for:		
Income tax expense	3,467	(91)
Net interest expense	3,655	1,171
Loss/(gain) on derivative instrument	1,388	(1,578)
Depreciation of property plant and equipment	1,021	4,235
Amortisation of intangible assets	16	7
Profit on disposal of property, plant and equipment	-	(4,566)
Changes in fair value of investment property	(5,423)	-
Share based payment charges	1,128	296
	<u>9,959</u>	<u>9,906</u>
 Working capital movements:		
Increase in trade receivables	(32,011)	(8,162)
Increase in trade creditors	13,370	6,579
Net cash generated from operating activities	<u>(8,682)</u>	<u>8,323</u>
 Cash flow from investing activities:		
Purchase of property, plant and equipment	(20,860)	(8,136)
Proceeds from disposals of property, plant and equipment	-	7,965
Interest received	214	-
Net cash generated used in investing activities	<u>(20,646)</u>	<u>(171)</u>
 Cash flow from financing activities:		
Borrowings	26,000	-
Receipt of intra-group borrowings	-	41,137
Funding of intra-group borrowings	(13,653)	(18,220)
Interest paid	(5,049)	(1,513)
Derivative settlements	(744)	(2,003)
Equity contributions	5,700	-
Dividends paid	-	(5,936)
Payment of debt financing costs	(628)	(38)
Net cash generated from financing activities	<u>11,626</u>	<u>13,427</u>
 Cash and cash equivalents at the beginning of the year	21,871	292
Net (decrease) / increase in cash and cash equivalents	<u>(17,702)</u>	<u>21,579</u>
Cash and cash equivalents at the end of the year	<u>4,169</u>	<u>21,871</u>

The notes on pages 15 to 33 form part of these financial statements.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

1. Company Information

AE Corp UK Limited, (the “company”) and its subsidiaries (together “the group”) own technical real estate which is leased to one primary tenant and also provides data centre colocation services to third parties. The company also provides support services to other related parties within the broader AtlasEdge group.

The company is a private company incorporated, domiciled and registered in the UK. The registered number is 11697243 and the registered address is First Floor Office Manning House, 22 Carlisle Place, London, United Kingdom, SW1P 1JA.

2. Statement of compliance

The group’s financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Companies Act 2006..

3. Accounting policies

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

3.1. Basis of preparation

The financial statements have been prepared for the year end 31 December 2022. The comparative information is for the year ended 31 December 2021.

The group’s financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of investment properties and certain financial assets and liabilities measured at fair value.

The group’s functional and presentational currency is the pound sterling. The financial statements are rounded to thousands, except when otherwise indicated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2. Going concern

The group had a net asset position of £99,600,000 (2021 - assets £88,065,000) as at 31 December 2022, the group’s bank loan was not due until December 2024, the group held cash and cash equivalents of £4,169,000 (2021 – £21,871,000) as at 31 December 2022. The group has also subsequently settled the senior credit facility and has intercompany loans agreements in place which will continue to support the group’s financial position.

The group’s principal activity is to lease properties to related parties for use in their operations and to provide support services to the wider AtlasEdge group. The directors have reviewed the fixed rental cashflows for the group for the 12 months from the date of the approval of these financial statements. Considering its financial resources, as well as the long-term lease arrangements securing the cash settlements and the possibility of a severe but plausible downside, the group will have sufficient cash funds to meet its liabilities as they fall due for that period.

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

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022
3. Accounting policies (continued)

3.3. Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings up to 31 December 2022. Each subsidiary has adopted the group's accounting policies.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All material intercompany transactions, balances and unrealised profits and losses on transactions between group companies have been eliminated on consolidation.

3.4. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, which have been applied with, including notification of, and no objection to, the use of the exemptions by the group's shareholders.

The group has taken advantage of the following exemptions in its individual financial statements:

- from disclosing transactions entered into between two or more wholly owned members of the AtlasEdge group, where the ultimate parent company is AE Group SARL. The group discloses transactions with related parties which are not wholly owned within the AtlasEdge group;

3.5. Revenue

Revenue represents rental income from investment property that is used in the operations of one primary tenant and income in relation to support services provided other operating entities within the AtlasEdge group. Income is recognised in the period to which it relates. Where lease agreements include structured payment increases that are not intended to reflect inflation, the minimum total income from the lease is recognised on a straight-line basis over the lease term.

3.6. Finance income

Finance income is recognised as interest accrues according to the effective interest rate method, which uses the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

3.7. Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the expected useful economic life of that asset as follows:

- | | |
|----------------------|-----------------|
| - Freehold property | 30 years |
| - Leasehold property | Period of lease |
| - Network assets | 3 - 30 years |

The carrying value 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 useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022
3. Accounting policies (continued)

3.8. Investment Property

Rented to third parties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

Investment properties are remeasured to fair value at the reporting date. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

3.9. Employee Benefits

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays a fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are charges to the profit or loss account when they fall due. Amount not paid are shown in accruals as a liability in the balance sheet.

Short-term employee benefits

When an employee has rendered services to the company during an accounting period, short-term benefits expected to be paid in exchange for those services are recognised in the same accounting period. Cash based long-term incentives are accrued at fair value, recognising the movement in the accrual in the financial statements where the conditions and the plan extend beyond a year.

Share-based payments

The group is an indirect, 50:50 joint venture of Liberty Global plc. Certain key employees, who were employed by the Liberty Global plc group and transferred employment to AE Corp UK Limited continue to have share-based remuneration related to their previous employment. Shared-based remuneration includes performance plans, stock options, stock appreciation rights ("SARS"), restricted stock and restricted stock units.

It is currently Liberty Global's intention to equity settle this share-based remuneration, the value of amounts exercised by employees of the group pertaining to these awards is recognised in the profit and loss and settled through equity.

The fair value is recognised over the period in which employees become unconditionally entitled to the awards, subject to Liberty Global's estimate of the number of awards which will lapse, either due to employees leaving the group prior to vesting or due to non-market-based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the amount reflects the probability of achieving these via the option pricing model. The total amount recognised in the profit or loss account as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022
3. Accounting policies (continued)

3.9. Employee Benefits (continued)

Long Term Incentive Plan

In 2022, AtlasEdge established a long-term incentive plan (LTIP) for certain key members of management. Participants in AE Corp UK Limited were granted either loans or bonuses from the company which were in turn used by the participants to acquire LTIP units at fair value from AE Group SARL. These LTIP units liquidate (i.e., cash is paid by AE Corp UK Limited to the participant) when certain events occur and/or conditions are met. The LTIP awards are liability classified as the awards will always be cash-settled by AtlasEdge. For participants receiving a bonus, stock-based compensation expense and a corresponding liability is recognized on grant date for the fair value of the award. For participants receiving a loan, there is no expense recognized on grant date as the fair value of the award is nil as the value of LTIP award is the difference between the fair value of the LTIP units and the value of the loan which, on grant date, are equal amounts. If and when a liquidation event is triggered, the company will record an adjustment to stock-based compensation expense and LTIP liability to reflect the value to be paid for the LTIP units (for those who received loans, the adjustment will be the incremental value the LTIP units have over the loan).

3.10. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently reported at amortised cost, net of an allowance for impairment of trade receivables.

The group uses a forward-looking impairment model which uses a lifetime expected loss allowance which is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

3.11. Cash and cash equivalents

Cash and cash equivalents comprise cash held at banks and in money market securities that are highly liquid with an original maturity of three months or less.

3.12. Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs using the effective interest method.

Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortised over the term of the related debt using the effective interest method.

Borrowings are classified as creditors: amounts falling due within one year unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022
3. Accounting policies (continued)

3.14. Taxation

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3.14. Non derivative financial Instruments

Cash and cash equivalents and other receivables, related-party receivables and payables, certain other current assets and certain accrued liabilities represent financial instruments that are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The group initially recognizes loans and receivables on the date they are originated. All other financial assets are recognized initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022
3. Accounting policies (continued)

3.14. Non derivative financial instruments (continued)

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the group is recognized as a separate asset or liability.

The group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3.15. Derivative financial instruments

The group has entered into interest rate swap agreements, to manage its exposure to interest rate risks.

The group has established policies and procedures to govern the management of its exposure to interest rate, through the use of derivative financial instruments, primarily interest rate swaps.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Derivatives are recognised as financial assets when the fair value is positive and as liabilities when the fair value is negative.

The interest rate swaps are valued using internal models based on observable inputs, counterparty valuations or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk. Non-performance risk is based upon quoted credit default spreads for counterparties to the contracts and swaps. Derivative contracts which are subject to master netting arrangements are not offset and have not provided, nor require, cash collateral with any counterparty.

While these instruments are subject to the risk of loss from changes in interest rates, these losses would generally be offset by gains in the related exposures. Financial instruments are only used to hedge underlying commercial exposures. The group does not enter into derivative financial instruments for speculative trading purposes, nor does it enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.

Derivatives that are not part of an effective hedging relationship, as set out in IFRS 9, must be classified as held for trading and measured at fair value through profit or loss.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022
3. Accounting policies (continued)

3.16. Leases

As a lessee

Finance leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset or, if lower, the present value of minimum lease payments at the inception of the lease. The corresponding liability is included in the balance sheet as 'finance lease liabilities' with creditors. Lease payments are apportioned between finance charges and reduction of the lease liability using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are included in tangible fixed assets and are depreciated and assessed for impairment losses in the same way as owned assets.

Operating leases

Rentals payable under operating leases are generally charged to profit or loss on a straight-line basis over the lease term. However, when rental payments are structured to increase in line with expected general inflation the Group recognises rent expense equal to amounts owed to the lessor for the annual period.

The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

As a lessor

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

4. Critical accounting judgements and estimation uncertainty

In the process of applying the group's accounting policies which are described above, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements, except for:

Estimates and assumptions

Investment Properties

Management values its investment properties at each balance sheet date reviewing the latest market conditions for any indications that the fair value of the properties has changed. At least every three years a valuation from an independent, professionally qualified Royal Institute Chartered Surveyor is obtained to support management's assessment of the properties' fair value. Changes to the fair value of the investment properties are adjusted as and when they arise.

Carrying value of investments

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

Recoverability of intercompany receivables

Intercompany receivables are stated at their recoverable amount less any necessary provision. Recoverability of intercompany receivables is assessed annually and a provision is recognised if any indications exist that the receivables is not considered recoverable.

Property, plant and equipment

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful life. The estimation of an assets useful economic life has a significant effect on the annual depreciation charge. The useful life and carrying values are reviewed annually for impairment and where adjustments are required, these are made prospectively.

Fair value measurement of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 18).

Judgements

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

5. Operating profit

The operating profit is stated after charging/(crediting):

	For the year ending 31 December 2022 £000	For the year ending 31 December 2021 £000
Depreciation	1,021	4,234
Amortisation	16	7
Gain on sale of assets	-	(4,566)

On 2 June 2021 the group recognised a gain of £4,566,000 on the sale of 5 properties to Liberty Global Developments Limited, a fellow group undertaking at the time of the transaction.

Auditor's remuneration was £165,000 (2021 - £120,000) for the audit of these financial statements.

6. Employees

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	8,531	1,580
Social security	956	135
Defined contribution pension cost	382	72
Stock based compensation	1,931	324
	<u>11,800</u>	<u>2,111</u>

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

	2022 £000	2021 £000
Operating Staff	14	-
Sales and Administrative Staff	<u>30</u>	<u>7</u>
	<u>44</u>	<u>7</u>

The group commenced employment from 1 September 2021.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

7. Directors Remuneration

	2022	2021
	£000	£000
Directors' remuneration	1,879	96
Company contributions to money purchase pension plans	20	2
	<u>1,899</u>	<u>98</u>

The highest paid director received £1,017,000 (2021: less than £200,000) in aggregate remuneration.

8. Finance income

	2022	2021
	£'000	£'000
Interest on amounts owed by group undertakings	746	1,746
Gain on derivative instrument	-	1,578
Bank interest	214	-
	<u>746</u>	<u>3,324</u>

9. Finance costs

	2022	2021
	£'000	£'000
Facility interest expense	4,162	2,497
Amortisation of deferred financing costs	426	420
Loss on derivative instrument	1,388	-
Other finance costs	35	-
	<u>6,011</u>	<u>2,917</u>

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

10. Income tax

	2022 £000	2021 £000
Current tax	652	-
Total current tax	<u>652</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	2,816	(196)
Change in tax rate	-	105
Total deferred tax	<u>2,816</u>	<u>(91)</u>
Tax on profit for the year	<u>3,468</u>	<u>(91)</u>

The tax assessed for the year is higher than (2021 – lower than) the standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%). The differences are explained below:

	2021 £'000	2021 £'000
Profit before tax	<u>8,174</u>	<u>10,342</u>
Profits multiplied by standard rate of corporation tax in the UK of 19.00%	1,553	1,965
Effects of:		
Fixed asset differences	3,717	(264)
Income not taxable for tax purposes	(170)	(233)
Group relief claimed	(263)	(1,470)
Changes in tax rates	-	104
Adjustments to tax charge in respect of previous periods	(1,369)	-
Current year profit for which no deferred tax was recognised	-	(193)
Tax benefit for the year	<u>3,468</u>	<u>(91)</u>

Factors affecting current and future tax charges

In the 3 March 2021 Budget, it was announced that the UK tax rate would increase to 25% from 1 April 2023.

The deferred tax assets and liabilities have been calculated using the enacted rate of 25% as at the current balance sheet date (2021 – 25%).

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

11. Property, plant and equipment

	Construction in Progress £'000	Network assets £'000	Land and buildings £'000	Total £'000
Cost				
At 1 January 2022	-	7,583	8,557	16,140
Additions	11,656	-	10,061	21,717
At 31 December 2022	<u>11,656</u>	<u>7,583</u>	<u>18,618</u>	<u>37,857</u>
Depreciation				
At 1 January 2022	-	2,109	27	2,136
Charge for the year on owned assets	-	579	442	1,021
At 31 December 2022	<u>-</u>	<u>2,688</u>	<u>469</u>	<u>3,157</u>
Net book value				
At 31 December 2022	<u>11,656</u>	<u>4,894</u>	<u>18,149</u>	<u>34,700</u>
At 31 December 2021	<u>-</u>	<u>5,474</u>	<u>8,530</u>	<u>14,004</u>

The net book value of land and buildings can be further analysed as follows:

	2022 £'000	2021 £'000
Freehold	17,212	8,487
Fixture and fittings	<u>937</u>	<u>43</u>
	<u>18,149</u>	<u>8,530</u>

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

12. Investment Property

	Investment Property £'000
Fair Value	
At 1 January 2022	132,087
Changes to Fair Value	5,422
At 31 December 2022	<u>137,509</u>
Historical cost net book value	<u>36,771</u>
Fair Value	
At 1 January 2021	-
Additions	132,087
At 31 December 2021	<u>132,087</u>
Historical cost net book value	<u>38,246</u>

On 1 June 2021 Liberty Global plc entered into a 50:50 joint venture arrangement with Telefónica, SA to form VMED O2 UK Limited ("VMED O2 JV"). As a result of this transaction AE CORP UK Limited could no longer elect to measure its investment properties that are rented to another group entity at cost less accumulated depreciation and accumulated impairment losses. As such, the group transferred the properties from Property, Plant and Equipment to Investment Property.

The group's properties were valued by an independent, professionally qualified Royal Institute Chartered Surveyor on 11 February 2021 which valued the properties at £132,087,000. On initial recognition, the difference between the fair value and the net book value of the properties of £116,629,000 was recognised through other comprehensive income in the revaluation reserve. On recognition of the investment properties to fair value a deferred tax liability arose of £23,332,000, this was recognised through other comprehensive income in the revaluation reserve. The merger reserve that arose on the acquisition of subsidiary undertakings from fellow group subsidiaries of £22,370,000 was transferred to the revaluation reserve following the "VMED O2 JV" formation and associated remeasurement of the investment properties to fair value.

The groups investment properties are valued annually on 31 December at fair value. The directors reviewed the last independent valuation which took place on 1 June 2022 and determined that the fair value of the properties had increased by £5,423,000 (2021: £nil), this increase in the fair value was recognised as a gain through profit and loss.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

13. Debtors

	Group 2022 £'000	Group 2021 £'000
Due after more than one year		
Derivative financial instruments	-	59
Amounts owed by group undertakings	32,688	18,247
Other long term receivables	2,008	-
	<u>34,696</u>	<u>18,306</u>
Due within one year		
Trade Receivables	557	-
Prepayments and other receivables	14,044	8,245
Amounts owed by group undertakings	26,965	3,673
	<u>41,566</u>	<u>11,918</u>

Amounts owed by group undertakings due after more than one year include loan notes which had a carrying value of £32,688,000 (2021 - £18,247,000) at the balance sheet date. Amounts owed by group undertakings due within one year are unsecured and repayable on demand.

14 Creditors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000
Amounts owed to group undertakings	3,288	2,350
Derivative financial instruments	1,339	753
Accruals and deferred income	18,012	8,500
	<u>22,639</u>	<u>11,603</u>

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

15 Creditors: amounts due after more than one year

	Group 2022 £'000	Group 2021 £'000
Amounts owed to group undertakings	34	-
Senior facilities agreement (see note 16)	101,461	75,627
Other long term accruals	3,196	-
	<u>104,691</u>	<u>75,627</u>

The amounts shown above are all due within less than five years.

AE Corp UK Limited
Notes to the Financial Statements
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16 Loans

	Group 2022 £'000	Group 2021 £'000
Senior facilities agreement	102,500	76,500
Less issue costs	<u>(1,039)</u>	<u>(873)</u>
	<u>101,461</u>	<u>75,627</u>

In January 2019, the group borrowed £76,500,000 through a senior facilities agreement due to mature in December 2023. On 22 August 2022 a further £26,000,000 was borrowed under same facility with the maturity date being extended to December 2024. Interest is accrued on the principal amount at SONIA plus a margin of 3.25%.

The senior facility is secured on the assets of the company and on those of its subsidiaries.

17 Analysis of net debt

	Cash and cash equivalents £000	Senior facilities agreement £000	Derivative financial instruments £000	Total £000
At 31 December 2020	292	(75,207)	(4,275)	(76,439)
Cash flows	21,579	-	2,003	23,582
Other non-cash changes	-	(420)	1,578	1,158
At 31 December 2021	<u>21,871</u>	<u>(75,627)</u>	<u>(694)</u>	<u>(54,450)</u>
Cash flows	(17,702)	(26,000)	744	(42,958)
Other non-cash changes	-	166	(1,390)	(1,224)
At 31 December 2022	<u>4,169</u>	<u>(101,461)</u>	<u>(1,339)</u>	<u>(98,631)</u>

18 Financial instruments

	Group 2022 £'000	Group 2021 £'000
Financial assets		
Financial assets measured at fair value through profit and loss	4,169	21,930
Financial assets measured at amortised cost	<u>76,262</u>	<u>30,165</u>
	<u>80,431</u>	<u>52,095</u>

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

18 Financial instruments (continued)

	Group	Group
	2022	2021
	£'000	£'000
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	1,339	753
Financial liabilities measured at amortised cost	125,991	86,477
	<u>127,330</u>	<u>87,230</u>

Financial assets measured at fair value through the profit and loss account comprises cash at bank.

Financial assets measured at amortised cost comprises amounts owed by group undertakings, prepayments and deferred tax assets.

Financial liabilities measured at fair value through the profit and loss account comprises derivative financial instruments relating to interest rate and basis swaps.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, accruals and deferred income and certain other loans.

The group's objective in managing exposure to interest rate is to decrease the volatility of its earnings and cash flows caused by changes in underlying rates. The group has established policies and procedures to govern these exposures and has entered into interest rate swaps and basis swaps, derivative financial instruments. It is the group's policy not to enter into derivative financial instruments for speculative trading purposes, nor to enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.

As at 31 December 2022, the group had outstanding interest rate swaps to manage the exposure to volatility in future cash flows on interest payments. The group receives interest at SONIA and EURIBOR and pays interest at a fixed rate. The swaps are based on the principal amount of the senior facilities agreement, of £102,500,000. The interest rate swaps mature in December 2024.

19 Deferred taxation

	2022	2021
	£'000	£'000
At 1 January	22,962	(279)
Charge / (credited) to profit and loss	2,816	(91)
Charged to other comprehensive income	-	23,332
At 31 December	<u>25,778</u>	<u>22,962</u>

The provision for deferred taxation is made up as follows:

AE Corp UK Limited
Notes to the Financial Statements
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19 Deferred taxation (continued)

	2022	2021
	£'000	£'000
Fixed asset timing differences	1,425	483
Short term timing differences	(335)	(853)
Investment Property timing differences	<u>24,688</u>	<u>23,332</u>
	<u>25,778</u>	<u>22,962</u>

20 Leases

As a lessee

The group's future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£'000	£'000
Within 1 year	839	-
Between 2 and 5 years	1,700	-
After more than 5 years	1,653	-
Total undiscounted lease payments	<u>4,193</u>	<u>-</u>

The operating leases are for offices and data centre sites. The lease terms are up to 15 years. Payments for some leases are reviewed annually and adjusted for inflation.

As a lessor

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2022	2021
	£'000	£'000
Within 1 year	10,688	10,277
Between 2 and 5 years	43,129	41,856
After more than 5 years	134,470	142,775
Total undiscounted lease payments receivable	<u>188,287</u>	<u>194,908</u>

The group has no other off-balance sheet arrangements.

AE Corp UK Limited
Notes to the Financial Statements
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20 Share capital

	2022	2021
	£	£
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	<u>4</u>	<u>2</u>

21 Reserves

Retained earnings

Includes all current and prior period retained profits and losses net of dividends paid.

Merger reserve

The merger reserve arose on the acquisition of subsidiary undertakings from fellow group subsidiaries. Following the "VMED O2 JV" formation the merger reserve was released to the revaluation reserve.

Revaluation reserve

The revaluation reserve arose on 1 June 2021 when the VMEDO2 joint venture arrangement between Liberty Global plc and Telefónica, SA completed. As a result of this transaction the group could no longer elect to measure its investment properties that are rented to another group entity at cost less accumulated depreciation and accumulated impairment losses. On initial recognition the difference between the fair value and net book value of the properties was recognised through other comprehensive income along with the associated deferred tax.

22 Share-based payments

The group is an indirect, 50:50 joint venture of Liberty Global plc. Certain key employees, who were employed by the Liberty Global plc group and transferred employment to AE Corp UK Limited continue to have share-based remuneration related to their previous employment.

The share-based remuneration includes grants of performance-based and non-performance-based incentive awards. These awards and payments include options, share appreciation rights ("SARS"), performance-based share appreciation rights ("PSARs"), restricted share units ("RSUs"), restricted share awards ("RSAs") and performance-based restricted share units ("PSUs") (together "share-based remunerations").

The charge to profit or loss for share-based payments for the period was £1,931,000 (2021 - £324,000)

23 Contributions to Group

During the year the group paid dividends of £nil (2021 - £5,936,000) to its parent undertaking.

24 Guarantees

The group has joint and several liabilities under a group VAT registration.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

25 Parent undertaking and controlling party

The company's immediate parent undertaking is AE Group HoldCo II Sarl.

The company's ultimate parent undertaking and controlling party at 31 December 2022 was AE Group SARL.

26 Related party disclosures

Group

The group provides guarantees under which AE Corp UK Limited would provide funds to other AtlasEdge group entities in the event they are unable to meet their financial obligations when they become due.

The group generates revenue from management and corporate overhead recharges and provides loans to other AtlasEdge group entities.

Associated companies

The following transactions took place between the group and associated companies during the year:

	2022 £'000	2021 £'000
Sales	<u>11,746</u>	<u>13,094</u>

The group had £nil receivables due from joint venture and associated undertakings as at 31 December 2022 (2021 – £nil).

27 Post balance sheet events

On 16 January 2023 AE Corp UK Limited settled the principle amount of £102,500,000 and the accrued interest owed under the senior facility agreement in full. The repayment was financed through new intercompany loan agreements entered into with the company's parent, AE Group HoldCo II SARL, which entered into a separate senior credit facility on 22 December 2022.

AE CORP UK LIMITED
Company Balance Sheet
As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed Assets			
Investments in subsidiaries	4	55,327	55,327
Property plant and equipment	5	937	43
Intangibles		<u>68</u>	<u>71</u>
		56,332	55,441
Current assets			
Debtors: amounts falling due after more than one year	6	39,982	18,309
Debtors: amounts falling due within one year	6	34,727	6,711
Cash at bank and in hand		<u>1,305</u>	<u>18,059</u>
		76,014	43,079
Creditors: amounts falling due within one year	7	(14,748)	(11,052)
Net current assets		<u>61,266</u>	<u>32,027</u>
Total assets less current liabilities		117,598	87,468
Creditors: amounts falling due after more than one year	8	(103,114)	(75,627)
Net assets		<u>14,484</u>	<u>11,841</u>
Capital and reserves			
Ordinary shares	11	-	-
Share Premium	12	5,700	-
Retained Earnings	12	8,784	11,841
Total funds		<u>14,484</u>	<u>11,841</u>

The notes on pages 36 to 44 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 December 2023.



D Hobby
Director

Registered Number
11697243

AE CORP UK LIMITED
Company Statement of Changes in Equity
For the year ended 31 December 2022

	Ordinary shares	Share Premium	Profit and loss account	Total funds
	£'000	£'000	£'000	£'000
At 1 January 2022	-	-	11,841	11,841
Comprehensive income for the year				
Loss for the year	-	-	(4,185)	(4,185)
Total comprehensive income for the year	-	-	(4,185)	(4,185)
Share option recharges from parent	-	-	1,128	1,128
Shares issued to parent	-	5,700	-	5,700
At 31 December 2022	-	5,700	8,784	14,484

AE CORP UK LIMITED
Company Statement of Changes in Equity
For the year ended 31 December 2021

	Ordinary shares	Profit and loss account	Total funds / (deficit)
	£000	£000	£000
At 1 January 2021	-	(9,795)	(9,795)
Comprehensive income for the year			
Loss for the year	-	(1,925)	(1,925)
Total comprehensive income for the year	-	(1,925)	(1,925)
Share option recharges from parent	-	296	296
Dividends paid to parent	-	(5,936)	(5,936)
Dividends received from subsidiaries	-	29,201	29,201
At 31 December 2021	-	11,841	11,841

The notes on pages 36 to 44 form part of these financial statements.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

1 Company information

AE Corp UK Limited, (the “company”) is a private company incorporated, domiciled and registered in the UK. The registered number is 11697243 and the registered address is First Floor Office Manning House, 22 Carlisle Place, London, United Kingdom, SW1P 1JA.

2 Accounting policies

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

2.1. Basis of preparation

The company’s financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Companies Act 2006.

The financial statements have been prepared for the year end 31 December 2022. The comparative information is for a year ended the 31 December 2021.

The company financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The company’s functional and presentational currency is the pound sterling. The financial statements are rounded to thousands, except when otherwise indicated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

2.2. Going concern

The company had a net asset position of £14,483,000 (2021 – asset £11,841,000) as at 31 December 2022, the company’s bank loan is not due until December 2023, the company held cash and cash equivalents of £1,305,000 (2021 – £18,059,000) as at 31 December 2022. . The company has also subsequently settled the senior credit facility and has intercompany loans agreements in place which will continue to support the group’s financial position.

The company’s principal activity is to lease properties to related parties for use in their operations. The directors have reviewed the fixed rental cashflows for the group for the 12 months from the date of the approval of these financial statements. Considering its financial resources, as well as the long-term lease arrangements securing the cash settlements and the possibility of a severe but plausible downside, the company will have sufficient cash funds to meet its liabilities as they fall due for that period.

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

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

2 Accounting policies (continued)

2.3. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, which have been applied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders.

The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from disclosing transactions entered into between two or more wholly-owned members of the AtlasEdge group, where the ultimate parent company is AE Group SARL. The company discloses transactions with related parties which are not wholly-owned within the AtlasEdge group;
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

2.4. Investments in subsidiaries

Investments in subsidiaries are recorded at cost, less provision for impairment as appropriate.

The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the investment or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

2.5. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently reported at amortised cost, net of an allowance for impairment of trade receivables.

The company uses a forward looking impairment model which uses a lifetime expected loss allowance which is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

2.6. Cash and cash equivalents

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

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

2 Accounting policies (continued)

2.7. Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs using the effective interest method.

Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortised over the term of the related debt using the effective interest method.

Borrowings are classified as creditors: amounts falling due within one year unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

2.8. Non derivative financial instruments

Cash and cash equivalents and other receivables, related-party receivables and payables, certain other current assets and certain accrued liabilities represent financial instruments that are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The company initially recognizes loans and receivables on the date they are originated. All other financial assets are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the company is recognized as a separate asset or liability.

The company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

2 Accounting policies (continued)

2.9. Derivative financial instruments

The company has entered into an interest rate and basis swap agreements, to manage its exposure to interest rate risks.

The company has established policies and procedures to govern the management of its exposure to interest rate risks, through the use of derivative financial instruments, including interest rate swaps and basis swaps.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Derivatives are recognised as financial assets when the fair value is positive and as liabilities when the fair value is negative.

The interest rate and basis swaps are valued using internal models based on observable inputs, counterparty valuations or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk. *Non-performance risk is based upon quoted credit default spreads for counterparties to the contracts and swaps.* Derivative contracts which are subject to master netting arrangements are not offset and have not provided, nor require, cash collateral with any counterparty.

While these instruments are subject to the risk of loss from changes in exchange rates and interest rates, these losses would generally be offset by gains in the related exposures. Financial instruments are only used to hedge underlying commercial exposures. *The company does not enter into derivative financial instruments for speculative trading purposes, nor does it enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.*

Derivatives that are not part of an effective hedging relationship, as set out in IFRS 9, must be classified as held for trading and measured at fair value through profit or loss.

2.10. Leases

As a lessee

Finance leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset or, if lower, the present value of minimum lease payments at the inception of the lease. The corresponding liability is included in the balance sheet as 'finance lease liabilities' with creditors. *Lease payments are apportioned between finance charges and reduction of the lease liability using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability.* Assets held under finance leases are included in tangible fixed assets and are depreciated and assessed for impairment losses in the same way as owned assets.

Operating leases

Rentals payable under operating leases are generally charged to profit or loss on a straight-line basis over the lease term. However, when rental payments are structured to increase in line with expected general inflation the Group recognises rent expense equal to amounts owed to the lessor for the annual period.

The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

3. Critical accounting judgements and estimation uncertainty

In the process of applying the company's accounting policies which are described above, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements, except for:

Estimates and assumptions

Carrying value of investments

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

Recoverability of intercompany receivables

Intercompany receivables are stated at their recoverable amount less any necessary provision. Recoverability of intercompany receivables is assessed annually and a provision is recognised if any indications exist that the receivables is not considered recoverable.

Fair value measurement of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 10).

4 Investments in subsidiaries

	Investments in subsidiary companies
Cost	
At 1 January 2022	55,327
At 31 December 2022	<u>55,327</u>
Net book value	
At 31 December 2022	55,327
At 31 December 2021	<u>55,327</u>

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

4 Investments in subsidiaries (continued)

Subsidiary undertakings

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

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

Name	Country of registration	Principal activity
AE Technology Services I UK Limited	England	Property investment
AE Technology Services II UK Limited	England	Property investment

The subsidiary undertakings listed above are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

The registered address for the companies is First Floor Office Manning House, 22 Carlisle Place, London, United Kingdom, SW1P 1JA.

5 Property, plant and equipment

	Fixtures and Fittings £'000
Cost	
At 1 January 2022	45
Additions	909
At 31 December 2022	<u>955</u>
At 1 January 2022	3
Charge for the year on owned assets	15
At 31 December 2022	<u>18</u>
Net book value	
At 31 December 2022	<u>937</u>
At 31 December 2021	<u>43</u>

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

6 Debtors

	Company 2022 £'000	Company 2021 £'000
Due after more than one year		
Derivative financial instruments	-	59
Amounts owed by group undertakings	37,974	18,250
Other long term receivables	2,008	-
	<u>39,982</u>	<u>18,309</u>
Due within one year		
Trade Receivables	230	-
Prepayments and other receivables	7,301	3,038
Amounts owed by group undertakings	27,196	3,673
	<u>34,727</u>	<u>6,712</u>

Amounts owed to group undertakings due after more than one year include loan notes which had a carrying value of £37,974,000 (2021 - £18,250,000) at the balance sheet date.

7 Creditors: amounts falling due within one year

	Company 2022 £000	Company 2021 £000
Amounts owed to group undertakings	5,702	4,990
Derivative financial instruments	1,339	753
Accruals and deferred income	7,707	5,309
	<u>14,748</u>	<u>11,052</u>

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

8 Creditors: amounts due after more than one year

	Company 2022 £000	Company 2021 £000
Senior facilities agreement (see note 9)	101,461	75,627
Other long term accruals	1,653	-
	<u>103,114</u>	<u>75,627</u>

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

9 Loans

	Company 2022 £000	Company 2021 £000
Senior facilities agreement	102,500	76,500
Less issue costs	(1,039)	(873)
	<u>101,461</u>	<u>75,627</u>

In January 2019, the company borrowed £76,500,000 through a senior facilities agreement. On 22 August 2022 the company borrowed an additional £26,000,000 and extended the maturity date to December 2024. Interest accrues on the principal amount at SONIA.

The senior facility is secured on the assets of the company and on those of its subsidiaries.

10 Financial Instruments

	Company 2022 £'000	Company 2021 £'000
Financial assets		
Financial assets measured at fair value through profit and loss	1,305	18,118
Financial assets measured at amortised cost	<u>74,709</u>	<u>24,961</u>
	<u>76,014</u>	<u>43,079</u>

	Company 2022 £'000	Company 2021 £'000
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	1,339	753
Financial liabilities measured at amortised cost	<u>116,523</u>	<u>85,925</u>
	<u>117,862</u>	<u>86,678</u>

Financial assets measured at fair value through the profit and loss account comprises cash at bank.

Financial assets measured at amortised cost comprises amounts owed by group undertakings, prepayments and deferred tax assets.

Financial liabilities measured at fair value through the profit and loss account comprises derivative financial instruments relating to interest rate and basis swaps.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, accruals and deferred income and certain other loans.

AE Corp UK Limited
Notes to the Financial Statements
For the year ended 31 December 2022

10 Financial Instruments (continued)

The group's objective in managing exposure to interest rate is to decrease the volatility of its earnings and cash flows caused by changes in underlying rates. The group has established policies and procedures to govern these exposures and has entered into interest rate swaps and basis swaps, derivative financial instruments. It is the group's policy not to enter into derivative financial instruments for speculative trading purposes, nor to enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.

As at 31 December 2022, the group had outstanding interest rate swaps to manage the exposure to volatility in future cash flows on interest payments. The group receives interest at SONIA and EURIBOR and pays interest at a fixed rate. The swaps are based on the principal amount of the senior facilities agreement, of £102,500,000. The interest rate swaps mature in December 2024.

11 Share capital

	2022	2021
	£	£
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	<u>4</u>	<u>2</u>

12 Reserves

Retained earnings

Includes all current and prior period retained profits and losses net of dividends paid.

13 Guarantees

The company has joint and several liabilities under a group VAT registration.

14 Parent undertaking and controlling party

The company's immediate parent undertaking is AE Group Holdco II SARL.

The smallest and largest groups of which the company's accounts were consolidated at 31 December 2022 are AE Group SARL.

The company's ultimate parent undertaking and controlling party at 31 December 2022 was AE Group SARL.

Copies of AE Group SARL accounts referred to above which include the results of the group are available from the company secretary, First Floor Office Manning House, 22 Carlisle Place, London, United Kingdom, SW1P 1JA.

15 Post balance sheet events

On 16 January 2023 AE Corp UK Limited settled the principle amount of £102,500,000 and the accrued interest owed under the senior facility agreement in full. The repayment was financed through new intercompany loan agreements entered into with the company's parent, AE Group HoldCo II SARL, which entered into a separate senior credit facility on 22 December 2022.