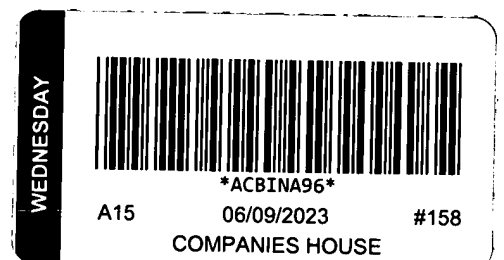


BOWMORE UK 3 LIMITED

REGISTRATION NUMBER: 11663303

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



BOWMORE UK 3 LIMITED
GENERAL INFORMATION

| | |
|-----------------------------|--|
| DIRECTORS | J W F Hepburn (appointed on 30 June 2022) J K Harraway M A Fernandes (resigned on 30 June 2022) |
| REGISTERED NUMBER | 11663303 |
| REGISTERED OFFICE | First Floor 85 Great Portland Street London W1W 7LT United Kingdom |
| INDEPENDENT AUDITORS | PRICEWATERHOUSECOOPERS LLP 7 More London Riverside London SE1 2RT United Kingdom |
| LEGAL ADVISOR | CLIFFORD CHANCE 10 Upper Bank Street London E14 5JJ United Kingdom |
| ADMINISTRATOR | APEX FUND AND CORPORATE PRODUCTS S.A. Airport Center Luxembourg 5, Helenhaff, L-1736 Senningerberg Luxembourg |

BOWMORE UK 3 LIMITED

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BOWMORE UK 3 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and financial statements of Bowmore UK 3 Limited (the "Company") for the year ended 31 December 2022 (the "year").

Directors

The Directors who served during the year ended 31 December 2022 and as at the date of approving this report are:

J W F Hepburn (appointed on 30 June 2022)

J K Harraway

M A Fernandes (resigned on 30 June 2022)

Principal activity

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

Business review and results

The total comprehensive loss for the year was £27,181,000 (2021: £102,770,000) and the net liabilities as at 31 December 2022 were £98,023,000 (2021: £70,842,000). Details of the results for the year are set out in the Statement of Comprehensive Income on page 9.

Dividends

No dividends were paid during the year (2021: £nil). The Directors do not recommend the payment of a final dividend (2021: £nil).

Going concern

At 31 December 2022, the Company had net current liabilities of £308,038,000 (2021: £301,846,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. In support of this expectation, the Directors are unaware of any significant factors likely to adversely affect the Company in the foreseeable future and for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements. As at 31 December 2022, Infracapital Partners III (Euro) SCSp and Infracapital Partners III (Sterling) SCSp, the beneficial owners of the Company had sufficient resources available after considering any commitments made for future investment activities to support the investment activities of the Company. The cash balance as at 31 December 2022 was £19,751,000 (2021: £191,000), which is deemed sufficient to cover running costs for the next 12 months.

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

Qualifying third party indemnities

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2022 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

BOWMORE UK 3 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, "Reduced Disclosure Framework," and applicable law).

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

In preparing these financial statements, the directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Company has taken advantage of the exemption provided for under section 414(B) of the Companies Act 2006, and has not produced a strategic report.

Risks and uncertainties

The risks and uncertainties faced by the Company are those inherent within the financial services industry, but are primarily:

- Liquidity risk – the Company's portfolio contains investments that are illiquid and long-term. Such investments may be illiquid because, among other reasons, there is no established market for the particular type of asset, there is a scarcity of disposal options and/or potential acquirers, or there are legal, tax, regulatory or contractual restrictions associated with the disposal of the investment;
- Operational risk – losses could result from inadequate or failed internal and external processes, systems and human error or from external events over which the management has no control;
- Market risk – exposure to fluctuations in revenue resulting from the impact of volatile equity, bond, property prices and investment performance;
- Credit risk – investments are reliant on counterparties fulfilling their obligations; and
- Regulatory risk – subject to the effects of changes in law, regulation, policy and interpretation and any accounting standards in the markets in which it operates.

BOWMORE UK 3 LIMITED**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of Information to Auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the Company since the year end which require adjustment for or disclosure in the financial statements.

Independent Auditors

PricewaterhouseCoopers LLP has been appointed during the year.

This report was approved by the board on 22 August 2023 and signed on its behalf.


J K Harraway
Director

22 August 2023

Independent auditors' report to the members of BOWMORE UK 3 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, BOWMORE UK 3 LIMITED's financial statements:

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

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks

were related to manipulation of financial data or intentional bias in estimation with respect to the valuation of the investment in joint venture. Audit procedures performed by the engagement team included:

- Reviewing relevant meeting minutes of those charged with governance;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and entries posted by unexpected users, where any such journal entries were identified;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Making enquiries of management, including consideration of any known or suspected instances of noncompliance with laws and regulations or fraud.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

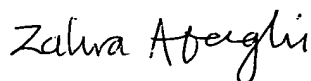
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Zahra Afaghi (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 August 2023

BOWMORE UK 3 LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Note | 2022 £'000 | 2021 £'000 |
|------------------------------------|------|-----------------|------------------|
| Investment income | 3 | 4,973 | 4,112 |
| Administrative expenses | 4 | (495) | (147) |
| Operating profit | | 4,478 | 3,965 |
| Interest expense | 5 | (19,558) | (17,476) |
| Impairment of investments | 8 | (12,101) | (89,259) |
| Loss before tax | | (27,181) | (102,770) |
| Tax on loss | 6 | - | - |
| Loss for the financial year | | (27,181) | (102,770) |
| Total comprehensive loss | | (27,181) | (102,770) |

There is no other comprehensive income for the years ended 31 December 2022 and 31 December 2021 in addition to that included in the Statement of Comprehensive Income. All results and comparatives shown in the Statement of Comprehensive Income are from continuing operations.

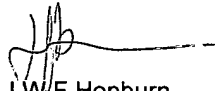
The notes on pages 12 to 19 form part of these financial statements

BOWMORE UK 3 LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|------|------------------|------------------|
| Non-current assets | | | |
| Investments in joint venture | 8 | 167,247 | 159,348 |
| Other investments | 9 | 27,768 | 56,656 |
| Loan receivables | 10 | 15,000 | 15,000 |
| | | <u>210,015</u> | <u>231,004</u> |
| Current assets | | | |
| Debtors – amounts falling due within one year | 11 | 12,258 | 7,334 |
| Prepayments | | 1 | - |
| Restricted cash | 12 | 492 | 492 |
| Cash at bank | | 19,751 | 191 |
| | | <u>32,502</u> | <u>8,017</u> |
| Current liabilities | | | |
| Creditors – amounts falling due within one year | 13 | (340,540) | (309,863) |
| Net current liabilities | | <u>(308,038)</u> | <u>(301,846)</u> |
| Net liabilities | | <u>(98,023)</u> | <u>(70,842)</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 54,904 | 54,904 |
| Profit and loss account | 15 | (152,927) | (125,746) |
| Total shareholders' funds | | <u>(98,023)</u> | <u>(70,842)</u> |

The financial statements on pages 9 to 19 have been approved by the Board of Directors and signed on their behalf by:


J K Harraway
Director


J W F Hepburn
Director

22 August 2023

The notes on pages 12 to 19 form part of these financial statements

BOWMORE UK 3 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Share capital £'000 | Profit and loss account £'000 | Total equity £'000 |
|---------------------------------------|---------------------------|--|--------------------------|
| Balance at 1 January 2021 | 54,904 | (22,976) | 31,928 |
| Loss for the year | - | (102,770) | (102,770) |
| Balance as at 31 December 2021 | 54,904 | (125,746) | (70,842) |

| | Share capital £'000 | Profit and Loss account £'000 | Total equity £'000 |
|---------------------------------------|---------------------------|--|--------------------------|
| Balance at 1 January 2022 | 54,904 | (125,746) | (70,842) |
| Loss for the year | - | (27,181) | (27,181) |
| Balance as at 31 December 2022 | 54,904 | (152,927) | (98,023) |

The notes on pages 12 to 19 form part of these financial statements

BOWMORE UK 3 LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

Bowmore UK 3 Limited (the "Company") is a company incorporated and registered in the United Kingdom. These financial statements are prepared for the year ended 31 December 2022 (the "year").

Basis of preparation

The Company's financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the Companies Act 2006.

The Company is exempt by virtue of being subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements.

These financial statements present information about the Company as an individual undertaking and not about its group. The Company may adopt FRS 102 and take advantage of reduced disclosure exemptions.

The Company has taken advantage of the exemptions under FRS 102 section 7 Statement of Cash Flows paragraphs 1.8 to 1.12, not to prepare a Cash Flow Statement for the year ended 31 December 2022.

The principal accounting policies adopted have been set out below and have been applied consistently to all periods presented in these financial statements.

a) Change in accounting policies

In the opinion of the Directors, there are no mandatory new accounting policies applicable in the current year that are relevant and/or material to the Company. Consequently, no such mandatory new accounting policies are listed. The Company has not early adopted any new accounting policies that are mandatory.

b) Investment income

Investment income comprises of interest income from debt securities and is accounted for on an effective interest rate basis. Interest impairment movements are recognised in accordance with the policy in note 1(g).

c) Interest payable

Interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

d) Administrative expenses

Management expenses are costs associated with informing the investment decisions of the Company and are not directly related to acquiring the investments. Professional fees are costs associated with the day to day running of the entity. Administrative expenses are recognised on an accrual basis.

e) Tax

Tax on the profit or loss for the period comprises current tax and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

BOWMORE UK 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

e) Tax (continued)

Deferred tax will be provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The calculation of the total tax charge inherently involves a degree of estimation and judgment. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge in the financial statements if the Company considers that it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition, the provision is measured based on management's judgment and estimate of the likely amount of the liability or recovery. This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgment as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information. The judgments and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever change or when there is new information that affects those judgments.

f) Investments in joint venture

The Company's investment in its joint venture is held at cost less impairment losses. Cost is initially recognised, at the date of acquisition, at the amount of consideration paid. Adjustments to the consideration contingent on future events are not included in the carrying amount of the investment asset on day 1 where there is significant uncertainty on their outcome and measurement. Variable consideration, where directly related to the cost of the investment, is capitalised as part of the cost of the investment asset when legally committed, the consideration can be measured reliably, and settlement is sufficiently probable.

At the end of each reporting year, the Directors review the carrying amounts of investment in its joint venture to determine whether there is any indication that the asset has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised immediately in the Statement of Comprehensive Income. In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Other investments

Other investments are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, other investments are stated at amortised cost using the effective interest method, less any impairment losses. Impairment losses are recognised in profit or loss and allocated to the investments in the following order: capitalised cost, equity, accrued interest, loan principal receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss and allocated to the investment in the reversed order.

BOWMORE UK 3 LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

g) Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest, less any impairment losses. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method.

h) Cash at bank

Cash at bank comprise cash balances at bank.

i) Capitalised costs

Capitalised costs of investment are costs which may be deemed as directly related to, necessary and incremental to the transaction and are capitalised as part of the investment.

j) Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

k) Functional and presentational currency

The Company's functional currency is considered to be Pound Sterling ("£"). The Directors have chosen the Pound Sterling as the Company's presentational currency. The Pound Sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions that affect the Company. All amounts within these financial statements are rounded to the nearest thousand.

l) Going concern

At 31 December 2022, the Company had net current liabilities of £308,038,000 (2021: £301,846,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. In support of this expectation, the Directors are unaware of any significant factors likely to adversely affect the Company in the foreseeable future and for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements. As at 31 December 2022, Infracapital Partners III (Euro) SCSp and Infracapital Partners III (Sterling) SCSp, the beneficial owners of the Company had sufficient resources available after considering any commitments made for future investment activities to support the investment activities of the Company. The cash at bank balance as at 31 December 2022 was £19,751,000 (2021: £191,000), which is deemed sufficient to cover running costs for the next 12 months.

BOWMORE UK 3 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)****l) Going concern (continued)**

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

2. Use of judgments and estimates

In preparing these financial statements, the Directors have made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The judgment the Directors apply is whether there should be any impairment booked as part of their review.

Impairment

At the end of the reporting year, the Directors have compared the carrying value of the investment in joint ventures, other investment, loan receivables and accrued investment income to their recoverable amounts to determine if any impairment is required. In determining this recoverable amount, a discounted cash flow model has been used where estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. The accounting policy for joint venture impairment is outlined in note 1(f), and impairment (if any) is outlined in note 8.

3. Investment income

| | 2022 | 2021 |
|---------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Interest received on loan notes | 4,162 | 3,177 |
| Interest received on loan receivables | 763 | 935 |
| Bank interest receivable | 48 | - |
| | 4,973 | 4,112 |

4. Administrative expenses

| | 2022 | 2021 |
|------------------------|--------------|--------------|
| | £'000 | £'000 |
| Professional fees | 468 | 128 |
| Auditors' remuneration | 27 | 19 |
| | 495 | 147 |

Bowmore UK 3 Limited pays the audit fees for the financial statements of the current and previous years for fellow group companies Bowmore UK 1 Limited and Bowmore UK 2 Limited.

5. Interest expense

| | 2022 | 2021 |
|--------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Interest expense on loan notes | 19,558 | 17,476 |

BOWMORE UK 3 LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Tax on loss

a) Analysis of tax charge in the year:

| | 2022 | 2021 |
|--------------------------|--------------|-------|
| | £'000 | £'000 |
| Current tax: | | |
| Current tax for the year | - | - |
| Total current tax | - | - |

b) Factors affecting tax charge for the year:

There were no factors that affected the tax charge for the year which has been calculated on the loss on ordinary activities before tax at the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%).

Deferred tax is provided at the tax rates enacted at the balance sheet date applicable to when the temporary differences are expected to reverse. The impact of the change to the tax rates is therefore recognised in the deferred tax movement for the year.

| | 2022 | 2021 |
|--|-----------------|-----------|
| | £'000 | £'000 |
| Loss before tax | (27,181) | (102,770) |
| Tax on loss at standard UK tax rate of 19.00% (2021: 19.00%) | (5,164) | (19,526) |
| Effects of: | | |
| Expenses not deductible | 2,380 | 16,973 |
| Transfer pricing adjustments | 2 | 2 |
| Deferred tax not recognised | 2,782 | 2,551 |
| Total tax charge for the year | - | - |

c) Factors that may affect future tax charges:

An increase in the standard rate of Corporation Tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24th May 2021. This will increase any future tax charge for the Company accordingly.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. On the assessment of all available evidence, the asset is recognised if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred tax assets of £Nil (2021: £2,551,000) in respect of losses amounting to £27,181,000 (2021: £102,770,000) that can be carried forward against future taxable income.

7. Employees

The Company has no employees other than Directors, who did not receive any remuneration in respect of their services to the Company (2021: none).

BOWMORE UK 3 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022****8. Investments in joint venture**

| | 1 Jan 2022 £'000 | Additions £'000 | Returns £'000 | Provision for impairment £'000 | 31 Dec 2022 £'000 |
|-----------------------|---------------------|--------------------|------------------|---|----------------------|
| Neos Networks Limited | 159,348 | 50,000 | (30,000) | (12,101) | 167,247 |

The Company holds 50% of the entire issued ordinary share capital of Neos Networks Limited. Neos Networks Limited's principal activity is in providing telecommunication services. Neos Networks Limited's registered office is: Inveralmond House, 200 Dunkeld Road, Perth, United Kingdom, PH1 3AQ.

Based on the review of the performance of the underlying investments, a provision for impairment of £12,101,000 was recognised in the year (2021: £80,996,000). During the year, loan note investments of £11,656,000 (2021: £nil) Class A loan notes, £15,000,000 (2021: £nil) Class B loan notes, £15,000,000 (2021: £nil) loan notes and £8,344,000 (2021: £nil) loan notes held in Neos Networks Limited were converted into equity shares.

Additionally on 30 March 2022 the Company, signed a settlement agreement regarding a sale and purchase agreement claim, resulting in receipt by the Company of £30,000,000. This settlement has been recognised during the year as a variable consideration adjustment to the cost of the Company's investment in joint venture, in accordance with the accounting policy outlined in note 1(f).

Capitalised costs amounting to £8,263,000 were fully impaired in 2021.

9. Other investments

| | 1 Jan 2022 £'000 | Additions £'000 | Returned £'000 | 31 Dec 2022 £'000 |
|-----------------------|---------------------|--------------------|-------------------|----------------------|
| Neos Networks Limited | 56,656 | 21,112 | (50,000) | 27,768 |
| | 56,656 | 21,112 | (50,000) | 27,768 |

During the year ended 31 December 2022, Neos Networks Limited issued an additional £21,112,000 (2021: £15,000,000) loan notes to the Company and £50,000,000 (2021: £nil) of the loan notes was converted into equity, bringing the overall total to £27,768,000 (2021: £56,656,000). Interest is payable on the amount of the loan notes at 6% per annum.

10. Loan receivables

| | 2022 £'000 | 2021 £'000 |
|------------------|---------------|---------------|
| Loan receivables | 15,000 | 15,000 |

Neos Networks Limited entered into a loan agreement with the Company to the value of £15,000,000 (2021: £15,000,000). Interest is payable on the amount of the intra-group loan agreement at 6% per annum.

BOWMORE UK 3 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022****11. Debtors - amounts falling due within one year**

| | 2022 | 2021 |
|-----------------------------|---------------|--------------|
| | £'000 | £'000 |
| Accrued interest receivable | <u>12,258</u> | <u>7,334</u> |

12. Restricted cash

The Company and SSE plc are parties to an agreement for the sale and purchase of 50% of the issued ordinary share capital of Neos Networks Limited. Pursuant to this, on 26 April 2019 the Company deposited £492,000 into an Escrow Account. This amount represents the total maximum amount of the Company's pro rata proportion of the maximum aggregate liability to SSE plc, as part of a guarantee to the Regulator under the Telecommunications Code.

13. Creditors - amounts falling due within one year

| | 2022 | 2021 |
|------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Amounts owed to group undertakings | 309,822 | 305,206 |
| Accrued interest expense | 30,670 | 4,616 |
| Accrued expenses | 48 | 41 |
| | <u>340,540</u> | <u>309,863</u> |

During the year ended 31 December 2022, Bowmore UK 2 Limited advanced additional loans of £11,112,000 (2021: £15,000,000) to the Company. Interest capitalised since inception amounted to £45,379,000 (2021: £35,512,000). Interest is payable on the amount of the loan at 6% per annum, payable in arrears on 31 March, 30 June, 30 September and 31 December in each year.

14. Called up share capital

| | 2022 | 2021 |
|---------------------------------|---------------|---------------|
| | £'000 | £'000 |
| As at beginning and end of year | <u>54,904</u> | <u>54,904</u> |

5,490,439,000 Ordinary shares were in issue with a nominal value of £0.01 each (2021: 5,490,439,000 Ordinary shares of £0.01 each).

15. Profit and loss account

| | 2022 | 2021 |
|-------------------------|------------------|------------------|
| | £'000 | £'000 |
| As at beginning of year | (125,746) | (22,976) |
| Loss for the year | (27,181) | (102,770) |
| As at end of year | <u>(152,927)</u> | <u>(125,746)</u> |

BOWMORE UK 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16. Financial Instruments

Financial assets

The Company holds loan notes and loan receivables with its investment undertaking, Neos Networks Limited. The loan notes and loan receivables are held at amortised cost, which is a reasonable approximation of their fair value.

Loan notes held in 2021, and converted to equity in 2022 include £11,656,000 Class A loan notes with an interest rate of 6%; £15,000,000 Class B loan notes with an interest rate of 6%; £15,000,000 loan notes with an interest rate of 6%; and £8,344,000 loan notes with an interest rate of 6%.

Loan notes held at 31 December 2022 include £6,656,000 (2021: £15,000,000) repayable in 2031 with an interest rate of 6%; £11,112,000 (2021: £nil) repayable in 2031 with an interest rate of 6%; and £10,000,000 (2021: £nil) repayable in 2031 with an interest rate of 6%. Loans receivable held at 31 December 2022 include £15,000,000 (2021: £15,000,000) repayable in 2031 with an interest rate of 6%.

Financial liabilities

The Company has loan payables with Bowmore UK 2 Limited which are held at amortised cost. The loan payables are made up of £309,822,000 (2021: £305,206,000) repayable in 2031 or on demand, capitalised accrued interest of £30,670,000 (2021: £4,616,000) as well as accrued interest calculated with an interest rate of 6% payable to Bowmore UK 2 Limited.

17. Related party transactions

As at year end, the Company held loan notes receivable of £nil (2021: £11,656,000) Class A and £27,678,000 (2021: £45,000,000) Class B from Neos Networks Limited as well as a loan receivable from Neos Networks Limited of £15,000,000 (2021: £15,000,000). As at year end, interest receivable on the Class A and B loan notes as well as the loan receivable interest amounted to £2,749,000 (2021: £2,083,000) and £9,509,000 (2021: £5,249,000).

In accordance with paragraph 33.1A of FRS 102, the Company has not disclosed transactions with fellow wholly owned group-entities. There were no other related party transactions.

18. Directors' emoluments

No emoluments were paid to the Directors during the year in connection with the management of the affairs of the Company (2021: £nil).

None of the Directors exercised M&G Plc share options during the year (2021: none).

All Directors were employed during the year by M&G FA Limited. Analyses of staff costs, pension commitments and share based payments are shown in the annual accounts and financial statements of that company.

19. Post balance sheet events

There have been no significant events affecting the Company since the year end which require adjustment for or disclosure in the financial statements.

20. Immediate and ultimate controlling parties

The Company's immediate parent entity is Bowmore UK 2 Limited, a company registered in the United Kingdom.

The ultimate parent entity of Bowmore UK 3 Limited is Infracapital Partners III (Euro) SCSp, registered in Luxembourg.