

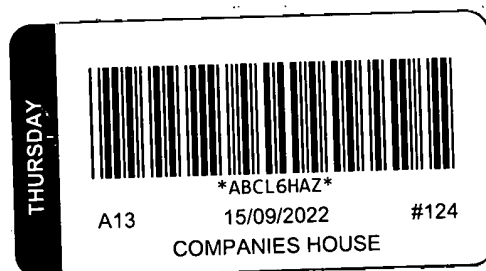
Registered number: 13429223

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## **DIGITAL 9 SUBSEA LIMITED**

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### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD 31 MAY 2021 TO 31 DECEMBER 2021**



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**DIGITAL 9 SUBSEA LIMITED**

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**COMPANY INFORMATION**

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|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | Andre Karihaloo<br>Arnaud Jaguin  |
| <b>Company secretary</b>    | Hanway Advisory Limited   |
| <b>Registered number</b>    | 13429223  |
| <b>Registered office</b>    | 1 King William Street<br>London<br>EC4N 7AF   |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>7 More London Riverside<br>London<br>SE1 2RT            |
| <b>Investment Manager</b>   | Triple Point Investment Management LLP<br>1 King William Street<br>London<br>EC4N 7AF |

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**DIGITAL 9 SUBSEA LIMITED**

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**DIGITAL 9 SUBSEA LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

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The Directors present their report and the audited financial statements for the period ended 31 December 2021.

**Principal activities**

Digital 9 Subsea Limited (the "Company") principal activity is that of investing in and operating subsea fibre optic telecommunication network. During the period, the Company together with a consortium of companies are building subsea cable network connecting Europe and India via Africa and Middle East ("EMIC"). During the period, the main business activity was not in operation yet.

**Results and dividends**

The loss for the period, after taxation, amounted to £189,774.

The Directors do not recommend the payment of a final dividend.

**Going concern**

Notwithstanding the losses of £189,774 for the period ended 31 December 2021, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

As at 31 December 2021, the Company had cash balance of £103,360. The major cash outflows of the Company are payment of fees and costs relating to the construction of the subsea cables. The Directors have reviewed Company forecasts which cover a period of at least 12 months from the date of approval of this report, considering the committed payments under the construction agreement. Funding for future construction costs are to be provided by D9 Holdco which had cash balance of £237 million as at the period end. D9 Holdco has signed a letter of support stating its intention to support the Company.

On the basis of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. Accordingly, the going concern basis continues to be adopted in preparing these financial statements.

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**DIGITAL 9 SUBSEA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

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**Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with UK adopted international accounting standards.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

**Directors**

The Directors who served during the period were:

Isobel Gunn-Brown (appointed 31 May 2021, resigned 28 March 2022)

Andre Karihaloo (appointed 31 May 2021)

Thorsten Johnsen (appointed 31 May 2022, resigned 28 March 2022)

Isobel Gunn-Brown and Thorsten Johnsen resigned as directors of the Company on 28 March 2022 and Arnaud Jaguin was appointed as director on 28 March 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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been 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 year end events**

Important events that have occurred since the end of the financial year can be found in Note 19 of the notes to the financial statements.

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**DIGITAL 9 SUBSEA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

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**Auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies' exemption note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 13 September 2022 and signed on its behalf.

DocuSigned by:  
  
0864BEC77385475...  
**Andre Karihaloo**  
Director

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DIGITAL 9 SUBSEA LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGITAL 9 SUBSEA LIMITED

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## Report on the audit of the financial statements

### Opinion

In our opinion, Digital 9 Subsea Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the period from 31 May 2021 to 31 December 2021;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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, which comprise: Statement of Financial Position as at 31 December 2021; Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period 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.

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## DIGITAL 9 SUBSEA LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGITAL 9 SUBSEA LIMITED

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#### 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 period ended 31 December 2021 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 Directors' responsibilities statement, 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.



## DIGITAL 9 SUBSEA LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGITAL 9 SUBSEA LIMITED

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 also considered those laws and regulations that have a direct impact on the financial statements such as the Corporation Tax Act 2010. 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 posting inappropriate journals. Audit procedures performed by the engagement team included:

- Discussions with management, risk and compliance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud impacting the Company;
- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and words.

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](http://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: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

*Kevin Rollo*

Kevin Rollo (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
13 September 2022

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**DIGITAL 9 SUBSEA LIMITED**


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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**


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|   | Note | 2021<br>£        |
|---|------|------------------|
| Other operating income                                      | 5    | 124,017          |
| Administrative expenses                                     |      | (314,693)        |
| <b>Loss from operations</b>                                 |      | <b>(190,676)</b> |
| Finance income  |      | 902              |
| <b>Loss before tax</b>                                      |      | <b>(189,774)</b> |
| Tax expense   | 7    | -                |
| <b>Profit and total comprehensive income for the period</b> |      | <b>(189,774)</b> |

The Company does not have any other income or expenses that are not included in the net profit for the year. The net profit for the year disclosed above represents the Company's total comprehensive income.

This Statement of Profit or Loss and Other Comprehensive Income includes all recognised gains and losses.

The notes on pages 13 to 28 form part of these financial statements.

**DIGITAL 9 SUBSEA LIMITED**  
**REGISTERED NUMBER: 13429223**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

|                                    | Note | 2021<br>£                |
|------------------------------------|------|--------------------------|
| <b>Assets</b>                      |      |                          |
| <b>Non-current assets</b>          |      |                          |
| Property, plant and equipment      | 8    | 6,142,144                |
| Other assets                       | 9    | 8,904,964                |
|                                    |      | <u>15,047,108</u>        |
| <b>Current assets</b>              |      |                          |
| Trade and other receivables        | 10   | 16,208                   |
| Cash and cash equivalents          | 17   | 103,360                  |
|                                    |      | <u>119,568</u>           |
| <b>Total assets</b>                |      | <u><u>15,166,676</u></u> |
| <b>Liabilities</b>                 |      |                          |
| <b>Current liabilities</b>         |      |                          |
| Trade and other liabilities        | 11   | 291,504                  |
| <b>Net assets</b>                  |      | <u><u>14,875,172</u></u> |
| <b>Issued capital and reserves</b> |      |                          |
| Share capital                      | 12   | 1                        |
| Share premium reserve              |      | 1,396,380                |
| Other reserve                      |      | 11,963,487               |
| Other equity                       | 12   | 1,705,078                |
| Retained earnings                  |      | (189,774)                |
| <b>TOTAL EQUITY</b>                |      | <u><u>14,875,172</u></u> |

The financial statements on pages 9 to 28 were approved and authorised for issue by the board of Directors on 13 September 2022 and were signed on its behalf by:

DocuSigned by:  
  
 0954BEC77385475  
**Anure Karimloo**  
 Director

The notes on pages 13 to 28 form part of these financial statements.

## DIGITAL 9 SUBSEA LIMITED

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

|   | Share<br>capital<br>£ | Share<br>premium<br>£ | Other reserve<br>£ | Other equity<br>£ | Retained<br>earnings<br>£ | Total equity<br>£ |
|---|-----------------------|-----------------------|--------------------|-------------------|---------------------------|-------------------|
| <b>At 31 May 2021</b>   | -                     | -                     | -                  | -                 | -                         | -                 |
| <b>Comprehensive<br/>income for the<br/>period</b>                |                       |                       |                    |                   |                           |                   |
| Loss for the period   | -                     | -                     | -                  | -                 | (189,774)                 | (189,774)         |
| <b>Total<br/>comprehensive<br/>income for the<br/>period</b>      | -                     | -                     | -                  | -                 | (189,774)                 | (189,774)         |
| <b>Contributions by<br/>and distributions to<br/>owners</b>       |                       |                       |                    |                   |                           |                   |
| Issue of share capital  | 1                     | 13,359,867            | -                  | -                 | -                         | 13,359,868        |
| Cancellation of share<br>premium                                  | -                     | (11,963,487)          | 11,963,487         | -                 | -                         | -                 |
| Inter-company loan  | -                     | -                     | -                  | 1,705,078         | -                         | 1,705,078         |
| <b>Total contributions<br/>by and distributions<br/>to owners</b> | 1                     | 1,396,380             | 11,963,487         | 1,705,078         | -                         | 15,064,946        |
| <b>At 31 December<br/>2021</b>                                    | <b>1</b>              | <b>1,396,380</b>      | <b>11,963,487</b>  | <b>1,705,078</b>  | <b>(189,774)</b>          | <b>14,875,172</b> |

The notes on pages 13 to 28 form part of these financial statements.

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**DIGITAL 9 SUBSEA LIMITED**


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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**


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|   | 2021<br>£             |
|---|-----------------------|
| <b>Cash flows from operating activities</b>               |                       |
| Loss for the period                                       | (189,774)             |
| <b>Adjustments for</b>                                    |                       |
| Finance income  | (902)                 |
| Net foreign exchange gain                                 | (124,017)             |
| Expense accruals  | 216,450               |
|   | <u>(98,243)</u>       |
| <b>Movements in working capital:</b>                      |                       |
| Increase in trade and other receivables                   | (16,208)              |
| Increase in trade and other payables                      | 75,054                |
|   | <u>(39,397)</u>       |
| <b>Cash used in operations</b>                            | <u>(39,397)</u>       |
| <b>Net cash used in operating activities</b>              | <u>(39,397)</u>       |
| <b>Cash flows from investing activities</b>               |                       |
| Purchases of property, plant and equipment                | (6,142,144)           |
| Payments to acquire other financial assets                | (8,704,800)           |
|   | <u>(14,846,944)</u>   |
| <b>Net cash used in investing activities</b>              | <u>(14,846,944)</u>   |
| <b>Cash flows from financing activities</b>               |                       |
| Issue of ordinary shares                                  | 13,359,868            |
| Amounts advanced by group company                         | 1,705,078             |
|   | <u>15,064,946</u>     |
| <b>Net cash generated from financing activities</b>       | <u>15,064,946</u>     |
| <b>Net increase in cash and cash equivalents</b>          | <u>178,605</u>        |
| Exchange loss on cash and cash equivalents                | (75,245)              |
|   | <u>(75,245)</u>       |
| <b>Cash and cash equivalents at the end of the period</b> | <u><u>103,360</u></u> |

The notes on pages 13 to 28 form part of these financial statements.

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**DIGITAL 9 SUBSEA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

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**1. Reporting entity**

Digital 9 Subsea Limited (the 'Company') is a limited company incorporated in the United Kingdom. The Company was incorporated on 31 May 2021 and its registered office is at 1 King William Street, London EC4N 7AF. The Company's principal activity is to invest in and operate subsea fibre optic telecommunication network. As at the period end, this was still under construction. The Company's immediate parent undertaking is Digital 9 Holdco Limited ("D9 Holdco") and its ultimate parent undertaking is Digital 9 Infrastructure Plc ("D9 Plc").

D9 Plc has appointed Triple Point Investment Management LLP ("Triple Point") as its Investment Manager (the "Investment Manager"). The Investment Manager is registered in England and Wales under number OC321250 pursuant to the UK Companies Act 2006. The Investment Manager is regulated by the UK Financial Conduct Authority (the "FCA"), number 456597.

**2. Accounting policies****2.1 Going concern**

The Company was incorporated on 31 May 2021, which was a year after the UK entered into its first lockdown in response to the Covid 19 pandemic. As a result, the Directors and Investment Manager had already implemented business continuity plans to ensure business disruption was minimised and had been operating effectively whilst working remotely. All staff are able to continue to assume their day to day responsibilities. To date, Covid 19 has not impacted the Company's ability to continue as a going concern. As a result, the Directors believe that the Company is still well placed to manage its financing and other business risks and will remain viable, continuing to operate and meet its liabilities as they fall due despite the risk of Covid 19.

Notwithstanding the losses of £189,774 for the period ended 31 December 2021, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

As at 31 December 2021, the Company had cash balance of £103,360. The major cash outflows of the Company are payment of fees and costs relating to the construction of the subsea cables. The Directors have reviewed Company forecasts which cover a period of at least 12 months from the date of approval of this report, considering the committed payments under the construction agreement. Funding for future construction costs are to be provided by D9 Holdco which had cash balance of £237 million as at the period end. D9 Holdco has signed a letter of support stating its intention to support the Company.

On the basis of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. Accordingly, the going concern basis continues to be adopted in preparing these financial statements.

**2.2 Property, plant and equipment - Assets under construction**

Costs related to the construction of new cables including directly attributable third-party costs relating to the construction and professional fees are recorded as assets under construction until such time as the cables are ready for use. Cost is the amount of cash or cash equivalents paid to acquire an asset at the time of its construction. Assets under construction are not depreciated.

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**DIGITAL 9 SUBSEA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.3 Financial instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets are to be derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for de recognition in accordance with IFRS 9 Financial Instruments.

The Company did not use any derivative financial instruments during the period.

**2.4 Financial assets**

The Company classifies its financial assets as either investments at fair value through profit or loss or financial assets at amortised cost (e.g. cash and cash equivalents and trade and other receivables). The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**2.5 Finance income**

Finance income is recognised using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset unless the assets subsequently became credit impaired. In the latter case, the effective interest rate is applied to the amortised cost of the financial asset. Finance income is recognised on an accrual basis.

**2.6 Finance expenses**

Borrowing costs are recognised in the Statement of Comprehensive Income in the period to which they relate on an accruals basis.

**2.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and deposits held on call with banks. Deposits to be held with original maturities of greater than three months are included in other financial assets.

The Company have not identified material expected credit losses in relation cash and cash equivalents. The bank institution has high credit ratings assigned by international credit rating agencies.

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**DIGITAL 9 SUBSEA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.8 Trade and other receivables**

Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the reporting date, in which case they are to be classified as non current assets.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the relevant asset's carrying amount.

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

**2.9 Trade and other payables**

Trade and other payables are classified as current liabilities if payment is due within one year or less from the end of the current accounting period. If not, they are presented as non current liabilities. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method until settled.

**2.10 Segmental reporting**

The Chief Operating Decision Maker (the "CODM") being the Board of Directors, is of the opinion that the Company is engaged in a single segment of business, being investment in Digital Infrastructure Projects.

The Company has no single major customer. The internal financial information to be used by the CODM on a quarterly basis to allocate resources, assess performance and manage the Company will present the business as a single segment comprising the portfolio of investments in digital infrastructure assets.

**2.11 Foreign currency transactions and balances**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.



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**DIGITAL 9 SUBSEA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 31 MAY 2021 TO 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.12 Financial liabilities and equity instruments**

**(i) Classification as debt or equity**

Debt and equity instruments are measured at amortised cost and are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

All financial liabilities are classified as at amortised cost. These liabilities are initially measured at fair value less transaction costs and subsequently using the effective interest method.

**(ii) Equity instruments**

The Company's Ordinary Shares are classified as equity under share capital and are not redeemable. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

The Company applies the definitions in paragraph 11 of International accounting Standards (UK) (ISA) 32 to determine whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met.

- (a) The instrument includes no contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.
- (b) If the instrument will or may be settled in the issuer's own equity instruments.

Intercompany loan with D9 Holdco has been accounted as an equity instrument in the financial statements given the conditions mentioned above were met. The intercompany loan was converted into equity after balance sheet date.

**2.13 Foreign currency translation**

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate.

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**DIGITAL 9 SUBSEA LIMITED**

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

**2.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to pay less taxation in the future have occurred at the financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax is measured on a non discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. Basis of preparation**

The financial statements have been prepared in accordance with UK-adopted international accounting standards. They were authorised for issue by the Company's board of directors on 13 September 2022.

Details of the Company's accounting policies, including changes during the period, are included in note 2.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company 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.

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**DIGITAL 9 SUBSEA LIMITED**

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**3. Basis of preparation (continued)**

**3.1 Basis of measurement**

The financial statements have been prepared on the historical cost basis.

**3.2 Changes in accounting policies**

**i) New standards, interpretations and amendments effective from 31 May 2021**

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements. The most significant of these standards are set out below

- (a) COVID 19 related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) – Applicable to annual reporting periods beginning on or after 1 April 2021
- (b) Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – Applicable to annual reporting periods beginning on or after 1 January 2021.
- (c) Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19

**ii) New standards, interpretations and amendments not yet effective**

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

Certain new accounting standards and interpretations have been published, that are not yet effective for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards, listed below, are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

- a) Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- (b) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract
- (c) Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- (d) Annual Improvements to IFRS Standards 2018–2020

The Directors anticipate that the adoption of these Standards in future periods may have an impact on the results and net assets of the Company, however, it is too early to quantify this.

**4. Functional and presentation currency**

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

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**DIGITAL 9 SUBSEA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Other operating income**

|                                  | 2021<br>£      |
|----------------------------------|----------------|
| Foreign exchange difference gain | 124,017        |
|                                  | <u>124,017</u> |

**6. Auditors' remuneration**

During the period, the Company obtained the following services from the Company's auditors and their associates:

|   | 2021<br>£     |
|---|---------------|
| Fees payable to the Company's auditors for the audit of the Company's financial statements                                  | 18,500        |
| Fees payable to the Company's auditors and their associates in connection with the Company's group companies in respect of: |               |
| The auditing of accounts of group companies*  | 402,354       |
| Other assurance services  | 161,370       |
| Taxation compliance services  | <u>96,775</u> |

\* - The group companies fees include fees charged on the auditing of the Company's parent entity and subsidiaries excluding VAT.

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**7. Tax expense****7.1 Income tax recognised in profit or loss**

The tax charge for the period is less than the standard rate of corporation tax in the UK of 19%. The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the period are as follows:

|  | 2021<br>£        |
|--|------------------|
| (Loss)/profit for the period   | (189,774)        |
| <b>(Loss)/profit before income taxes</b>   | <b>(189,774)</b> |
| Tax using the Company's domestic tax rate of 19%   | (36,057)         |
| Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment | 51,424           |
| Group relief   | (15,367)         |
| <b>Total tax expense</b>   | <b>-</b>         |

**Changes in tax rates and factors affecting the future tax charges**

The Finance Act 2021 received Royal Assent on 10 June 2021 and the rate of Corporation Tax of 25% has been set effective from 1 April 2023.

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**8. Property, plant and equipment**

|                            | <b>Assets<br/>under<br/>construction<br/>£</b> |
|----------------------------|--|
| <b>Cost or valuation</b>   |  |
| Additions                  | 6,142,144                                      |
| <b>At 31 December 2021</b> | <u><u>6,142,144</u></u>                        |
|                            | <b>Assets<br/>under<br/>construction<br/>£</b> |
| <b>Net book value</b>      |  |
| At 31 December 2021        | <u><u>6,142,144</u></u>                        |

Depreciation on assets under construction does not commence until they are complete and available for use. The construction is due for completion in 2024.

**9. Other non-current assets**

|                        | <b>2021<br/>£</b>       |
|------------------------|-------------------------|
| Other financial assets | 8,904,964               |
|                        | <u><u>8,904,964</u></u> |

Included in other financial assets above is £8,904,964 (US\$12,001,220) held in an Escrow bank account representing the amount securing a portion of the payments due from the Company to the contractors building the subsea cables.

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**10. Trade and other receivables**

|  | 2021<br>£     |
|--|---------------|
| Receivables from related parties   | 11,971        |
| <b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b> | <b>11,971</b> |
| Prepayments and accrued income   | 4,083         |
| Other receivables  | 154           |
| <b>Total trade and other receivables</b>   | <b>16,208</b> |
| <b>Total current portion</b>   | <b>16,208</b> |

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

**11. Trade and other liabilities**

|  | 2021<br>£      |
|--|----------------|
| Trade payables   | 75,054         |
| Accruals   | 216,450        |
| <b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b> | <b>291,504</b> |
| <b>Total current portion</b>   | <b>291,504</b> |

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

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**12. Share capital****Authorised**

|                                 | 2021<br>Number | 2021<br>£ |
|---------------------------------|----------------|-----------|
| <b>Shares treated as equity</b> |                |           |
| Ordinary shares of £0.01 each   | 103            | 1         |
|                                 | <u>103</u>     | <u>1</u>  |

**Issued and fully paid**

|                                      | 2021<br>Number | 2021<br>£ |
|--------------------------------------|----------------|-----------|
| <b>Ordinary shares of £0.01 each</b> |                |           |
| Shares issued                        | 103            | 1         |
|                                      | <u>103</u>     | <u>1</u>  |
| <b>At 31 December</b>                |                |           |
|                                      | <u>103</u>     | <u>1</u>  |

During the period, the Company issued 103 Ordinary £0.01 shares for total considerations of £13,359,868.

During the period, the Board passed a resolution authorising the cancellation of the share premium account. Share premium of £11,963,487 was cancelled in accordance with the Companies Act 2006 and credited as an other reserve.

Other equity balance of £1,705,078 relates to financial support provided by D9 Holdco to the Company during the period in respect of asset acquisition. The Company accounted such balance as equity in accordance with IAS 32 requirements. The balance was cleared after the period end by an issue of a share to D9 Holdco (Note 19).



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**13: Financial risk management**

**13.1 Financial risk management objectives**

The Company is exposed to market risk, interest rate risk, credit risk and liquidity risk in the current and future periods. The Board oversees the management of these risks. The Board's policies for managing each of these risks are summarised below.

**13.2 Market risk**

The Company's activities are exposed to a potential reduction in demand for internet, data centre and competition for assets and services. Whilst the Company seeks to invest in a diverse portfolio of digital infrastructure, demand for the Company's digital infrastructure assets is dependent on demand for internet, data, network or other telecom services and the continued development of the internet. Furthermore, the ongoing use of the infrastructure services D9 Plc group is providing requires competitive prices which are cost effective to the end users. Some factors that could impact the volume of demand or the ability to provide competitive pricing includes:

- continued development and expansion of the internet as a secure communications medium and marketplace for the distribution and consumption of data and video
- continued growth in cloud hosted services as a delivery platform
- ongoing growth in demand for access to high capacity broadband
- continued focus on technologies, assets and services which can offer competitive pricing and high quality reliable services
- continued partnership with suppliers and hyperscalers to maintain and provide the most cost effective access

Variations in any of the above factors can affect the valuation of assets held by the Company and as a result impact the financial performance of the Company.

**13.3 Foreign currency risk management**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument translated into GBP will fluctuate because of changes in foreign exchange rates

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

|                             | <b>Assets<br/>2021<br/>£</b> |
|-----------------------------|------------------------------|
| Other financial asset - USD | <b>8,904,964</b>             |
|                             | <b>8,904,964</b>             |

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**13. Financial risk management (continued)****13.3 Foreign currency risk management (continued)****Foreign currency sensitivity analysis**

The Company is mainly exposed to the USD. The Company is primarily exposed to changes in USD/GBP exchange rates as its construction costs for the subsea cables are primarily in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the pound sterling against the relevant foreign currencies. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 5% against the relevant currency. For a 5% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

|  | USD impact<br>2021<br>£ |
|--|-------------------------|
| USD/GBP exchange rate – increase by 5% | 424,046                 |
| USD/GBP exchange rate – decrease by 5% | (424,046)               |

**13.4 Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk on interest bearing financial assets is limited to interest earned on cash deposit. The exposure to interest rate risk on the liquidity funds is immaterial to the Company.

**13.5 Credit risk management**

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered with the Company. It is a key part of the pre investment due diligence. The credit standing of the companies which we intend to invest is reviewed, and the risk of default estimated for each significant counterparty position.

Credit risk also arises from cash and cash equivalents, debt investments, derivative financial instruments and deposits with banks and financial institutions. The Company may mitigate their risk on cash investments and derivative transactions by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies. The Company's cash and cash equivalents and other financial assets are all deposited with Coutts Bank and JP Morgan Chase Bank which have Fitch rating of A+.

The carrying value of the trade and other receivables and cash represent the Company's maximum exposure to credit risk.

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DIGITAL 9 SUBSEA LIMITED

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## 13. Financial risk management (continued)

## 13.6 Liquidity risk management

## Liquidity and interest risk tables

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The investment manager and the Board continuously monitor forecast and actual cash flows from operating, financing, and investing activities to consider payment of dividends, repayment of trade and other payables or funding further investing activities. The Company ensures it maintains adequate reserves and will put in place banking facilities and it will continuously monitor forecast and actual cash flows to seek to match the maturity profiles of financial assets and liabilities.

|                         | Carrying<br>amount<br>£ | Total<br>£     | 1 - 3 months<br>£ | 3 - 12<br>months<br>£ | 1 - 2 years<br>£ | 2 - 5 years<br>£ |
|-------------------------|-------------------------|----------------|-------------------|-----------------------|------------------|------------------|
| <b>31 December 2021</b> |                         |                |                   |                       |                  |                  |
| Trade payables          | 75,054                  | 75,054         | 75,054            | -                     | -                | -                |
| Accruals                | 276,450                 | 276,450        | 276,450           | -                     | -                | -                |
|                         | <u>351,504</u>          | <u>351,504</u> | <u>351,504</u>    | <u>-</u>              | <u>-</u>         | <u>-</u>         |

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**14. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

**15. Related party transactions**

Details of transactions between the Company and other related parties are disclosed below.

**15.1 Loans to related parties**

The following was amounts due from the Company's group undertakings as at the period end.

|                           | 2021<br>£     |
|---------------------------|---------------|
| Digital 9 Seaedge Limited | 11,971        |
|                           | <u>11,971</u> |

No interest was charged on the amounts due from Digital 9 Seaedge Limited.

**15.2 Directors remunerations**

The directors' remunerations are paid by Triple Point Investment Management LLP, the ultimate's parent entity's Investment Manager. The Investment Manager charges management fees to D9 Plc but it has not re-charged the management fees to the Company, and it is not possible to make a reasonable apportionment of the directors remunerations. Accordingly, these financial statements do not include any director's compensation cost.

**16. Controlling party**

At the period end, the Company's immediate parent undertaking was Digital 9 Holdco Limited, a company registered in the United Kingdom.

Digital 9 Holdco Limited registered office is situated at 1 King William Street, London EC4N 7AF.

The Company considers Digital 9 Infrastructure Plc, an investment trust company registered in Jersey and listed on the London Stock Exchange to be its controlling party.

Digital 9 Infrastructure Plc registered office is situated at 26 New Street, St Helier, Jersey JE2 3RA.

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**DIGITAL 9 SUBSEA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Notes supporting statement of cash flows**

|   | <b>2021<br/>£</b> |
|---|-------------------|
| Cash at bank available on demand  | <b>103,360</b>    |
| <b>Cash and cash equivalents in the statement of financial position</b> | <b>103,360</b>    |
| <b>Cash and cash equivalents in the statement of cash flows</b>         | <b>103,360</b>    |

**18. Contingent liabilities**

The Company has entered into an agreement in the construction of a new fibre optic submarine cable system. The total committed payment is US\$31 million (£22 million).

**19. Events after the reporting date**

Following a group re-organisation post period end, the Company's immediate parent undertaking is Digital 9 Subsea Holdco Limited. Post year end, the Company issued 1 Ordinary £0.01 share for £2,005,078 which include £1,705,078 inter-company loan outstanding at the period end.

**EMIC**

At the project's inception, the Company entered a partnership with Meta to develop the cable and receive one fibre pair on the system. This agreement committed £22 million, including equipment orders.

Subsea fibre cable developments require further agreements to be entered into to deliver an operational product, such as securing land rights to lay cables, regulatory licenses to sell telecom services to customers in certain jurisdictions, amongst other key components.

After the period end, the Company has completed two critical landing and terrestrial fibre crossing agreements with Telecom Egypt, along the EMIC route and a licensing agreement with an independent telecom services provider. These agreements commit a further £22 million of capital, bringing total commitments to date of £44 million.