Registered number: 04472687

INTEROUTE COMMUNICATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2022

Registered number: [illegible]

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FOR THE YEAR ENDED 31 December 2022

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INTEROUTE COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	M Blanken A Ahmad A Haynes N Collins
Registered number	04472687
Registered office	5th Floor 40 Strand London WC2N 5RW United Kingdom
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham, B3 3AX

INTEROUTE COMMUNICATIONS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their strategic report for Interoute Communications Limited (the "Company") for the year ended 31 December 2022.

Principal activities

The EXA business is headquartered in London and provides an integrated suite of services dedicated at delivering highly scalable bandwidth and low-latency connectivity to clients throughout Europe and North America, leveraging its global fibre optic cable network. EXA offers a range of communication services to business customers and other carriers. Products and services include transport, colocation, technical services and infrastructure, including the sale of Indefeasible Rights-of-Use ("IRUs") over network infrastructure assets. The EXA Group is highly capital intensive, having a physical network of approximately 127,000 km (2021 :112,000 km) of terrestrial and sub-sea fibre optic cables and over 500 optical Points of Presence.

The Board monitors business performance using Key Performance Indicators (KPIs). The most significant KPIs are Revenue, Gross Profit Margin and Operating Profit Margin excluding exceptional Items. Revenue for 2022 was €116,648,000 (2021: €86,510,000), an increase of 34.8%. The Gross Profit Margin for 2022 was -27.0% (2021: restated: 20.9%). Operating Profit Margin excluding exceptional Items was -47.5% (2021: restated: 1.7%). The exceptional items that have been excluded in arriving at this KPI are set out In Note 6 to the financial statements.

Review of business

Revenue increased from €86,510,000 to €116,648,000 in the year to 31 December 2022. This represents an increase of 34.8% on the prior year. Cost of sales has increased by 116.3% from €68,471,000 (2021 restated) to €148,136,000 in the year to 31 December 2022. Revenue and Cost of sales includes Telecommunication Service fees of €43,964,000 and €138,869,000 respectively. Following the carve out of the infrastructure business from GTT resulting in the formation of EXA, the business has been run more centrally from the UK and the Group's FY22 transfer pricing policy was amended to reflect this change. The result for the financial year ended 31 December 2022 was a loss of €61,581,000 (2021: restated: profit of €27,885,000) reflecting both the gain of €51.8m arising from the disposal of the non-Infrastructure business to GTT in 2021 as part of business separation and the more centralized business model EXA has adopted.

The Company has significant equity and loan investments in subsidiary companies and loan agreements with other Cube Telecom group companies. A net exceptional cost of €19,351,000 (2021: restated cost of €33,484,000) arose as a result of a number of exceptional items. The major items included a cost of €17,291,000 (2021: restated: €11,325,000) arising from the net increase (2021: increase) of impairment provisions on intercompany investments and loan balances. Additional details are provided in Note 6.

The Company recognised a gain of €nil arising from the disposal of tangible/intangible assets (2021: €51,832,000 gain).

As a result of the above, the result for the financial year ended 31 December 2022 was a loss of €61,581,000 (2021 restated: profit of €27,885,000).

At 31 December 2022, the Company had net assets of €283,888,000 (2021 restated: €342,969,000).

Future developments

The Group has continued to make investments in the EXA network and has ongoing plans to make material investments to expand its network footprint.

Global uncertainties and supply chain pressure have influenced inflation in the countries in which the Group operates. The Group continues to manage these challenges with a disciplined, long-term approach to pricing and growth, with a focus on building the business for the long term. The Group's customer contracts are where possible structured to ensure prices can be adjusted to reflect increases in the price of energy used.

Statement by the Directors in performance of their statutory duties as per S172(1) Companies Act 2006

The board of directors of the Company, both individually and together, have acted in the way they consider, in good faith, that has most likely promoted the success of the Company and Group for the benefit of its members as a whole, having regard to the stakeholders and matters set out in S172(1) of the Companies Act in the decisions taken during the year ended 31 December 2022.

The directors have shown regard, amongst other matters, to the:
- likely consequences of any decisions in the long-term
- interests of the Group's employees
- need to foster the Group's business relationships with suppliers, customers & other key stakeholders.
- impact of the Group's operations on communities and the environment.

At every board meeting, the directors take these matters into consideration and factor them into any decision that needs to be made in respect of the Group.

The board of directors' intention is to behave responsibly towards all stakeholders and ensure that management operate the business in a responsible manner, operate within the high standards of business conduct and good governance expected for any business.

Business plan
Each year the board reviews its medium to long term plan which focuses on the strategic direction of the Group. This plan and strategy form the basis for financial budgets, resource planning and investment decisions. Transparency in our decision-making processes, acting in the best interests of all, and maintaining the highest standards of ethical principles - matter to everyone at the Group. Our leadership is focused on long-term success and growth. Always acting on behalf of not only our customers and shareholders, but our employees, suppliers and broad stakeholders as well.

Employees
We respect the rights and interests of our employees and value diversity in our workforce. We encourage mutual trust and respect between all employees and strive to promote and protect a culture where each employee knows the value of their contribution to the Group as a whole. We are committed to investing in our employees by offering various training and development programs to support their progression requirements within the Group. We carry out our employee review this annual performance review is an opportunity for managers to provide actionable feedback for growth and an opportunity for employees and managers to align goals with those of EXA. In addition, the Group has clear processes and policies with regard to discrimination procedures, anti-harassment and anti-bribery claims.

Business relationships
The Group is building its network to provide capacity for its various customer groups including large enterprises, governments, and telecom operators with the aim to build enough capacity to serve all these customer groups. One of the critical success factors of the business will be its ability to focus on a set of demanding high growth customers with a fairly narrow product set and be very good at it. Our suppliers are essential to our business, and we are committed to maintaining good working relationships with suppliers whilst maintaining the value of these relationships for the benefit of the group. We look to make sure our suppliers can support the core values of the Group and we ensure compliance to regulatory requirements.

Community and environment
Our ambition, to build a world changing network, means improving the quality of life for communities we connect, and people we are in contact with. Around the world we champion major initiatives like Télécoms Sans Frontières and through our Community Connection programme, we help regional and rural broadband providers by providing subsidised access to our network. The board regularly look at ways to reduce its carbon footprint these actions are detailed in the Streamlined Energy and Carbon reporting section in the Directors' report.

Statement by the Directors in performance of their statutory duties as per S172(1) Companies Act 2006 (continued)

Business conduct
The Group has adopted and follows a code of business conduct and ethics which in appropriate circumstances extends to its agents, distributors, suppliers and vendors. This is publicly available from its website; exainfra.net. We take a zero-tolerance approach to bribery or corruption. Our policies are in place across our organisation, and extend to third parties, including agents, distributors, vendors, consultants, contractors, customers and government officials. We continually monitor the implementation and adequacy of our Ethics Policy to identify any unseen issues. Our zero-tolerance policy also applies to discrimination or harassment of any kind. We are committed to providing equal opportunity in all aspects of employment. We encourage people to speak out against what is unlawful, or unethical behaviour. Whistleblowers are heard, and treated confidentially, without fear of retaliation.

Principal risks and uncertainties

The management of the Company and the execution of its strategy are subject to a number of risks which are set out below. The management team reviews the risks the Company faces during its weekly meetings. These risks are also discussed at length during the Group's monthly management meetings.

(a) Market conditions

The communications market in Europe remains competitive. However, EXA is a very competitive provider because of the extent and geographical coverage of its proprietary physical network, compared with many competitors. This helps the Group to manage costs, develop new technologies based on the most advanced network systems and to deploy them rapidly, without disrupting the current customer base. EXA is increasing its competitive capabilities by expanding its network in geographical markets where demand is expected to grow, but network infrastructure is under-developed.

(b) Economic conditions

The pressure on customer prices in the sector continues, particularly in the European market. In the Euro zone the annual CPI inflation rate increased from 5.0% at 31 December 2021 to 9.2% at 31 December 2022. In the United States market the inflationary pressure eased slightly with the annual CPPI inflation rate decreasing from 7% at 31 December 2021 to 6.5% at 31 December 2022.

The continued inflationary trend naturally put pressure on the Group's cost base. The Group's policy relating to the management of price risk is outlined below in the Financial Risk Management section of this report.

(c) Employee retention

EXA's leadership team includes executives with a proven track record in global telecommunications groups, combined with highly experienced members who have many years prior experience managing the assets which make up the EXA network. This blend of key personnel has contributed to the Group's singularity of focus and purpose. In order to maintain this advantage, the Group has introduced a number of schemes aimed at retaining individuals:

- A focus on training and development. As a leader in telecommunications technology, EXA can provide unique opportunities for individuals interested in advancing in the telecommunications industry;
- Bonus and incentive plans to reward performance against well-defined objectives. The Company is an organisation managed by objectives, and each employee has developed with their line manager a set of individual objectives to support the business' key goals as listed above.

Principal risks and uncertainties (continued)

(d) Network downtime, data centre infrastructure, climate change and environmental challenges

Globally we recognise that extreme weather could affect the performance of the Group's network and data centres and cause severe service disruption. The maintenance of service levels is an important factor in the Group's ability to attract new customers and to retain existing customers.

EXA deploys mobile, geographically dispersed Emergency Response Teams to mitigate incident impacts. The risk of customer loss and the performance of the network and data centres are constantly monitored. Any faults are discussed in detail to consider how they can be prevented in the future. The Group aims for its customers to experience minimal disruption to service from either planned or unplanned network outages. The design of the network also mitigates the risk for customers in the case of a severe network fault, such as the destruction of part of the network. In such a circumstance, the Group is able to continue to provide services as traffic can be re-routed across a separate network path.

(e) Fundamental technology change

Technological changes may impact the way in which telecommunications and media services are delivered in the future. A key strategic advantage of the EXA network is that it was built to allow new technologies to be added to the network at limited additional cost. There is a second duct throughout much of EXA's Western European footprint, thus allowing additional fibre or new technology to be deployed without rebuilding the routes.

The Group is at the forefront of technological advances and is able to adapt its approach as technology advances. Recent examples of this include the deployment of cloud services, as well as dramatic increases in bandwidth enabled by introduction of new and better equipment to the network. Unlike some of its competitors, the Group does not have legacy data or voice revenues to protect

(f) Cybersecurity

The EXA network, including our routers, are exposed to unauthorized access, computer viruses, cyber-attacks and other security breaches. Cyber-attacks have increased in frequency, scope, and potential harm in recent years. Any failure to effectively manage these exposures presents a material threat to our reputation as a leader in cyber security.

EXA manage this risk through the following strategies:

- Adopting an intelligence-led, risk-based response to cyber threats, underpinned by robust business continuity plans.
- Monitoring and logging our networks and systems to rapidly detect and respond to threats to service availability.
- Raising security awareness and promoting good security hygiene among our colleagues through campaigns, training and phishing tests.
- Share intelligence and keep pace with the evolving threats and make continuous investment in our defences.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effect of changes in market prices and credit risk. The Company has in place risk management policies that seek to limit the adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments, so no hedge accounting is applied.

The Company is exposed to price risk as a result of downward pressure on prices in the telecommunications market. The Company mitigates this risk in several ways:

- All contracts not strictly adhering to the Company's standard prices are subject to approval by an independent team before they can be closed by the sales force thus ensuring a base level of margins is attained;

Financial risk management (continued)

- A focus on controlling local tail costs, including the establishment of a team of professionals with experience in local tail acquisition and cost control; and
- By structuring the sales force's incentive plan such that higher commissions are earned on higher margin products.

(a) Price risk

The Company is exposed to price risk as a result of its operations, particularly in the sale of third party products. However, the Directors consider that they are close enough to the market to be able to react quickly to price changes and hence manage the impact on the Company's performance.

(b) Credit risk

The Company has implemented policies that require credit checks on potential customers before sales are made. Existing customers are also subject to credit checks when considered appropriate. The company is also exposed to credit risk resulting from loans extended to intragroup companies.

(c) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the Company ensures there is an adequate liquidity buffer to cover contingencies. The Company monitors cash flow as part of its day-to-day control procedures and maintains sufficient cash and open committed credit lines from credit institutions to meet its funding requirements as they fall due.

(d) Interest rate cash flow risk

The Company has interest bearing liabilities which are charged interest at variable rates and interest-bearing assets consisting of cash balances which earn interest at variable rates, linked to UK bank base rate. The risk is that market interest rates will increase, resulting in higher borrowing costs. However, as these liabilities consist of intra-group borrowings it is not a significant external risk to the Company and confirmation of support from its immediate parent Company has been received.

Environmental issues

We are constantly seeking to minimise our environmental footprint, for example, through reducing consumption and waste of materials, careful management of the sites where we operate and broad ambitions for improving the efficiency of our networks and reducing our carbon emissions.

As our customers' need for bandwidth and scale expands, we believe it is vital to keep the energy consumption of our data centres under strict control. That is why we have made a conscious choice to join the EU's Code of Conduct for Energy Efficiency in data centres.

This voluntary initiative seeks to expand the understanding of data centre energy demand, and help operators and owners to increase energy efficiency, without hampering the mission critical function of their facilities. By following their best practice recommendations, we have been able to meet ambitious targets and maintain the highest standards of service.

Environmental Issues (continued)

We have also implemented a full set of measures to assist with the continuous monitoring and improvement of power usage across our network which includes:

- Using clean energy resources wherever available.
- Working with local authorities to reduce emissions: ESOS in the UK, ECO21 in Geneva, and ProkW in Zurich.
- Re-investing in power infrastructures to ensure the most efficient and proficient equipment is always in place.
- Metering circuits to monitor efficiency.
- LED lighting replacement programs.
- BMS lighting schedules and occupancy sensors for lighting rows

Post balance sheet events

There are no post balance sheet events.

This report was approved by the board and signed on its behalf by:

A Ahmad
Director
29 September 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022. The financial statements have been prepared in Euros, the functional currency of the Company.

Results and dividends

The results for the financial year are set out in the Statement of Comprehensive Income on page 16. No dividends were paid or proposed during the year ended 31 December 2022 (2021: €nil).

Directors

The Directors who served during the year and up to the date of signing of the financial statement unless otherwise stated were:

M Blanken
A Ahmad (appointed 25 September 2022)
N Collins (appointed 25 September 2022)
A Haynes (appointed 25 September 2022)
A Hansel (resigned on 20 December 2022)
C Mckee (resigned on 25 September 2022)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force at the date of approval of the financial statements.

Principal risks and uncertainties

Details of principal risks and uncertainties of the Company are disclosed in the strategic report.

Financial risk management

Details of the Company's financial risk management are disclosed in the strategic report.

Future developments

Details of future developments of the Company are disclosed in the strategic report.

Political Donations

No donations were made to charity in 2022 (2021 - Nil). No donations were made to any political organisation in either year.

Research and development

While the Group has substantial corporate expertise in network development and management it does not at present track expenditure incurred in developing new products and systems.

Employee engagement statement

The Group has policies in place to ensure employees are appropriately involved in the Group's affairs. Relevant information is provided to employees and there is regular consultation with employees or their representatives so that the employees' views can be taken into account in decisions that are likely to affect their interests.

Online communications meetings for all EXA employees are held on a regular basis, with updates provided by the Group's senior executives and all employees have an opportunity to ask questions and raise issues. Regular in-person events are also held around the world to enhance communication among employees.

Employee engagement statement (continued)

Employees are incentivised using bonus schemes which reward performance against a mixture of personal and overall company objectives, which ensures employees' interests are aligned with those of the Group as a whole. This also gives employees a good awareness of financial and economic factors affecting the Group's business.

The Group's policy is to provide equal recruitment and other opportunities for ell employees regardless of sex, religion, colour, age and race. Full and fair consideration is always given to applications for employment that disabled people make to the Group and to the continuing employment and training of employees who have become disabled while employed by the Group.

As disclosed in the Section 172 statement below, the best interests of the Group's employees are taken into full consideration at every board meeting at which decisions are made on the Group's business.

Statement of engagement with suppliers, customers and others in a business relationship with the Company

See the Section 172(1) Statement within the Strategic Report for details of this.

Going Concern

Background

The Company meets its day-to-day working capital requirements from cash flows generated from operations and facilities provided by its intermediate parent company Cube Telecom Europe Bidco Limited and subsidiaries (the "Group") As such, should the Group cease to be a going concern, the Company would also cease to be a going concern.

As a result of the Company's ability to continue as a going concern being dependent on the wider Group the Directors of the Company in performing their going concern assessment have considered the availability, if required, of intercompany loan and support arrangements for access to the cash flows necessary for the day-to-day running of the company. In doing so the Company has received written confirmation that Cube Telecom Europe Bidco Limited, an intermediate parent, will continue to provide the Company with the financial support necessary to enable the Company to meet their debts as they fall due. including intercompany balances for a period of at least 12 months from the date of these financial statements.

Group Facilities

At 31 December 2022 the Group had access to undrawn committed funds and cash deposits totalling €171 7m (2021: €361.7m). The Group made additional drawdowns of funding of €45.0m from the banking facilities subsequent to the year end. The Directors have prepared detailed financial projections which consider the expected financial results and position of the Group over the period of at least twelve months following date of approval of these financial statements. These projections include a base case scenario and a severe but plausible downside scenario. The downside scenario reflects sensitivities on some of the key variables impacting the Group's business, including the timing of cash receipts from customers, the mix of revenue between different types of contracts (in particular the level of sales of IRUs) and potential levels of capital expenditure on the EXA network. Both the base case and the severe but plausible downside scenario show headroom in the facilities and the Group complying with its financial covenants.

At 31 December 2022 the Group's balance sheet had net current liabilities of €206.9m (2021 – as restated* ; €194.5m), including deferred revenue of €36.2m (2021: €37.3m) which does not represent future cash outflows The Directors are confident that the payment of these net current liabilities will be fully funded by a combination of increased operating cash flows in 2023 and 2024 and the available external funding.

Going concern (continued)

Having considered the Group's strong funding position and prudent financial projections, which take into account a range of possible impacts, the Directors have a reasonable expectation that the Group has adequate resource to continue in operational existence for the period of at least 12 months from the date of the approval of the financial statements. For this reason, the Directors have prepared the Financial Statements on a Going Concern basis.

**The prior period comparatives in the groups financial statements have been restated to reflect adjustments relating to improvements in IFRS 16 accounting and pre-acquisition trading costs.*

Streamlined Energy and Carbon reporting

Interoute Communications Limited is a subsidiary of Cube Telecom Europe Holdings Limited for the financial year ended 31 December 2022. Therefore, has taken the exemption to report their energy and carbon information as they meet the below criteria:

- They are a "subsidiary undertaking" at the end of the relevant financial year;
- They are included in the group Report (whether a group Directors' Report or a group Energy and Carbon Report) of a "parent undertaking";
- That group Report is prepared for a financial year of the parent that ends at the same time as, or before the end of, the subsidiary's financial year; and
- The group Report complies with the relevant obligations on the parent to report energy and carbon information for themselves and their subsidiaries;

Restatement of prior year

During the current year, the company identified errors in the intercompany balances related to the previous year. Details of this prior year restatement can be found in note 29.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditors

In accordance with Section 418 of the Company's Act 2006, each of the persons who are directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next Annual General Meeting.

This report was approved by the board and signed on its behalf by:

A Ahmad
Director
29 September 2023

Independent auditors' report to the members of Interoute Communications Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Interoute Communications 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 Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position 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 qualified opinion

Our opinion on the financial statements for the year ended 31 December 2021 was disclaimed because we were unable to perform satisfactory audit procedures to obtain reasonable assurance over the appropriateness of the intercompany adjustments and transactions posted to the Statement of Comprehensive Income for the year ended 31 December 2021 due to the insufficient accounting records being kept for intercompany transactions. Additionally, there was a material misstatement related to the impairment expense on intercompany receivables recognised in the Statement of Comprehensive Income for the year ended 31 December 2021. Our opinion on the current year's financial statements is qualified because of the possible effect of these matters on the comparability of the current period's figures for impairment expense and intercompany transactions and the corresponding figures.

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 qualified 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.

Independent auditors' report to the members of Interoute Communications Limited(continued)

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 Strategic report and 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.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the 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 Strategic report and 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 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.

Independent auditors' report to the members of Interoute Communications Limited(continued)

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 employment legislation and data protection legislations, 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 Companies Act 2006 and UK tax legislation. 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 the posting of unusual journals or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance as to whether the entity is in compliance with such laws and regulations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Reviewing legal expense accounts and board minutes;
- Responding to the risk of management override of controls through testing of journals that have unusual account combinations, incorporating elements of unpredictability into the nature, timing and extent of planned audit procedures and challenging and testing assumptions and judgements made by management in their significant accounting estimates and judgements and;
- Reviewing financial statement disclosures and tested to supporting documentation to assess compliance with applicable laws and regulations.

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.

Independent auditors' report to the members of Interoute Communications Limited(continued)

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work relating to our inability to confirm the accuracy of the intercompany transactions recorded in the Statement of Comprehensive Income for the year ended 31 December 2021 as, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

- 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.

Matt Palmer

Matt Palmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
29 September 2023

INTEROUTE COMMUNICATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 December 2022

	Note	2022 €000	2021 Restated €000
Turnover	5	**116,648**	86,510
Cost of sales		**(148,136)**	(68,471)
Gross (loss)/ profit		**(31,488)**	18,039
Administrative expenses excluding exceptional items		**(23,971)**	(16,588)
Other operating (loss)/income		**-**	52,225
Exceptional administrative expense	6	**(19,351)**	(33,484)
Operating (loss)/profit	7	**(74,810)**	20,192
Interest receivable and similar income	11	**37,337**	6,300
Interest payable and similar expenses	12	**(44,406)**	(6,688)
(Loss)/profit before taxation		**(81,879)**	19,804
Tax on (loss)/profit	13	**20,298**	8,081
(Loss)/profit for the financial year		**(61,581)**	27,885
Total comprehensive (expense)/income for the year		**(61,581)**	27,885

All operations relate to continuing activities.

Details of the prior period restatement are provided in note 29.

INTEROUTE COMMUNICATIONS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2022

	Note		2022 €000		2021 Restated €000
Fixed assets					
Intangible assets	14		**8,827**		8,789
Tangible assets	15		**13,304**		5,499
Investments	16		**505,833**		515,196
			527,964		529,484
Current assets					
Debtors	17	**485,746**		463,745	
Cash at bank and in hand		**4,976**		13,157	
		490,722		476,902	
Creditors: amounts falling due within one year	18	**(148,444)**		(136,473)	
Net current assets			**342,278**		340,429
Total assets less current liabilities			**870,242**		869,913
Creditors: amounts falling due after more than one year	19	**(586,204)**		(526,275)	
Provisions for liabilities					
Other provisions	21	**(150)**		(669)	
			(586,354)		(526,944)
Net assets			**283,888**		342,969
Capital and reserves					
Called up share capital	22		**293,156**		290,656
Share premium account	23		**257,636**		257,636
Capital contribution reserve	23		**370,857**		370,857
Accumulated losses	23		**(637,761)**		(576,180)
Total equity			**283,888**		342,969

The notes on pages 19 to 43 form part of these financial statements

Details of the prior period restatement are provided in note 29.

The financial statements on pages 16 to 43 were approved and authorised for issue by the board and were signed on its behalf by:

A Ahmad
Director
29 September 2023

INTEROUTE COMMUNICATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 December 2022

	Called up share capital €000	Share premium account €000	Capital contribution reserve €000	Accumulated losses €000	Total shareholders' funds €000
At 1 January 2022 as previously stated	290,656	257,636	370,857	(575,325)	343,824
Prior year restatement	-	-	-	(855)	(855)
At 1 January 2022 (restated)	**290,656**	**257,636**	**370,857**	**(576,180)**	**342,969**
Loss for the financial year	-	-	-	(61,581)	(61,581)
Total comprehensive loss for the year	-	-	-	(61,581)	(61,581)
Credit related to equity-settled share-based payments	-	-	-	-	-
Issue of ordinary shares	2,500	-	-	-	2,500
Total transactions with owners	2,500	-	-	-	2,500
At 31 December 2022	**293,156**	**257,636**	**370,857**	**(637,761)**	**283,888**

FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital €000	Share premium account €000	Capital contribution reserve €000	Accumulated losses Restated €000	Total shareholders' funds Restated €000
At 1 January 2021 as previously stated	19,751	257,636	370,838	(592,242)	55,983
Prior year restatement	-	-	-	(11,823)	(11,823)
At 1 January 2021 (restated)	**19,751**	**257,636**	**370,838**	**(604,065)**	**44,160**
Profit for the financial year as previously stated	-	-	-	16,917	16,917
Prior Year restatement	-	-	-	10,968	10,968
Profit for the financial year (restated)	-	-	-	27,885	27,885
Total comprehensive income for the year restated	-	-	-	**27,885**	**27,885**
Credit related to equity-settled share-based payments	-	-	19	-	19
Issue of ordinary shares	270,905	-	-	-	270,905
Total transactions with owners	270,905	-	19	-	270,924
At 31 December 2021 restated	**290,656**	**257,636**	**370,857**	**(576,180)**	**342,969**

Details of the prior period restatement are provided in note 29

1. General Information

Interoute Communications Limited (or 'the Company') is a provider of Next Generation Network services. It offers a range of communication services to business customers and other carriers. Products and services include VoIP (Voice over Internet Protocol), bandwidth, VPNs (Virtual Private Networks), high-speed internet access and transit, managed hosting, communications services, media streaming and the sale of indefeasible-Rights-of-Use over network infrastructure assets. The Company is also an intermediate holding Company in the Cube Telecom Group.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 5th Floor 40 Strand, London, WC2N 5RW. The Company's financial statements are presented in Euros and all values are rounded to the nearest thousand Euros (€'000) except when otherwise indicated.

2. Statement of compliance

The individual financial statements of EXA Interoute Communications Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation

These financial statements are prepared on going concern basis, under the historical cost convention.

These financial statements have been prepared in accordance with FRS 102

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Going concern

Background

The Company meets its day-to-day working capital requirements from cash flows generated from operations and facilities provided by its intermediate parent company Cube Telecom Europe Bidco Limited and subsidiaries (the "Group"). As such, should the Group cease to be a going concern, the Company would also cease to be a going concern.

As a result of the Company's ability to continue as a going concern being dependent on the wider Group the Directors of the Company in performing their going concern assessment have considered the availability, if required, of intercompany loan and support arrangements for access to the cash flows necessary for the day-to-day running of the company. In doing so the Company has received written confirmation that Cube Telecom Europe Bidco Limited, an intermediate parent, will continue to provide the Company with the financial support necessary to enable the Company to meet their debts as they fall due, including intercompany balances for a period of at least 12 months from the date of these financial statements.

3.2 Going concern (continued)

Group Facilities

At 31 December 2022 the Group had access to undrawn committed funds and cash deposits totalling €171.7m (2021: €361.7m). The Group made additional drawdowns of funding of €45.0m from the banking facilities subsequent to the year end. The Directors have prepared detailed financial projections which consider the expected financial results and position of the Group over the period of at least twelve months following date of approval of these financial statements. These projections include a base case scenario and a severe but plausible downside scenario. The downside scenario reflects sensitivities on some of the key variables impacting the Group's business, including the timing of cash receipts from customers, the mix of revenue between different types of contracts (in particular the level of sales of IRUs) and potential levels of capital expenditure on the EXA network. Both the base case and the severe but plausible downside scenario show headroom in the facilities and the Group complying with its financial covenants.

At 31 December 2022 the Group's balance sheet had net current liabilities of €206.9m (2021 – as restated* : €194.5m), including deferred revenue of €36 2m (2021: €37.3m) which does not represent future cash outflows. The Directors are confident that the payment of these net current liabilities will be fully funded by a combination of increased operating cash flows in 2023 and 2024 and the available external funding.

Having considered the Group's strong funding position and prudent financial projections, which take into account a range of possible impacts, the Directors have a reasonable expectation that the Group has adequate resource to continue in operational existence for the period of at least 12 months from the date of the approval of the financial statements. For this reason, the Directors have prepared the Financial Statements on a Going Concern basis.

**The prior period comparatives in the groups financial statements have been restated to reflect adjustments relating to improvements in IFRS 16 accounting and pre-acquisition trading costs.*

3.3 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS 102.

- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 3 Financial Statement Presentation, paragraph 3.17 (d)
- the requirements of Section 33 Related Party Disclosures, paragraph 33.7
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c)
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26 21 and 26.23

The Company is a wholly owned subsidiary of EXA Infrastructure Holdings UK Limited (formerly, Interoute Communications Holdings Limited) as at 31 December 2022. It is included in the consolidated financial statements of Cube Telecom Europe Holdings Limited, which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

3. Summary of significant accounting policies (continued)

3.4 Foreign currency translation

(i) Functional and presentation currency

The Company's functional and presentation currency is the Euro. The exchange rate of 1 GBP : EUR 1.1256 was used at 31 December 2022 (2021 : 1.1890).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the rates ruling at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non- monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Finance income or Finance expense'. All other foreign exchange gains and losses are presented in the income statement within 'Administrative expenses'.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered. net of returns, discounts and rebates allowed by the company and value added taxes.

The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Provision of telecommunication services

Revenue from the provision of telecommunication services is recognised rateably over the period in which the service is provided and the risks and rewards have transferred. Amounts invoiced in advance are shown as deferred income and recognised as revenue in the period in which the service is provided. Amounts invoiced in arrears are shown as accrued income and recognised as revenue in the period in which the service is provided.

(ii) Connection fees

Revenue from the provision of individual connection fees are recognised as revenue over the expected customer relationship period. For the majority of services the Directors have estimated the expected customer relationship period to be three years.

3. Summary of significant accounting policies (continued)

3.5 Revenue recognition (continued)

(iii) Indefeasible Right of Use (IRU) Agreement

Revenue associated with IRUs arrangements for ducts or dark fibres is recognised over the period in which the service is provided as the performance obligations are satisfied. The costs associated with the IRU arrangement are capitalised and depreciated over the life of the arrangement.

For contracts with an IRU arrangement of ducts or dark fibres where a period of a contract is greater than 20 years, the revenue is recognised upfront.

3.6 Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

3.7 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Company in an independently administered fund.

(iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the income statement when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(iv) Share-based payments

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period.

The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

The Company has no cash-settled arrangements.

3. Summary of significant accounting policies (continued)

3.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.9 Intangibles

Computer software, software development and licences are stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its useful life, of between three and five years, on a straight line basis. Amortisation is charged to administrative expenses in the income statement.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs of developing computer software that is integral to the operation of the network are capitalised as intangibles when the following can be demonstrated:

3. Summary of significant accounting policies (continued)

3.9 Intangibles (continued)

- The intention to complete the intangible asset and use or sell it and the availability of adequate technical and financial resources for this purpose;
- That the intangible asset will generate probable future economic benefits for the Group;
- That the Group can reliably measure the expenditure attributable to the intangible asset during its development.

Development costs are capitalised and amortised over their estimated useful economic lives, which are between 3 and 5 years.

3.10 Goodwill

Goodwill arose due to the transactions involved in the business separation. Goodwill represents the amounts by which consideration paid exceeded the fair values of fixed assets in the books of the acquirer. Management decided to amortise goodwill over an assumed life of 10 years, on the basis that is the default period under FRS 102. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

3.11 Tangible assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, together with labour and other associated costs which are directly attributable to the construction. Capitalised labour corresponds to those labour costs incurred by the Company for its own purposes in the installation of tangible assets.

(i) Leasehold Improvements

Leasehold improvements relate to improvements to office buildings and data centres. Leasehold Improvements are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Networks

Networks are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Depreciation on assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Leasehold improvements 5 – 20 years
- Networks 3 – 40 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

(iv) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in administrative expenses.

3. Summary of significant accounting policies (continued)

3.12 Leased assets

At inception, the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease

3.13 Impairment of non-financial assets

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

3. Summary of significant accounting policies (continued)

3.14 Investments

Investments in subsidiary undertakings are held at cost less accumulated impairment losses.

3.15 Borrowing costs

Specific borrowing costs directly attributable to the acquisition of an investment are added to the cost of the investment. General borrowing costs are deferred over the financing term and released to the income statement.

3.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.17 Provisions and contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

The Company provides for obligations relating to excess space in offices and Points of Presence (PoP). The provision represents the net present value of the future estimated costs and includes the proportion of the dilapidation costs relating to the excess space. The unwinding of the discount cost on these provisions is included within the income statement each year as interest payable and similar charges. The 'decommissioning' element is capitalised as a fixed asset and depreciated over the expected life of the lease.

Where the Company has an obligation to return a leased property at the end of its lease in its original state of repair, a provision is made at each statement of financial position date to reflect the estimated cost of 'wear and tear'. This element is debited to profit or loss. The provision represents the net present value of the estimated costs of repair to date.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3. Summary of significant accounting policies (continued)

3.18 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Summary of significant accounting policies (continued)

3.19 Share capital

Share capital is classified as equity where the holder of the instrument does not have a right to a fixed return but instead has a residual interest in the assets of the Company after deducting all liabilities.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of intangible assets

The useful lives of computer software, software development and licenses are a significant estimate that affect the amount of amortisation expense recognised in the financial statements. Management reviews the useful life of the intangible assets at least annually They are amended when necessary to reflect the expected updates and its economic utilisation. See note 14 for the carrying amount of the tangible assets.

(ii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re- assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the tangible assets and note 3.11(iii) for the useful economic lives for each class of assets.

(iii) Impairment of receivables

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the debtor, the ageing profile of receivables and historical experience. See note 17 for the net carrying amount of the receivables and associated impairment provision, and note 6 for the movements on intercompany loans in the year.

(iv) Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Historical differences between forecast and actual taxable profits have not resulted in material adjustments to the recognition of deferred tax assets (note 13).

4. Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and judgements (continued)

(v) Impairment of investments in subsidiaries

The Company conducts impairment reviews of investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an investment is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use at the subsidiary level (being the Cash Generating Unit). The value in use is based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. Where there is an improvement in the performance of the underlying subsidiary, this may result in a reversal of impairment (note 6).

(vi) Impairment of intangible and tangible assets and investments

Assets subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value-in-use. Where a previously impaired asset or CGU's recoverable amount is in excess of its carrying amount, previous impairments are reversed to the carrying value that would have expected to be recognised had the original impairment not occurred.

This review is based on management's knowledge of the business and its future plans (notes 14, 15 and 16).

5 Turnover

An analysis of revenue by class of business is as follows:

	2022 €000	2021 €000
Total Services including telecommunications services, connection fees & indefeasible rights of use (IRU) agreements	**116,648**	86,510

Analysis of turnover by country of destination

	2022 €000	2021 €000
United Kingdom	**34,083**	47,266
Rest of Europe	**73,488**	34,407
Rest of World	**9,077**	4,837
	116,648	86,510

6 Exceptional administrative expense

The following items are included in administrative expenses:

	2022 €000	2021 Restated €000
a) Reinstatement of intercompany loans	-	(108,927)
b) Net Impairment of investments	**14,664**	101,697
c) Impairment of intercompany loans	**2,627**	18,555
d) Reorganisation costs	-	104
e) Other exceptional items	**2,060**	22,055
	19,351	33,484

During the year, the Company reviewed the carrying amount of its investment in certain subsidiaries and following this impairment review, the following (credits)/charges have been recognised:

a) During the year the company reinstated net intercompany loans for €nil (2021: restated €108,927,000)

b) On evaluation of the carrying amount of the Company's investments a net increase of impairment provisions of €14,664,000 (2021: €101,697,000) has arisen, where the carrying value of some investments no longer exceeds their net present value.

c) A net increase of provisions of €2,627,000 (2021: €18,555,000) was made by the Company against the value of loans to its subsidiary undertakings during the year as the carrying value of the receivable exceeds their net present value.

d) Re-organisation costs of €nil (2021: costs of €104,000) was incurred.

e) Other exceptional items €2,060,000 consisted of a return of a security deposit that related to the purchase price of the infrastructure group (2021: €22,055,000)

Details of the prior period restatement are provided in note 29.

7 Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting).

	Note	2022	2021
		€000	€000
Loss/(profit) on disposal of tangible/intangible assets		-	(51,832)
Impairment of trade receivables		(409)	505
Operating lease charges		1,622	2,340
Foreign exchange gain		(2,167)	(9,996)
Depreciation of tangible assets		1,759	2,526
Amortisation of intangible assets		3,108	3,101

Of the total depreciation charge of €1,759,000 (2021: €2,526,000) disclosed above, €1.601,000 has been charged to cost of sales (2021: €946,000) with the remainder being charged to administrative expenses.

The total amortisation charge disclosed above has been fully charged to administrative expenses in both years.

8 Auditors' remuneration

	2022	2021
	€000	€000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual report and financial statements	149	83
Fees payable to the Company's auditors and their associates for the audit of other group companies for which the cost has been borne by the Company	73	110
Other assurance services	72	301
	294	494

Auditors' remuneration fees have been paid by the company's parent undertaking, Cube Telecom Europe Bidco Limited and are not recharged.

9 Employees

Staff costs (including directors) were as follows:

	2022	2021
	€000	€000
Wages and salaries	10,678	9,893
Social security costs	1,517	966
Other pension costs	663	332
Share based payments (note 26)	-	19
Less capitalised labour	257	(1,508)
	13,115	9,702

An equity settled share based payment charge of €nil (2021: €19,000) has been charged to the profit and loss account, see note 26 for further details.

9. Employees (continued)

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

	2022	2021
Sales	12	50
Technical	35	66
Administrative	28	55
	75	171

10 Directors' remuneration

	2022 €000	2021 €000
Aggregate emoluments	1,295	230
Company contributions to defined contribution pension schemes	51	-
	1,346	230

During the year, four directors (2021: One director) received emoluments from the Company in respect of their services to the Company.

During the year retirement benefits were accruing to no directors (2021: no director) in respect of defined contribution pension schemes.

During the year no director exercised share options (2021: no director).

Highest paid director

The highest paid director's emoluments were as follows,

	2022 €000	2021 €000
Aggregate emoluments	923	230
Company contributions to defined contribution pension schemes	37	-
	960	230

During the year, the highest paid director did not exercise share options (2021: nil).

11 Interest receivable and similar income

	2022 €000	2021 €000
Interest receivable from other group undertakings	37,337	6,300
	37,337	6,300

12 Interest payable and similar expenses

	2022 €000	2021 €000
Interest expense on other loans	31	3
Interest payable to other group undertakings	44,372	6,685
Provisions; unwinding discount	3	-
	44,406	6,688

13 Tax on (loss)/profit

a) Tax credit included in the statement of comprehensive income

	2022 €000	2021 €000
Current tax:		
UK corporation tax on profits for the period	(2,549)	-
Adjustment in respect of prior periods	(2,787)	(6)
Total current tax	(5,336)	(6)
Deferred tax:		
Origination and reversal of timing differences	(7,824)	(5,660)
Adjustment in respect of previous periods	(4,201)	(556)
Effect of changes in tax rates	(2,471)	(1,860)
Total deferred tax	(14,496)	(8,076)
Income tax credit for the year	(19,832)	(8,082)
Other taxes	(466)	-
Total income tax credit for the year	(20,298)	(8,082)

Other taxes relate to a tax accrual release in 2022, €466,000 (2021: €Nil).

b) Reconciliation of tax credit

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are explained below:

	2022 €000	2021 Restated €000
Loss before taxation	(81,879)	19,804
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(15,557)	3,763
Effects of:		
Recognition/(utilization) of previously unprovided deferred tax	1,271	(3,770)
Expense not deductible for tax purposes	3,827	18,332
Adjustment in respect of prior years	(6,988)	(562)
Change in tax rates	(2,471)	(1,860)
Change in basis adjustment	86	86
Impact of items not subject to income tax	-	(24,107)
Losses	-	37
Total income tax credit for the year	(19,832)	(8,081)

Details of the prior period restatement are provided in note 29

Items not subject to tax include the exceptional expenses of €17,291,000 (2021: restated: expense of €11,325,000), being items a) to c) in note 6.

13. Tax on (loss)/profit (continued)

c) Deferred tax asset

	Accelerated depreciation €000	Tax losses €000	Timing differences €000	Total €000
At 1 January 2022	4,054	3,865	(201)	7,718
Charged to statement of comprehensive income	4,797	9,611	88	14,496
At 31 December 2022	**8,851**	**13,476**	**(113)**	**22,214**

Deferred tax has been calculated at a rate of 25% (2021: 25%). Further deferred tax assets in respect of carried forward losses have not been recognised as the Directors do not believe there is a reasonable expectation at the Group level that they will be recovered at this time. The amount of the net asset not recognised is €1,979,000 (2021: €4,443,000). The amount would be recovered if the Company makes sufficient taxable profits against which it could be offset.

d) Factors that may affect future tax charges

The standard rate of UK corporation tax will increase from 19.0% to 25.0% with effect from April 2023. As this increase was substantively enacted by the UK parliament on 24 May 2021, the 25.0% rate has been used to calculate deferred tax for the year ended 31 December 2022.

14 Intangible assets

	Software Development and licenses €000	Goodwill €000	Total €000
Cost			
At 1 January 2022	34,452	4,938	39,390
Additions	3,146	-	3,146
At 31 December 2022	**37,598**	**4,938**	**42,536**
Accumulated amortisation			
At 1 January 2022	30,233	368	30,601
Charge for the year	2,617	491	3,108
At 31 December 2022	**32,850**	**859**	**33,709**
Net book value			
At 31 December 2022	**4,748**	**4,079**	**8,827**
At 31 December 2021	4,219	4,570	8,789

15 Tangible assets

	Leasehold improvements €000	Networks €000	Total €000
Cost			
At 1 January 2022	103	16,122	16,225
Additions	-	9,564	9,564
At 31 December 2022	**103**	**25,686**	**25,789**
Accumulated depreciation			
At 1 January 2022	10	10,716	10,726
Charge for the year	21	1,738	1,759
At 31 December 2022	**31**	**12,454**	**12,485**
Net book value			
At 31 December 2022	**72**	**13,232**	**13,304**
At 31 December 2021	93	5,406	5,499

16 Investments

	Investments in subsidiary companies €000
Cost	
At 1 January 2022	1,326,343
Additions	5,301
At 31 December 2022	1,331,644
Provisions	
At 1 January 2022	811,147
Impairment for the year	14,664
Release of provision	-
At 31 December 2022	825,811
Net book value	
At 31 December 2022	**505,833**
At 31 December 2021	515,196

In 2022 the company had €5,301,000 (2021: €7,000) additions and €nil (2021: €23,055,000) disposals of investments. The 2022 additions related to a capital contribution €5,000,000 to EXA Infrastructure Belgium N.V and an increase in share capital to EXA Infrastructure Denmark ApS €301,000.

Details of the Company's subsidiary investments at 31 December 2022 are as follows:

Name	Country of incorporation	Class of shares	Holding	Registered office address
EXA Infrastructure Austria GmbH	Austria	Ordinary	100%	Lembӧckgasse 63, Stiege 2, A-1230 Wien, Austria
EXA Infrastructure Belgium N.V.	Belgium	Ordinary	99.99%	Building Bayreuth, 5th Floor, The Corporate Village, Leonardo Da Vincilaan 3, Zaventem, 1935, Belgium

16. Investments (continued)

Name	Country of incorporation	Class of shares	Holding	Registered office address
EXA Infrastructure Germany GmbH	Germany	Ordinary	100%	Weismuellerstrasse 26, D 60314 Frankfurt, Germany
EXA Infrastructure Italy S.r.l.	Italy	Ordinary	100%	00166 Rome, Via Cornelia 498
Interoute Iberia SAU	Spain	Ordinary	100%	Calle Lezama, 4, 28034 Madrid
EXA Infrastructure Services UK Limited	United Kingdom	Ordinary	100%	5th Floor, 40 Strand, London, United Kingdom, WC2N 5RW
EXA Infrastructure IM UK Limited	United Kingdom	Ordinary	100%	5th Floor, 40 Strand, London, United Kingdom, WC2N 5RW
EXA Infrastructure Czech s.r.o.	Czech Republic	Ordinary	99.00%	Siemensova Street 2717/4, Prague 5, Zip Code 155 00, Czech Republic
EXA Infrastruture Hungary	Hungary	Ordinary	96.60%	1087 Budapest, Ciprus u. 2-6
EXA Infrastructure Poland Sp. Z.o.o.	Poland	Ordinary	99%	Chałubińskiego 8, 00-613 Warszawa, Poland
EXA infrastructure Slovakia s.r.o	Slovakia	Ordinary	100%	Kutlilkova 17, Bratislava,85250, Slovakia
EXA Infrastructure Romian S.R.L	Romania	Ordinary	100%	8 Dimitrie Pompei Blvd, , 4th Floor, Office F9,, 2nd District, 020337 Bucharest
EXA Infrastructure France	France	Ordinary	100%	34, rue Gardinoux, 93300 Aubervilliers
EXA Infrastructure Netherlands B.V.	Netherlands	Ordinary	100%	Koolhovenlaan 120 1119 NH Schiphol-Rijk The Netherlands
EXA Infrastructure Adriatic UK Limited	United Kingdom	Ordinary	100%	5th Floor, 40 Strand, London, United Kingdom, WC2N 5RW
EXA Infrastructure Switzerland S.a.r.l	Switzerland	Ordinary	100%	Chemin de l'Epinglier 2, CH-1217 Meyrin GE, Geneva, Switzerland
* EXA Infrastructure Sverige AB	Sweden	Ordinary	100%	Hudiksvallsgatan8, 113 30 Stockholm, Sweden
EXA Infrastructure Norge AS	Norway	Ordinary	100%	Evolve IT, Martin Linges vei 25, 1364 Fornebu, 0219 Baerum, Norway
EXA Infrastructure Turkey	Turkey	Ordinary	100%	Barbaros Mah Kardelen Sk, Palladium Tower Apt No.2 K:10 D:41 Oda No 7 Ataşehir/Istanbul
EXA Infrastructure Germany III GmbH	Germany	Ordinary	100%	Brienner Strasse 28, 80333 Munchen
* EXA Infrastructure France II	France	Ordinary	100%	34, rue Gardinoux, 93300 Aubervilliers
* EXA Infrastructure Belgium II	Belgium	Ordinary	0.66%	Building Bayreuth, 5th Floor, The Corporate Village, Leonardo Da Vincilaan 3, Zaventem, 1935, Belgium
* EXA Infrastructure Germany II GmbH	Germany	Ordinary	100%	Interoute Germany GmbH , Weismuellerstrasse 26, D 60314 Frankfurt, Germany

16. Investments (continued)

Name	Country of incorporation	Class of shares	Holding	Registered office address
EXA Infrastructure Hong Kong Ltd	Hong Kong	Ordinary	100%	9th Floor, 3 Exchange Square, Central, Hong Kong
EXA Infrastructure Bulgaria EOOD	Bulgaria	Ordinary	100%	Tsarigradsko shose No115G, Office Building Megapark, floor 1, Mladost District, Sofia 1784, Bulgaria
EXA Infrastructure Denmark ApS	Denmark	Ordinary	100%	Niels Juels Gade 5, 3rd Floor, DK-1059 Copenhagen K, Denmark
* EXA Infrastructure Germany IV GmbH	Germany	Ordinary	100%	Koolhovenlaan 120, 1119 NH Schiphol-Rijk, The Netherlands
* EXA Infrastructure Sverige AB	Sweden	Ordinary	100%	Sveavägen 163, 113 46 Stockholm, Sweden
EXA Infrastructure d.o.o	Belgrade	Ordinary	100%	Belgrade, Bulevar Zorana Đinđića 64a, Serbia
* EXA Infrastructure Netherlands II B.V.	Netherlands	Ordinary	100%	Koolhovenlaan 120, 1119 NH Schiphol-Rijk, The Netherlands
*Xconnect24 Inc	USA	Ordinary	100%	576 Fifth Avenue Suite 903, New York, NY 1003
#Custom Connect MENA DMCC	UAE	Ordinary	100%	Company dissolved by DMCC (no office)
* EXA Infrastructure Netherlands III B.V.	Germany	Ordinary	100%	Weismuellerstrasse 26, D 60314 Frankfurt, Germany

During the year the following entities were disposed of.

* indicates indirect holding
# indicates the company was liquidated

Impairment of Investments – Interoute Communications Limited

In line with the requirements of FRS 102, the Directors have performed an impairment test on the company's investments as at 31 December 2022 as a result of impairment indicators being identified.

The Directors have determined the fair value of the investments through forecasting the expected future cash flows arising from each of the Company's investments and comparing the net present value of these future cash flows to the current carrying values of the associated investment. In doing so the Directors have calculated an increase in impairment for the year ended 31 December 2022 of €14,664,000 (2021: €97,843,000) which has been recognised in the statement of comprehensive income.

The impairment recognised in the year is predominantly driven by updated financial forecasts for the EXA Group, including changes in the expected profitability of specific companies

The impairment assessment is highly sensitive to changes in assumptions with the most significant assumptions used in the value in use model and the impact of associated sensitivities being set out in the table below:

16. Investments (continued)

Assumption	Base Case	Sensitivity (+1%)	Sensitivity (-1%)
Average Discount Rate	8.46%	(20.3)m	27m
Terminal Growth Rate	2.30%	20.7m	(15.5)m

Following the completion of this impairment review the Directors are satisfied that the remaining carrying value of investments of €505,833,482 are recoverable.

17 Debtors

	Note	2022	2021 Restated
		€000	€000
Trade debtors		7,664	8,403
Amounts owed by group undertakings		452,523	437,287
Other debtors		1,060	7,030
VAT recoverable		-	481
Deferred tax asset	13 c)	22,214	7,718
Prepayments and accrued income		2,285	2,826
		485,746	463,745

Details of the prior period restatement are provided in note 29.

Amounts owed by group undertakings are unsecured and repayable on demand, with interest being charged at a flat rate of 4%. The amounts owed by group undertakings also include a loan receivable from Cube Telecom Europe Bidco Limited of €86,973,000 (2021; €121,393,000), which is unsecured with no repayment terms and bears interest rate of 4%. Amounts owed by group undertakings are stated after provision for impairment of €154,530,000 (2021: €151,904,000).

Other debtors include restricted cash deposits of €nil (2021: €2,752,000). Restricted cash deposits in 2022 €491,000 are now incorporated in the cash and cash equivalents balance.

Trade debtors are stated after provisions for impairment of €694,000 (2021: €1,946,000).

18 Creditors: amounts falling due within one year

	2022	2021 Restated
	€000	€000
Trade creditors	7,744	17,045
Amounts owed to group undertakings	105,956	105,181
Corporation tax liability	1,420	1,420
Pension liability	72	41
Other creditors	21,388	-
Other taxation and social security	442	273
Accruals and deferred income	11,422	12,513
	148,444	136,473

Details of the prior period restatement are provided in note 29.

Amounts owed to group undertakings are unsecured, with interest being charged at 4%, have no fixed date of repayment and are repayable on demand.

18.Creditors (continued)

Other creditors includes €21,013,000 of transactions related to fundings that were paid to and received from GTT.

Accruals and deferred income due in less than one year includes €11,632,000 (2021: €8,655,000) in respect of amounts invoiced to customers which will be recognised as revenue within the next 12 months (note 20).

19 Creditors: amounts falling due after more than one year

	Note	2022 €000	2021 €000
Amounts falling due after more than one year and less than five years:			
Amounts owed to group undertakings		535,756	495,510
Accruals and deferred income		20,151	29,876
		555,907	525,386
Amounts falling due after five years			
Accruals and deferred income		30,297	889
		586,204	526,275

Amounts owed to group undertakings is made up of a loan payable for €535,756,000 (2021: €495,510,000) to EXA Infrastructure Holdings UK Limited (formerly, Interoute Communications Holdings Limited). The loan is unsecured and was repayable on after more than one year. It attracts interest at 4%.

Accruals and deferred income due after more than one year includes €50,448,000 (2021: €30,765,000) in respect of amounts invoiced to customers which will be recognised as revenue over the period which telecommunications services are provided to customers. Accruals and deferred income of €30,297,000 (2021: €889,000) are repayable after more than five years (note 20).

20 Deferred income

Amounts in respect of deferred income are expected to be recognised in the income statement as follows:

	2022 €000	2021 €000
Within one year	11,632	8,655
In more than one year, but not more than five years	20,151	29,876
After five years	30,297	889
	62,080	39,420

21 Other provisions

	Onerous lease provision	Other	Total
	€000	€000	€000
At 1 January 2022	120	549	669
Additional provisions	-	150	150
Release of provisions	(120)	(549)	(669)
At 31 December 2022	**-**	**150**	**150**

22 Called up share capital

Allotted, called up and fully paid

	2022	2021
	€000	€000
2,681,756,900 (2021: 2,681,756,900) ordinary shares of €0.10 (2021: €0.10) each	**268,176**	268,176
2,500,000 ordinary shares of €1.00 each	**2,500**	-
1 ordinary share of £0.19	-	-
18,862,033 (2021: 18,862,033) ordinary shares of £1.00	**22,480**	22,480
	293,156	290,656

On 18 March 2022 2,500,000 ordinary shares were issued for €1.00 each. Expense on issue of the shares was €nil.

23 Reserves

Share premium account

The share premium account represents the consideration received on the issue of shares in the Company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

Capital contribution reserve

The capital contribution reserve represents the amount by which share capital has been reduced on repurchase of the Company's own shares.

Accumulated losses

The accumulated losses represent the accumulated profits, losses and distributions of the Company.

24 Capital commitments

The company had capital commitments of €250,000 at 31 December 2022 relating to property plant and equipment (2021: €1,710,000).

25 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to €663,000 (2021: €332,000). Outstanding contributions amounting to €72,000 (2021: €41,000) were payable to the fund and are included in payables.

26 Employee restricted share plan

Staff contractually employed by Interoute Communications Limited participated in a number of share-based incentive arrangements operated by GTT Communications, Inc.

Upon acquisition by I Squared Capital of the GTT infrastructure division the employee share scheme is no longer operating.

The charge to the statement of comprehensive income for 2022 was €nil (2021: €19,000)

Under the GTT Communications, Inc., group scheme the Company has recognised in profit or loss accumulated share based payment charges of €390,000. (2021: €390,000).

27 Commitments under operating leases

At 31 December, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	€000	€000
Not later than 1 year	**2,468**	2,364
Later than 1 year and not later than 5 years	**5,745**	9,457
Later than 5 years	**3,376**	2,409
	11,589	14,230

The Company had no other off balance sheet arrangements (2021: nil).

28 Post balance sheet events

There are no post balance sheet events.

29 Restatement of prior year

During the current year, the Company identified discrepancies in the intercompany balances related to previous year. As a result, the following adjustments have been made to the comparative figures presented in the financial statements for the year ended 31 December 2021:

	As previously reported 2021 €000	Restated 2021 €000	Restatement €000
Balance Sheet			
Debtors at 01 January 2021 (d)	421,571	415,641	(5,930)
Debtors movement 2021 (b)	33,409	48,104	14,695
Debtors at 31 December 2021	**454,980**	**463,745**	**8,765**
Creditors: amounts falling due within one year - at 01 January 2021 (c)	(263,108)	(269,001)	(5,893)
Creditors movement 2021 (a)	136,255	132,528	(3,727)
Creditors: amounts falling due within one year at 31 December 2021	**(126,853)**	**(136,473)**	**(9,620)**
Net Assets at 01 January 2021 (c) and (d)	55,983	44,160	(11,823)
Net Assets movement 2021 (a) and (b)	287,841	298,809	10,968
Net assets at 31 December 2021	**343,824**	**342,969**	**(855)**
Statement of changed in equity			
Retained earnings balance at 01 January 2021 (c) and (d)	(592,242)	(604,065)	(11,823)
Profit for 2021 (a) and (b)	16,917	27,885	10,968
Retained earnings balance at 31 December 2021 (a) and (b)	**(575,325)**	**(576,180)**	**(855)**
Statement of total comprehensive income			
Administrative expenses (a)	(12,861)	(16,588)	(3,727)
Exceptional items (b)	(48,179)	(33,484)	14,695
Profit for the financial year	**16,917**	**27,885**	**10,968**

29 Restatement of prior year (continued)

Note 13b (Reconciliation of the tax credit)

	As previously reported 2021 €000	Restated 2021 €000	Restatement €000
Loss before taxation	8,836	19,804	10,968
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	1,679	3,763	2,084
Effects of:			
Recognition/(utilization) of previously unprovided deferred tax	(3,770)	(3,770)	-
Expense not deductible for tax purposes	20,416	18,332	(2,084)
Adjustment in respect of prior years	(562)	(562)	-
Change in tax rates	(1,860)	(1,860)	-
Change in basis adjustment	86	86	-
Impact of items not subject to income tax	(24,107)	(24,107)	-
Losses	37	37	-
Total income tax credit for the year	**(8,081)**	**(8,081)**	**-**

a. The adjustment to cost of sales reflects a correction to prior period unrecognised charge for warehousing from EXA Infrastructure Belgium. The adjustment amounted to €3,727,000

b. The adjustment to exceptional items relates to a correction in the balance of an intercompany re-instatable loan against EXA Infrastructure France in 2021. The adjustment amounted to €14,695,000

c. The adjustment relates to a correction in the intercompany position relating to unrecognised charge for warehousing from EXA Infrastructure Belgium for periods 2020 and prior. The adjustment amount is €5,893,000.

d. The adjustment relates to a correction in the balance of an intercompany re-instatable loan against EXA Infrastructure France for the periods from 2018 to 2020. The adjustment amounted to €5,930,000.

The restatements do not affect the Company's tax position, there is no impact to the current year's income tax expense or deferred tax.

30 Ultimate parent undertaking and controlling party

As at 31 December 2022, the Directors consider the Company's immediate parent undertaking to be EXA Infrastructure Holdings UK Limited (formerly, Interoute Communications Holdings Limited), a company incorporated in England and Wales. The EXA Group is owned by I Squared Capital, an independent global

infrastructure investment firm focusing on energy, utilities, telecom and transport in the Americas, Europe and Asia.

The parent of the smallest and largest group in which these financial statements are consolidated is Cube Telecom Europe Holdings Limited. These financial statements are publicly available and may be obtained on request from 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom.