

euNetworks Holdings LP (Reg: 93017, Cayman Islands)

Report and Financial Statements

for the year ended 31 December 2023

euNetworks Holdings LP (Reg: 93017, Cayman Islands)

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**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Partnership Information**

General Partner

euNetworks GP LLC

Board of directors of the General Partner

John T. Siegel, Jr.

Neil Hobbs

Brady Rafuse

Kai-Uwe Ricke

Joshua Ho-Walker

Cyrus Gentry

Barbara Dondiego

Paula Cogan

Katherine Alexakis

Kenneth Koon

Officers

Richard Taylor (General Counsel)

Paula Cogan (CEO)

Partnership Registration Number

93017

Registered in Cayman Islands

Registered Office

Maples Corporate Services Limited

PO Box 309, Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Auditor

BDO LLP

55 Baker Street

London W1U 7EU

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Report of the General Partner of euNetworks GP LLC
for the year ended 31 December 2023

Profile

The General Partner of euNetworks GP LLC (the "General Partner") presents their report on euNetworks Holdings LP (the "Partnership") and its subsidiaries for the year ended 31 December 2023.

The principal activity of the Partnership is that of an investment holding vehicle with investments in euNetworks Holdings 4 Limited and its subsidiary undertakings (the "Group"). No change to this activity is currently envisaged.

The current reporting period is for the year ended 31 December 2023. The comparatives are for the year ended 31 December 2022.

Review of the business

Principal activities

The principal activity of the Group is as a bandwidth infrastructure provider under the trading name "euNetworks". The Group owns and operates 18 fibre based metropolitan networks across Western Europe, with these networks connected by euNetworks' long haul network. euNetworks is a market leader in data centre connectivity, directly connecting over 536 data centres in Europe. euNetworks is also a leading cloud connectivity provider. The Group offers a portfolio of metropolitan and long-haul services including Dark Fibre, Wavelengths and Ethernet. Wholesale, finance, content, media, data centre and enterprise customers benefit from euNetworks' unique inventory of fibre and duct based assets that are tailored to fulfil their high bandwidth needs.

Results and performance

	Year ended 31 Dec 2023	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	€'m	€'m	€'m
Revenue	242.1	214.9	193.8
Gross margin	90.1%	94.8%	95.7%
Adjusted EBITDA	146.6	136.4	119.8
Loss before taxation	(88.0)	(72.5)	(87.9)

"Adjusted EBITDA" is defined as Earnings Before Interest, Tax, Depreciation, Amortisation, profit /(loss) on disposal of plant and equipment and long-term incentive plan costs.

The increase in revenue of 13% arises largely due to the success the group has had in selling its focus products to target customers.

Gross margin remained at a high level for two main reasons; 1) the group has set the strategy of selling focus products to target customers at gross margins in excess of 90% and has been successful at doing so, 2) the group has invested in its own network and therefore needs to lease less network to fulfil customer demand. Irrespective of the target of a gross margin over 90%, the group will close deals with a lower gross margin if the projects are strategically advantageous.

Adjusted EBITDA has increased by 7% or €10.2m over the prior period. This is as a result of the increase in revenues over the prior year, and effective cost control measures despite inflationary cost pressures of up to 10% in all territories as well as the increased utilisation of the Group's own network vs. leased infrastructure.

The Group's loss before taxation for the year of €88.0m (2022: €72.5m) has been affected by four major items 1) as discussed above, improved revenues from its strategy of selling focus products to target customers at gross margins in excess of 90% and lower costs as a result of the investment in the Group's own network, partially off-set by, 2) administrative expenses amounting to €274.3 (2022: 247.9m) increased as a result of network expansion and inflationary pressures 3) depreciation amounting to €187.5m (2022: €171.3m) increased as a result of continued investment in the Group's networks as well as a change in the depreciation policy, 4) finance costs amounting to €31.8m (2022: €28.4m) increased as a result of further funding drawdowns. The resulting loss after tax for the period was €66.0m (2022: €24.4m).

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Report of the General Partner of euNetworks GP LLC
for the year ended 31 December 2023**

Review of the business (cont'd.)

The Group has continued its investment in the network, growing its depth and reach during the year. A total of €154.1m (2022: €121.7m) was invested by the Group in telecom networks and network equipment in the year.

Customers

euNetworks delivers high bandwidth services to customers spanning the wholesale, finance, content, hyperscale, media, data centre and enterprise segments.

Services provided

The Group delivers a focused product set centred on its core assets of owned fibre optic cables and associated equipment. These assets are used to deliver targeted bandwidth solutions for customers.

Focus Products

Dark Fibre: The core asset of the business. euNetworks offers leased fibre by pair, multiple pairs or in bulk on its metropolitan and long haul networks.

Wavelengths: Transmission product, offering high capacity connectivity, typically between data centres. euNetworks offers this in the metropolitan and long haul networks.

Ethernet: Transmission product, offering private connections between data centres and many business locations.

Non-focus products

Non-focus products include Colocation and Internet.

Bandwidth Solutions

euTrade: Ultra low latency services over euNetworks' dedicated network platform. Delivering industry leading services to the finance business segment.

DC Connect: Pre-deployed connectivity between key data centres in cities, with rapid service delivery. Available today in London, Frankfurt, Paris, the Netherlands and Manchester with further cities to follow.

Cloud Connect: Private and secure connection into the top cloud providers, with fixed, burstable and usage based billing options and online ordering available.

Open Line Systems ("OLS"): the design, build and operation of a dedicated network at the photonic layer, with the customers terminating the traffic on their own equipment.

euSpectrum: A cost effective alternative to procuring long haul dark fibre while building a managed multi terabit backbone.

Private Connect: A dedicated private network, offering fibre and equipment to a single customer.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Report of the General Partner of euNetworks GP LLC
for the year ended 31 December 2023**

Transactions with Limited Partners

Limited Partners' capital is subscribed, drawn down and repaid under the terms of the Second Amended and Restated Exempted Limited Partnership Agreement (the "LPA"). The Partnership has holders of Class A-1 Units and Class B Profits Interest Units.

There have been no transfers of Limited Partners' interests between equity and debt in the period or since the period end.

General Partner

The General Partner of the Partnership is euNetworks GP LLC, which is managed by its Board of Directors (the "Board of Directors"). The Directors who were in office during the year were:

John T. Siegel, Jr.
Neil Hobbs
Brady Rafuse
Kai-Uwe Ricke
Joshua Ho-Walker
Cyrus Gentry
Pierre-Frederic Robert (resigned 8 January 2024)
Barbara Dondiego
Paula Cogan
Katherine Alexakis
Kenneth Koon (appointed 8 January 2024)

The Officers in office during the period:

Richard Taylor (General Counsel)
Paula Cogan (CEO)

Going Concern

The Group meets its day to day working capital requirements through its revolving credit facility and ongoing operating cash flows. The Group's forecasts, taking account of possible changes in trading performance, show the Group will be able to operate within the level of its current facilities. The Directors are confident this will meet the working capital needs for the foreseeable future.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future, meaning at least the next 12 months from the date of approving these financial statements. Given the Group has available facilities, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Future developments

The Group will continue with its strategy of selling its focused product set to a targeted group of customers, combined with network expansion to increase our addressable market, both organically and inorganically through the acquisition of complementary businesses in adjacent geographies.

Principal Risks and Uncertainties

The management of the business and execution of the Group's strategy are subject to a number of commercial risks. Risks are reviewed by the Directors and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Partnership and the Group.

The key business risks affecting the Group are set out below:

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Report of the General Partner of euNetworks GP LLC
for the year ended 31 December 2023

Principal Risks and Uncertainties (cont'd.)

Risk	Mitigating factors
Changes in technology or commercial models may impact demand for the Group's services	<ul style="list-style-type: none"> • The Group continues to closely monitor key industry trends driving (future) demand, including edge computing, artificial intelligence, augmented reality, the metaverse and quantum computing. • The Group actively monitors competitor activity on key routes with regards to its focus products to ensure that its products and bandwidth solutions remain competitively positioned and differentiated. • The Group works with suppliers to ensure that its cost base remains competitive, and to enable flexibility to respond to changing pricing and commercial dynamics.
The Group's business plan relies on a continuation of above-market growth	<ul style="list-style-type: none"> • The Group continues to expand its addressable market through ongoing network development. • The Group pro-actively attracts customers looking for an alternative to incumbent carriers that are unable to offer the desired routes, services, and total cost of ownership. • The Group tracks and monitors services at a customer level to ensure continued low customer churn. • The Group actively targets high growth market segments e.g. Content, Hyperscalers and Financial Services.
Reliance on third parties to deliver certain services may impact operational service quality	<ul style="list-style-type: none"> • The Group works closely with its third party suppliers to ensure third party service levels meet customers' operational and commercial performance needs. • The Group constructs its own network where possible to reduce third party dependencies, and we have sufficient access to capital to support planned development projects. • The Group actively seeks to recruit and retain the talent necessary to maintain our standard of operational excellence. • The Group actively seeks to manage its relationships with suppliers to ensure continuity of supply during periods of supply chain challenges by planning requirements well in advance and in doing so assisting suppliers in their manufacturing scheduling. • The Group actively manages its construction risk by planning ahead for material and equipment shortages through bulk orders. Project management prevents delays through monitoring and troubleshooting to ensure service delivery at the customer committed date. In case of project delays, the Group communicates openly with the customer to ensure customer satisfaction.
Cyber security	The Group is ISO 27001 certified and has an ISMS framework that covers all aspects of IT Security including risk and business continuity. The key business operational systems are Cloud-based and there are substantive back up procedures. These procedures allow the Group to revert and restore the business environments in the event of the key central systems being brought down. The Group has strong access control procedures as well as SIEM based tooling to detect & capture unwanted activities. Annual penetration testing is also carried out.

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Report of the General Partner of euNetworks GP LLC
for the year ended 31 December 2023

Environmental matters

The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

Greenhouse gas emissions and consumption summary

The Group's greenhouse gas (GHG) emissions for the calendar year 2023 are summarised in Table 1:

Table 1: Emissions summary for euNetworks in 2023 and comparison with 2022, 2021 and 2019.

Scope	GHG category	Emissions (tCO ₂ e)				% variance (2023 vs baseline restated)	% of 2023 footprint
		2019 (baseline restated)	2021	2022	2023		
1	Natural Gas	11	4	-	-	-100%	0.0%
1	Other Fuels	-	2	2	79	n/a	0.1%
1	Company Owned/Leased Vehicles	13	11	4	3	-77%	<0.0%
1	Refrigerants and other fugitive emissions	n/a	n/a	209	-	n/a	0.0%
2	Purchased electricity (market-based)	4,191	3,812	357	31	-99%	0.1%
3	Category 1. Purchased goods and services	34,538	38,947	31,021	46,735	35%	76.6%
3	Category 2. Capital goods	5,095	8,021	1,769	5,902	16%	9.7%
3	Category 3. Fuel- and energy-related activities	2,531	2,729	2,542	2,609	3%	4.3%
3	Category 4. Upstream transportation and distribution	2,132	4,656	51	16	-99%	<0.0%
3	Category 5. Waste generated in operations	11	20	32	36	235%	0.1%
3	Category 6. Business travel	944	1	14	28	-97%	<0.0%
3	Category 7. Employee commuting and working from home	184	246	344	301	64%	0.5%
3	Category 8. Upstream leased assets (market-based)	10,695	3,680	3,122	5,230	-51%	8.6%
3	Category 13. Downstream leased assets (market-based)	34	67	48	53	54%	0.1%
	TOTAL	60,380	62,196	39,515	61,023	1%	100%
	Outside of scopes						
1	Other Fuels (biodiesel)	-	25	29	15	n/a	n/a

2023 marks the fourth year for which euNetworks has calculated its Scope 1,2 and 3 GHG emissions. Over that time, the business has markedly improved data quality, driven by a need to better understand the key drivers of key emissions, which was not possible when a large proportion of emissions were estimated based on spend. euNetworks also continually refines its methodology for calculating GHG emissions in accordance to the GHG protocol.

As a result of this improvement in data quality and calculation methodology, euNetworks 2019 baseline year emissions changed by more than 5% and in accordance with good practice euNetworks reset its 2019 baseline to take account of these improvements. Minor improvements were incorporated into the disclosures for 2022 and 2021, however a full restatement in accordance with the improvements identified was not made. Accordingly, 2023 is only directly comparable to 2019 GHG emissions, shown in Table 1.

We expect the changes implemented this year to facilitate less frequent and marked variances in emissions driven by data quality changes meaning that, emissions reported in 2024 and beyond should more accurately reflect the decarbonisation efforts taken by euNetworks. However, we will continue to monitor this in accordance with best practice.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Report of the General Partner of euNetworks GP LLC
for the year ended 31 December 2023**

**Environmental matters (Cont'd.)
Greenhouse gas emissions and consumption summary (Cont'd.)**

In 2023, euNetworks' total Scope 1,2 and 3 emissions were up 1% on the recalculated 2019 baseline. Compared to 2021 and 2022, these increases were due to increased Capital Expenditure, in particular on network construction.

euNetworks has committed to reducing GHG emissions from its 2019 baseline year by 62% by 2030 to meet Science Based Targets and reaching Net Zero by 2040. Given that materially all of euNetworks emissions are now in Scope 3, achieving this target will require comprehensive engagement with our suppliers for them both accurately manage and report their emissions to us, and to reduce their emissions.

euNetworks has committed to reducing GHG emissions from its 2019 baseline year by 62% by 2030 to meet Science Based Targets and reaching Net Zero by 2040. Given that materially all of euNetworks emissions are now in Scope 3, achieving this target will require comprehensive engagement with our suppliers for them both accurately manage and report their emissions to us, and to reduce their emissions.

Emissions associated with purchased goods & services and capital goods have increased by 35% and 16% respectively, which has driven the overall increase in the business's emissions. This is influenced by several factors including an increase in purchased services spend (+67% on 2019) and a higher proportion of total spend in 2023 being with carbon-intensive suppliers associated with network construction. (It is of note that these suppliers are showing as being more carbon-intensive as the calculations are based on their emission calculations rather than the Environmentally Extended Input-Output (EEIO) model based on spend. Whilst this increases euNetworks reported emissions, these are the suppliers that are taking steps on the decarbonisation journey).

We did not undertake any subsea cable laying activities in 2023 and accordingly upstream transportation and distribution is negligible (reported emissions are associated with shipping of purchased goods). Business travel has fallen by 97% on the base year, reflecting a marked reduction in the number of flights taken over that time period.

Employee commuting and homeworking emissions have increased by 64% on the base year, caused by increased rates of homeworking (which was not common pre-Covid pandemic). Finally, it is worth noting that we previously reported category 11, use of sold products, however upon further investigation, the energy use has been reclassified into Category 13, downstream leased assets, as euNetworks' retains ownership of the energy-consuming assets.

Subsequent events

On 2 May 2023 Stonepeak, the Group's majority investor since January 2018, announced the recapitalisation of euNetworks alongside strategic investments from APG Asset Management and Investment Management Corporation of Ontario. The transaction is undergoing regulatory approvals and is expected to close in the the third quarter of 2024.

On 4 June 2024 the Company refinanced its existing debt, achieving the following key objectives while maintaining the current debt's pricing levels:

- (a) clean down 190m of capex facility through raising a new term loan;
- (b) extend all the bank tranches of term loan from maturing in Nov-26 to May-29 (5 years from close of the refinance);
- (c) increase the size of the revolving facilities from €240m to €550m.

This transaction will provide available committed debt capital to fund organic and inorganic growth over the next 5 years.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Report of the General Partner of euNetworks GP LLC
for the year ended 31 December 2023**

Disclosure of information to the auditors

So far as each of the current Directors and Officers is aware there is no relevant audit information of which the auditors are unaware. Each Director or Officer has taken all steps that they ought to have taken as a director or officer in order to make themselves aware of any relevant audit information and to establish that the Partnership's independent auditors are aware of that information.

Statement of responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual report and the non-statutory consolidated financial statements in accordance with basis of preparation set out therein.

The Directors have elected to prepare the non-statutory consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The non-statutory consolidated financial statements are required by IFRS as issued by the IASB to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for the period.

In preparing these non-statutory consolidated financial statements, the Directors:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as issued by the IASB, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the exempted limited partnership and enable them to ensure that the non-statutory consolidated financial statements comply with the IFRS as issued by the IASB.

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

Engagement with wider stakeholders

The Board recognises the importance of the Group's wider stakeholders when performing their duties to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to;

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

The Board considers that all their decisions are taken with the long-term in mind, understanding that these decisions need to regard the interests of the company's employees, its relationships with suppliers, customers, the communities and the environment in which it operates.

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance.

The Board believes that the following decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders.

- 1) To acquire a business branch in Belgium through its Belgian subsidiary on 28 April 2023. The acquisition expands the group's footprint by 1,660 km of duct-based long haul dark fibre network, spread across unique routes in Brussels and long haul routes throughout Belgium.
- 2) To increase the available debt facility by the way of a debt raise in early 2024 in order to provide additional funding for future organic and inorganic network expansion activities.

On behalf of the Directors,

DocuSigned by:


Paula Cogar

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CEO
Director of euNetworks GP LLC

12 June 2024

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Independent Auditor's Report
for the year ended 31 December 2023**

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL PARTNER OF EUNETWORKS HOLDINGS LP

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); and
- have been prepared in accordance with the provisions of the Limited Partnership Agreement.

We have audited the financial statements of euNetworks Holdings LP ("the Limited Partnership") and its subsidiaries ("the Group") for the year ended 31 December 2023 which comprises the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as issued by the IASB.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

euNetworks Holdings LP (Reg: 93017, Cayman Islands)

Other information

The General Partner is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the General Partner

As explained more fully in the General Partner's statement of responsibilities in respect of the financial statements, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the General Partner determines 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 General Partner is responsible for assessing the Group'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 General Partner either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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:

euNetworks Holdings LP (Reg: 93017, Cayman Islands)

Non-compliance with laws and regulations

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006, data privacy, and the relevant tax regulations.
- We understand how the Group are complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Directors.

Fraud

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered there was a susceptibility to fraud.
- Our audit planning identified fraud risks in relation to management override of controls, including risk of management bias in areas of accounting estimate, the risk of fraudulent manual journal postings, and risk of fraud in revenue recognition. We considered the processes and controls that the Group and Parent Company have established to address risks identified, or that otherwise prevent, deter and detect fraud, and how management monitors those processes and controls.
- We designed our audit procedures in response to the risks we identified. Our procedures included testing accounting estimates, journal entry testing, with a focus on unusual transactions based on our knowledge of the business, and enquiries with in-house Legal, those charged with governance and Group Management. We also communicated potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Limited Partnership's General Partner, as a body, in accordance with the terms of our engagement letter dated 31 January 2024. Our audit work has been undertaken so that we might state to the Limited Partnership's General Partner those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Partnership and the Limited Partnership's General Partner, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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12 June 2024

BDO LLP
Chartered Accountants
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

	Notes	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Revenue	4	242.1	214.9
Cost of sales		(24.0)	(11.1)
Gross profit		<u>218.1</u>	<u>203.8</u>
Administrative expenses	5	(274.3)	(247.9)
Operating loss		<u>(56.2)</u>	<u>(44.1)</u>
Analysed as:			
Adjusted EBITDA		146.6	136.4
Depreciation	12	(187.5)	(171.3)
Amortisation	13	(7.8)	(6.5)
Impairment Loss	12	(5.1)	-
Loss on disposal of plant and equipment		(2.4)	(2.5)
Long term incentive plan	31	-	(0.2)
Operating loss		<u>(56.2)</u>	<u>(44.1)</u>
Financial costs	8	(31.8)	(28.4)
Loss before tax		<u>(88.0)</u>	<u>(72.5)</u>
Income tax credit	10	22.0	48.1
Loss for the year		<u>(66.0)</u>	<u>(24.4)</u>
Total comprehensive loss for year		<u><u>(66.0)</u></u>	<u><u>(24.4)</u></u>

The accounting policies and Notes on page 16 onwards form part of, and should be read in conjunction with, these financial statements

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Consolidated Statement of Financial Position
as at 31 December 2023

	Notes	31 Dec 2023 €'m	31 Dec 2022 €'m
Non-current assets			
Plant and equipment	12	1,095.2	1,074.8
Intangible assets	13	397.4	365.8
Prepayments	15	12.9	9.4
Hedging derivatives - interest rate swap	33	1.1	8.8
Total non-current assets		<u>1,506.6</u>	<u>1,458.8</u>
Current assets			
Infrastructure assets held for resale	17	-	0.1
Trade receivables	18	39.2	29.4
Other receivables	19	17.6	8.2
Prepayments	15	6.3	5.8
Hedging derivatives - interest rate swap	33	3.8	-
Cash and cash equivalents	20	49.8	41.4
Total current assets		<u>116.7</u>	<u>84.9</u>
Total assets		<u>1,623.3</u>	<u>1,543.7</u>
Current liabilities			
Right of Use Asset - lease liability	22	40.3	35.9
Deferred revenue	21	16.7	15.9
Trade and other payables	23	63.0	59.1
Income tax payable		2.2	2.2
Total current liabilities		<u>122.2</u>	<u>113.1</u>
Non-current liabilities			
Interest-bearing loans and borrowings	24	663.1	541.7
Right of Use Asset - lease liability	22	130.7	115.9
Provisions	25	2.7	2.6
Deferred revenue	21	114.2	86.8
Deferred tax liabilities	14	36.0	59.3
Total non-current liabilities		<u>946.7</u>	<u>806.3</u>
Net assets		<u>554.4</u>	<u>624.3</u>
Equity			
Members' interest	26	885.2	885.2
Management equity plan reserve	27	35.9	35.9
Hedging reserve	27	4.9	8.8
Retained earnings	27	(371.6)	(305.6)
		<u>554.4</u>	<u>624.3</u>

The financial statements were approved on behalf of the Board of Directors of the General Partner and authorised for issue by,

DocuSigned by:

Paula Cogan

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Paula Cogan

CEO

Director of euNetworks GP LLC

12 June 2024

The accounting policies and Notes on page 16 onwards form part of, and should be read in conjunction with, these financial statements.

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Consolidated Statement of Cash Flows
for the year ended 31 December 2023

	Notes	31 Dec 2023 €'m	31 Dec 2022 €'m
Operating activities			
Loss before tax		(88.0)	(72.5)
Adjustment for:			
Depreciation of plant and equipment	12	187.5	171.3
Amortisation of intangibles	13	7.8	6.5
Impairment loss	12	5.1	
Long term Incentive plan	31	-	0.2
Financial costs	8	31.8	28.4
Loss on disposal of plant and equipment		<u>2.4</u>	<u>2.5</u>
Operating cash flows before movements in working capital		146.6	136.4
Changes in working capital	28	6.4	16.6
Income tax credit		(1.2)	(1.8)
Net cash flows from operating activities		<u>151.8</u>	<u>151.2</u>
Investing activities			
Purchase of plant and equipment	12	(136.2)	(123.0)
Purchase of intangible assets	13	(4.9)	(3.5)
Purchase of assets and assumption of liabilities as part of a business combination		<u>(50.6)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(191.7)</u>	<u>(126.5)</u>
Financing activities			
Drawdown of RCF	24	120.0	30.0
Members capital issued/(repaid) and share premium thereon	26	-	(85.0)
Repayment of leasing liabilities		(47.8)	(41.5)
Interest and arrangement fees paid		<u>(23.5)</u>	<u>(20.9)</u>
Net cash flows from financing activities		<u>48.7</u>	<u>(117.4)</u>
Effect of exchange rates on cash and cash equivalents		(0.4)	(0.4)
Net (decrease)/increase in cash and cash equivalents		8.4	(93.1)
Cash and cash equivalents at beginning of the year		<u>41.4</u>	<u>134.5</u>
Cash and cash equivalents at the end of the year	20	<u>49.8</u>	<u>41.4</u>

The accounting policies and Notes on page 16 onwards form part of, and should be read in conjunction with, these financial statements

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Consolidated Statement of Changes in Partners' Equity
for the year ended 31 December 2023

Group	Notes	Non-distributable			Distributable	Total equity €'m
		Management			Retained earnings €'m	
		Members' interest €'m	equity plan reserves €'m	Hedging reserve €'m		
At 1 January 2023		885.2	35.9	8.8	(305.6)	624.3
Loss for the year, representing total comprehensive income for the year			-	-	(66.0)	(66.0)
Change in fair value of hedging instrument recognised in reserves for the year	27	-	-	(0.1)	-	(0.1)
Settlement of hedging instrument recognised in comprehensive income for the year	27	-	-	(3.8)	-	(3.8)
Balance as at 31 December 2023		885.2	35.9	4.9	(371.6)	554.4

Group	Notes	Non-distributable			Distributable	Total equity €'m
		Management			Retained earnings €'m	
		Members' interest €'m	equity plan reserves €'m	Hedging reserve €'m		
At 1 January 2022		970.2	35.7	-	(281.2)	724.7
Loss for the year, representing total comprehensive income for the year			-	-	(24.4)	(24.4)
Contributions by and distributions to owners:						
Members' Class A1 Interest	26	(85.0)	-	-	-	(85.0)
Management equity plan		-	0.2		-	0.2
Change in fair value of hedging instrument recognised in reserves for the year	27	-	-	8.8	-	8.8
Balance as at 31 December 2022		885.2	35.9	8.8	(305.6)	624.3

The accounting policies and Notes on page 16 onwards form part of, and should be read in conjunction with, these financial statements

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

1. Partnership Information

euNetworks Holdings LP (the "Partnership") is an exempted limited partnership registered in the Cayman Islands. The registered office of the Partnership is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The principal activity of the Partnership is an investment holding parent for its subsidiary, euNetworks Holdings 4 Limited.

The principal activity of the Partnership's subsidiary is an investment holding acting as a corporate manager, advisor and administrative centre to support the business development and marketing of the businesses of its subsidiaries. The principal activity of the subsidiaries is disclosed in Note 16 to the financial statements. The Group operates high capacity fibre networks, provides high capacity communications infrastructure and networking solutions and services under the trading name "euNetworks".

The Group is a bandwidth infrastructure provider. The Group owns and operates 18 fibre based metropolitan networks across Western Europe, with these networks connected by euNetworks' long haul network. euNetworks leads the market in data centre connectivity, directly connecting over 536 data centres in Europe. euNetworks is also a leading cloud connectivity provider. The Group offers a portfolio of metropolitan and long-haul services including Dark Fibre, Wavelengths and Ethernet. Wholesale, finance, content, media, data centre and enterprise customers benefit from euNetworks' unique inventory of fibre and duct based assets that are tailored to fulfil their high bandwidth needs.

In particular, the Group operates a network which combines a 'long-haul' inter-city network linking Germany, the Netherlands, the United Kingdom, Ireland, France, Belgium, Austria, Sweden, Denmark, Switzerland and high density 'last-mile' metropolitan optical fibre networks in London, Frankfurt, Munich, Berlin, Stuttgart, Hamburg, Düsseldorf, Cologne, Paris, Amsterdam, Rotterdam, Utrecht, Manchester, Dublin, Vienna Madrid, Milan and Brussels. Duct infrastructure is in place in The Hague. The Group also has a nationwide network in Germany.

The Group delivers a focused product set centred around its core assets of owned fibre optic cables and associated equipment. These assets are used to deliver targeted bandwidth solutions for customers.

The Group also operates a secure data centre facility in Amsterdam and a number of colocation sites in Germany.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Significant accounting judgements, estimates and assumptions

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB").

The Directors of the General Partner have at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence in the foreseeable future, meaning at least the next 12 months from the date of approving these financial statements. Given the Group has available facilities, the Directors of the General Partner continue to adopt the going concern basis of accounting in preparing the financial statements.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023 and unless stated, for the comparative year to 31 December 2022. The consolidated income statement and other comprehensive income covers year ended 31 December 2023 (2022: year to 31 December 2022).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group and Partnership's accounting policies. The areas where critical judgements and estimates have been made in preparing the Financial Statements and their effects are disclosed in Note 3.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Group are presented in Euros ("€"), which is the presentation currency for the consolidated financial statements. Euro is the presentation currency of the Group as the major part of the Group's business has been carried out in Euros. All values presented are rounded to the nearest million ("€m"), except when indicated otherwise.

a) New standards, interpretations and amendments effective from 1 January 2023

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2023 are:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8); and*
- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).*

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023

2. Accounting policies (cont'd)

2.1 Basis of preparation (cont'd.)

b) New Standards and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

c) Others

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2 Accounting policies (cont'd)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Partnership and its subsidiaries at the reporting date. Subsidiaries are entities over which the Partnership has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Partnership, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to members of the Partnership.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Rendering of network services

Revenue from rendering services in connection with the fibre networks and data centre colocation services of the Group is recognised when the services are performed. Payments received in advance for such services are deferred and recognised based on actual usage.

Installation fees are deferred as unearned income and recognised over the period of the contract.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.4 Revenue recognition (cont'd.)

Sale of items of network infrastructure

The Group, in the course of its ordinary activities, routinely sells items of network infrastructure which it had previously held for use in its network services. The proceeds from such sales are recognised as revenue.

Revenue is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction (including future costs) can be measured reliably. The enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Construction of networks infrastructure on behalf of customers

The Group offers its expertise to engineer, procure and construct network infrastructure for customers. The duration of such contracts may extend from several months to two years and as such revenue is recognised over time as the performance obligations are satisfied.

For contracts recognised over time, revenue is recognised based on the extent of progress towards completion of the performance obligation. Under the output method revenue is recognised on the basis of direct measurements of the value of goods or services transferred to date relative to the remaining goods or services promised under the contract. Progress toward completion is revised if circumstances change. Any resulting increases or decreases in estimated revenues is reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Data centre power revenues

The Group purchases the supply of power to a data centre for both its own use and for the supply of power to the customers' server equipment held in that data centre. The Group makes separate charges to its customers, in addition to those it raises for the supply of colocation facilities, to recover the element of power cost that relates to the use of power by customer equipment. Such recharges are recognised as revenue in the period in which the power is consumed.

Revenue from Contracts with Customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

The Group provides fibre networks connection services and data centre colocation services. Payments that are received in advance for such services are deferred and recognised based on provision of the services and actual usage.

The Group also charges installation fees arising from the provision of the above services which are amortised over the period of the initial contract.

Additionally, the Group also sells on an ad-hoc basis items of network infrastructures which had previously held for use in its network services. The proceeds from such sales are recognised as revenue.

The Group also recharges the power supply usage of customers' server equipment held in data centres and such recharges are recognised as revenue on a marked-up basis in the period in which the power is consumed.

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023

2. Accounting policies (cont'd)

2.4 Revenue recognition (cont'd.)

Revenue from Contracts with Customers - (cont'd.)

Determining the timing of satisfaction of performance obligation

The Group concluded that revenue for services is to be recognised based on actual usage at the point of time because the customer simultaneously receives and consumes the benefits provided by the Group.

Additionally, the installation fees charged to customers are amortised over the period of the contract.

The revenue from one-off sales of network infrastructure are determined at the date when the risk and rewards of ownership of the network equipment are transferred to the buyer and the Group neither retains any managerial involvement associated to the ownership nor effective control over the goods sold.

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of equipment include a right of return and volume rebates that give rise to variable consideration. Additionally, the installation fees charged to customers are amortised over the period of the contract.

2.5 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

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

Deferred tax

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.5 Income tax (cont'd.)

Deferred tax (cont'd.)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

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 they relate to income taxes levied by the same taxation authority and the Group and the Partnership intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

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

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

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

2.6 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense in the statement of profit or loss and other comprehensive income in the same financial year as the employment that gives rise to the contributions.

Employees' leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.7 Borrowing costs

Borrowing costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Euros using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023

2. Accounting policies (cont'd)

2.9 Plant and equipment

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

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

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

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

Office equipment and furniture	over 3 to 10 years
Network equipment	over 3 to 20 years
Telecommunication networks	over 35 years (2022: 20 years)

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

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

A review of empirical evidence from internal and external sources has led to the conclusion that the useful life for telecommunication networks needed to be increased. Depreciation for network assets was therefore changed from 20 to 35 years. At the same time, the useful life of certain network equipment and data centre assets were reduced due to technological advances. The effect of the changes is disclosed in note 12.

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

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

The Group capitalises costs directly associated with expansions and improvements of the Group's telecommunications network and customer installations, costs associated with network construction and provisioning of services. This includes employee related costs. The Group amortises such costs over an estimated useful life of 3 to 35 years.

The Group transfers infrastructure assets from plant and equipment to inventories at their carrying amount at the date on which the intended use of the asset changes from network service delivery to infrastructure sale of assets. These items are carried at the lower of net book value and fair value less cost to sell.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.10 Intangible assets

Externally acquired intangible assets such as software are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Development costs are capitalised based on an assessment on whether they meet the criteria laid down in IAS38 for capitalisation. Capitalised development costs are amortised over their useful life. The useful life is based on management estimates of the period that the asset will generate revenue and is periodically reviewed for appropriateness.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition.

Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

Customer Contracts

Customer contracts acquired are recognised at their fair value at the acquisition date. The customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the contract period of up to 15 years.

Software licences

Acquired software licenses are initially capitalised at costs which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use, including employee related costs. Direct expenditure which enhances or extends the performance of the software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining the software are recognised as an expense as incurred.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.10 Intangible assets (cont'd.)

Software licences (cont'd.)

Software licenses are subsequently carried at costs less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 4 years.

Trademarks

Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.11 Investment in subsidiary

Investment in subsidiaries is stated at cost less impairment in value, if any, in the Partnership's separate statement of financial position.

Amounts owing by subsidiaries where settlements are neither planned for nor expected in the foreseeable future are treated as part of the investment cost in the subsidiary and are presented as such (see also Note 16).

2.12 Impairment of non-financial assets excluding goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.12 Impairment of non-financial assets excluding goodwill - (cont'd.)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset (or cash-generating unit) is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13 Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

IFRS 9 contains a classification and measurement approach for financial assets that is a function of the business model, in which assets are managed and their cash flow characteristics. IFRS 9 includes three principle classification categories for financial assets: those measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss.

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs.

Effective interest method

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's and the Partnership's loans and receivables in the statement of financial position comprise trade and other receivables and cash and cash equivalents.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.13 Financial instruments (cont'd.)

Cash and cash equivalents

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

Impairment of financial assets

IFRS 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12 month or lifetime basis. The Group applied the simplified approach mandated to trade receivables by recording lifetime expected losses. The Group applied the general approach to the Group's amortised cost financial assets, other than trade receivables including, but not limited to, cash and cash equivalents.

Loss allowances are measured on either of the following bases:

- 12-month basis - these are expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date, or
- Lifetime basis - these are expected credit losses that result from all possible default events over the expected life of a financial instrument

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision. The loss provision percentage was 0.58% for the year ended 31 December 2023 (2022: 0.78%).

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.13 Financial instruments (cont'd.)

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 33. Movements in the hedging reserve in shareholders' equity are disclosed on page 15.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.13 Financial instruments (cont'd.)

Financial assets - (cont'd.)

Derecognition of financial assets

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

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Partnership, or against the retained earnings of the Partnership if the shares are purchased out of earnings of the Partnership.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Partnership.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified at fair value through profit or loss if the financial liability is either held for trading, including derivatives not designated as effective as a hedging instrument; or it is designated as such upon initial recognition.

Other financial liabilities

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.7).

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.13 Financial instruments (cont'd.)

Financial liabilities and equity instruments - (cont'd.)

Trade and other payables

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Where financial instruments are redeemed prior to maturity, the difference between the redemption proceeds and the carrying value at the date of redemption is recognised in profit or loss. Where financial instruments are converted to equity the increase in equity is recorded at the carrying value of the financial liability at the date of conversion.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Provisions for dilapidations are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023**

2. Accounting policies (cont'd)

2.15 Leases

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases (12 months or less) using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
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2. Accounting policies (cont'd)

2.15 Leases - (cont'd.)

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in the lease liabilities on the face of the balance sheet.

The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period.

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

2.16 Long term incentive plan (Management equity plan)

euNetworks Holdings LP issued equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at the fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using either the Black-Scholes or the Monte Carlo pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
for the year ended 31 December 2023

2. Accounting policies (cont'd)

2.17 Related parties

A related party is defined as follows:

- a) A person or a close of member of that person's family is related to the Group and Partnership if that person:
 - i) Has control or joint control over the Partnership;
 - ii) Has significant influence over the Partnership; or
 - iii) Is a member of the key management personnel of the Group or Partnership or of a parent of the Partnership.
- b) An entity is related to the Group and the Partnership if any of the following conditions apply:
 - i) The entity and the Partnership are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii) Both entities are joint ventures of the same third party;
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v) The entity is a post-employment benefit plan for the benefit of employees of either the Partnership or an entity related to the Partnership. If the Partnership is itself such a plan, the sponsoring employees are also related to the Partnership;
 - vi) The entity is controlled or jointly controlled by a person identified in (a); or
 - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimates that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

i) Leases

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. As such the Group has identified right-of-use assets for fibre, cross connects, colocation, datacentres and POPs, office space and vehicles. Other commonly bought services like ethernet or wavelength services don't constitute a right-of-use asset due to either not being identifiable or the Group not receiving substantially all of the economic benefit.

Rental contracts are typically made for fixed periods of 12 months to 30 years, but may have extension options. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are often negotiated on a supplier by supplier basis and contain a wide range of different terms.

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Notes to the Financial Statements
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3. Critical accounting judgements and key sources of estimation uncertainty (cont'd.)

3.1 Critical judgements made in applying the accounting policies (cont'd.)

i) Leases (cont'd.)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees, if applicable
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- uses recent third-party financing received by the group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Extension and termination options are included in a number of leases across the group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

For leased fibre and colocation the average contract length is approximately five years whereas cross connects have typically a shorter average contract length of three years. As such these leases are deemed fairly certain to be extended by five or three years respectively once the original contract length has expired. For datacentres, POPs and offices extensions are applied on a case by case basis. Extension options for vehicle leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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Notes to the Financial Statements
for the year ended 31 December 2023**

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd.)

3.1 Critical judgements made in applying the accounting policies (cont'd.)

ii) Income taxes

The management has exercised significant judgement when determining the Group's and the Partnership's provisions for income taxes. These involve assessing the probabilities that deferred tax assets resulting from deductible temporary differences, unutilised tax losses and unabsorbed tax allowances, if any, can be utilised to offset future taxable income. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of action. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Given the wide range of international business arrangements, the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and Partnership's domicile. The carrying amount of the Group's income tax payable as at 31 December 2023 is €2.2m (2022: €2.2m) and the carrying amounts of deferred tax liabilities as at 31 December 2023 are disclosed in Note 14 to the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expense within the next financial year, are discussed below.

i) Depreciation of plant and equipment

The Group depreciates the plant and equipment, using the straight-line method, over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the useful economic lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's plant and equipment are disclosed in Note 12 to the financial statements.

euNetworks Holdings LP (Reg: 93017, Cayman Islands)
Notes to the Financial Statements
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3. Critical accounting judgements and key sources of estimation uncertainty (cont'd.)

3.2 Key sources of estimation uncertainty - (cont'd.)

ii) Impairment of plant and equipment

At the end of each financial year, an assessment is made whether there is objective evidence that plant and equipment is impaired.

An impairment exists when the carrying value of plant and equipment exceed their recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The recoverable amount of plant and equipment is determined based on value-in-use, by discounting the expected future cash flows for each cash generating unit ("CGU"). Management considers that the Network business and the Data Centre and colocation business each constitute a CGU.

The expected future cash flows are based on financial budgets approved by Management for a period up to 4 years using a discount rate of 9.52% (2022: 10.06%) and a long term growth rate of 2.5% (2022: 2.5%). Based on this, Management estimated that recoverable amount for plant and equipment for certain assets related to the Dutch data centre is lower than its carrying value and accordingly an impairment of €5.1m was deemed necessary for plant and equipment as at 31 December 2023 (2022: €nil). The carrying amounts of the Group's plant and equipment are disclosed in Note 12 to the financial statements.

iii) Impairment of intangible assets

At the end of each financial year, an assessment is made whether there is objective evidence that the intangible assets are impaired.

Impairment exist when the carrying value of intangible assets, comprising of customer contracts, trademarks, software and goodwill, exceed their recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. The recoverable amounts of intangible assets are determined based on value-in-use, by discounting the expected future cash flows for each CGU. Management considers that the Network business and the Data Centre and colocation business each constitute a CGU.

The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rates used. For further details of assumptions applied in the impairment assessment of intangible assets and carrying amounts of Group's intangible assets, refer to Note 13 to the financial statements.

Management estimated that the recoverable amount for intangible assets is in excess of its carrying value and accordingly no allowance for impairment was deemed necessary for intangible assets as at 31 December 2023 (2022: €nil).

iv) Allowance for doubtful receivables

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

v) Long term incentive plan

The charge for the long term incentive plan is calculated in accordance with estimates and assumptions which are described in Note 31 to the financial statements. The valuation model used required highly subjective assumptions to be made including expected dividend yields, risk-free interest rates and expected staff turnover. The management drew upon a variety of external sources to aid them in determination of the appropriate data to use in such calculations.

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4. Revenue

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Network services and sale of network infrastructure	227.5	202.5
Colocation services	14.6	12.4
	<u>242.1</u>	<u>214.9</u>
Timing of revenue recognition:		
Over time	<u>242.1</u>	<u>214.9</u>

Geographical information

Revenue based on geographical location of customers are as follows:

Germany	70.0	66.5
United Kingdom	64.9	60.6
Ireland	39.9	41.9
France	21.4	5.0
Netherlands	15.4	14.5
United States of America	12.4	11.9
Switzerland	2.6	2.9
Others	15.5	11.6
	<u>242.1</u>	<u>214.9</u>

The Group has contracts with financing components where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group adjusted the time value of money component.

The contract assets and liabilities arising as a result of this, and included in the balance sheet as at 31 December are as follows:

	31 Dec 2023 €'m	31 Dec 2022 €'m
Contract assets - included within prepayments		
Financing component prepayment - Current	1.1	1.1
Financing component prepayment - Non-current	9.7	8.4
	<u>10.8</u>	<u>9.5</u>
Contract Liabilities - included in deferred revenue		
Financing component deferred revenue - Current	0.8	0.8
Financing component deferred revenue - Non current	11.2	9.6
	<u>12.0</u>	<u>10.4</u>

Revenue and finance costs recognised in the income statement as a result of adjusting for the time value of money component on revenue contracts were as follows:

	Contract Assets 2023 €'m	Contract Assets 2022 €'m	Contract Liabilities 2023 €'m	Contract Liabilities 2022 €'m
At 1 January	9.5	9.3	10.4	9.9
Additions during the year	2.5	1.4	2.5	1.4
Finance costs charged for the time value of money component on contracts	(1.2)	(1.2)	-	-
Increase in revenue arising from the time value of money component on contracts	-	-	(0.9)	(0.9)
At 31 December	<u>10.8</u>	<u>9.5</u>	<u>12.0</u>	<u>10.4</u>

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5. Administrative expenses

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Network operating expenses	28.4	26.1
Staff costs (Note 6)	30.8	33.9
Other expenses	12.3	7.6
Depreciation and amortisation	154.9	141.6
Depreciation of right-of-use assets under IFRS 16	40.4	36.2
Impairment Loss	5.1	-
Loss on disposal of plant and equipment	2.4	2.5
	<u>274.3</u>	<u>247.9</u>

Network operating expenses include those costs that relate to the general operation and maintenance of the Group's network assets, and network related charges.

An impairment loss of €5.1m was recognised in respect of Dutch data centre assets. The fair value of these assets was deemed to be €1 after taking into account energy saving requirements for data centres under the Dutch Energy Efficiency Act coming into effect from 1 January 2027 and estimated disposal costs.

6. Staff costs

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Wages and salaries	36.8	38.9
Social security costs	5.2	5.4
Pension costs	1.1	1.2
Long term incentive plan	-	0.2
Termination costs	1.1	0.3
Other staff costs	0.6	0.6
	<u>44.8</u>	<u>46.6</u>
Less: cost capitalised		
Network equipment	(12.5)	(11.7)
Software	(1.5)	(1.0)
	<u>30.8</u>	<u>33.9</u>

Wages and salaries include Directors' remuneration and Directors' fees. Other staff costs include costs of recruitment and costs of interim staff.

The average number of employees of the Group including directors during the year were:

	31 Dec 2023 No.	31 Dec 2022 No.
Administration	61	64
Operation	218	210
Sales and marketing	86	82
	<u>365</u>	<u>356</u>

The Partnership has no employees (2022: none).

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7. Key management personnel

The key management personnel, who have authority for planning, directing and controlling the activities of the Group are the officers authorised by the Board of Directors.

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Short term employee benefits	1.1	2.6
Long term incentive plan	-	0.1
	<u>1.1</u>	<u>2.7</u>

There were 2 Officers (2022: 3) in the Group's defined contribution plan during the period. Group pension contributions of €23k (2022: €18k) were paid to a money purchase scheme on their behalf.

The total amount payable to the highest paid Officer in respect of emoluments including the attributed value for the long term incentive plan was €0.7m (2022: €1.14m).

	31 Dec 2023 €'m	31 Dec 2022 €'m
Loans to key management personnel	<u>0.3</u>	<u>0.3</u>

8. Financial costs

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Debt cost amortised	1.4	1.4
Interest on bank loans	24.0	21.3
Interest on leases capitalised under IFRS 16	6.4	5.7
	<u>31.8</u>	<u>28.4</u>

9. Auditors' remuneration

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Group and Partnership audit	0.7	0.7
Tax advisory	0.1	0.1
Tax compliance	0.1	0.1
	<u>0.9</u>	<u>0.9</u>

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10. Corporation tax charge/(credit)

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Corporation tax		
- Current year (credit)/charge	1.3	(3.1)
Deferred tax:		
- Current year credit	(23.3)	(45.0)
	<u>(22.0)</u>	<u>(48.1)</u>

Domestic income tax is calculated at nil% of the estimated assessable loss for the year. Taxation profit for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the domestic income tax rate of nil% to profit before income tax as a result of the following differences:

	Year ended 31 Dec 2023 €'m	Year ended 31 Dec 2022 €'m
Loss before income tax	<u>(88.0)</u>	<u>(72.5)</u>
Income tax at statutory rate of 0%	-	-
Tax effect of:		
- Fixed asset differences	0.2	-
- Expenses not deductible for tax purposes	3.8	4.9
- Different tax rates of overseas operations	(22.7)	(12.1)
- Adjustments in respect of prior periods (current tax)	-	(4.0)
- Adjust deferred tax to average rate	-	(5.0)
- Movement on unrecognised deferred tax	(3.3)	(31.9)
Total taxation (credit)	<u>(22.0)</u>	<u>(48.1)</u>

The tax rates of overseas operations range from 12.5% to 33% (2022: 12.5% to 33%).

11. Business combination

On 28 April 2023 the Group (through its subsidiary euNetworks Belgium BV) acquired a business branch consisting of 1,660 km of duct-based long haul dark fibre network in Bussels and throughout Belgium. The acquisition has significantly increased the group's footprint in Belgium, complementing the group's strong network presence in Europe. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

The assets and liabilities recognised with their fair value as a result of the acquisition are as follows:

	Fair Value €'m
Other receivables and prepayments	0.7
Plant and equipment	16.6
Intangible assets	24.1
Deferred revenue	(2.9)
Net identifiable assets acquired	<u>38.5</u>
Add: Goodwill	<u>10.4</u>
Total purchase consideration	<u>48.9</u>

The goodwill is attributable to the expected synergies that will be derived from the combination of the operations and network of the acquiree with the acquirer. It will not be deductible for tax purposes.

The acquired business contributed revenues of €2.9m and net profit of €0.9m to the Group for the period from 28 April 2023 to 31 December 2023. If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and loss for the year ended 31 December 2023 would have been €243.5m and €65.6m respectively. These amounts have been calculated using the business branch's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2023, together with the consequential tax effects.

Purchase consideration – cash outflow	€'m
Consideration by way of cash	48.9
Acquisition-related costs	1.7
Net outflow of cash – investing activities	<u>50.6</u>

The acquisition related costs of €1.7m in form of asset transfer tax were directly attributable to the acquisition of plant and equipment of €16.6m and have therefore been capitalised. This means acquired plant and equipment amounts to a total value of €18.3m.

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12. Plant and equipment

Group	Telecom networks €'m	Network equipments €'m	Office furniture & equipment €'m	Assets under construction €'m	Right of use assets €'m	Total €'m
Cost						
At 1 January 2023	1,144.8	372.7	8.5	11.4	247.6	1,785.0
Additions during the year	39.7	40.9	0.4	55.2	47.9	184.1
Acquired through business combinations	18.3	-	-	-	-	18.3
Modifications	-	-	-	-	33.1	33.1
Disposals during the year	(9.8)	(0.9)	(0.2)	-	(36.1)	(47.0)
Reclassifications	6.2	-	-	(6.2)	-	-
Balance at 31 December 2023	1,199.2	412.7	8.7	60.4	292.5	1,973.5
Accumulated depreciation						
At 1 January 2023	414.1	188.8	4.2	-	100.6	707.7
Depreciation during the year	92.0	54.0	1.1	-	40.4	187.5
Disposals during the year	(7.5)	(0.9)	(0.1)	-	(16.0)	(24.5)
Reclassifications	-	-	-	-	-	-
Balance at 31 December 2023	498.6	241.9	5.2	-	125.0	870.7
Accumulated Impairment						
At 1 January 2023	-	-	-	-	2.5	2.5
Impairment on active assets or leases	0.9	4.1	0.1	-	-	5.1
Balance at 31 December 2023	0.9	4.1	0.1	-	2.5	7.6
Net book value 31 December 2023	699.7	166.7	3.4	60.4	165.0	1,095.2
Net book value 31 December 2022	730.7	183.9	4.3	11.4	144.5	1,074.8

A review of the useful life led to an increase from 20 to 35 years for telecommunication networks while the useful life of certain network equipment assets, mainly data centre assets, was reduced due to technological advances. The change was applied from 1 November 2023. The in year effect was a one-off increase in depreciation of €5.4m in relation to the reduction of the useful life for network equipment and a simultaneous decrease of depreciation of €1.4m in relation to the increase of the useful life of telecommunication networks.

An impairment loss of €5.1m was recognised in respect of Dutch data centre assets. The fair value of these assets was deemed to be €1 after taking into account energy saving requirements for data centres under the Dutch Energy Efficiency Act coming into effect from 1 January 2027 and estimated disposal costs.

Right-of-use assets

Group	Telecom Networks €'m	Datacentres €'m	Offices €'m	Total €'m
Cost				
At 1 January 2023	224.4	18.4	4.8	247.6
On lease commencement	47.7	0.2	-	47.9
On lease modification	30.3	2.8	-	33.1
On lease expiration	(35.5)	(0.1)	(0.5)	(36.1)
Balance at 31 December 2023	266.9	21.3	4.3	292.5
Accumulated Depreciation				
At 1 January 2023	90.1	9.5	1.0	100.6
Depreciation on active lease	37.5	2.2	0.7	40.4
Depreciation on lease expiration	(15.6)	(0.1)	(0.3)	(16.0)
Balance at 31 December 2023	112.0	11.6	1.4	125.0
Accumulated Impairment				
At 1 January 2023	-	2.5	-	2.5
Impairment on active lease	-	-	-	-
Balance at 31 December 2023	-	2.5	-	2.5
Net book value 31 December 2023	154.9	7.2	2.9	165.0
Net book value 31 December 2022	134.3	6.4	3.8	144.5

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13. Intangible assets

Group	Customer contracts	Intellectual		Goodwill	Total
	€'m	Software	property		
Cost					
At 1 January 2023	49.9	16.0	0.3	329.8	396.0
Additions	-	4.9	-	-	4.9
Acquired through business combinations	24.1	-	-	10.4	34.5
Balance at 31 December 2023	<u>74.0</u>	<u>20.9</u>	<u>0.3</u>	<u>340.2</u>	<u>435.4</u>
Accumulated depreciation					
At 1 January 2023	21.7	8.5	-	-	30.2
Amortisation	4.5	3.3	-	-	7.8
Balance at 31 December 2023	<u>26.2</u>	<u>11.8</u>	<u>-</u>	<u>-</u>	<u>38.0</u>
Net book value at 31 December 2023	<u>47.8</u>	<u>9.1</u>	<u>0.3</u>	<u>340.2</u>	<u>397.4</u>
Net book value 31 December 2022	<u>28.2</u>	<u>7.5</u>	<u>0.3</u>	<u>329.8</u>	<u>365.8</u>

The goodwill has been allocated to two CGUs, which are also the reportable operating segments, for impairment testing as follows:

	Network business 31 Dec 2023 €'m	Data centres & colocation 31 Dec 2023 €'m	Total 31 Dec 2023 €'m
Goodwill	<u>315.3</u>	<u>24.9</u>	<u>340.2</u>
	Network business 31 Dec 2022 €'m	Data centres & colocation 31 Dec 2022 €'m	Total 31 Dec 2022 €'m
Goodwill	<u>304.9</u>	<u>24.9</u>	<u>329.8</u>

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13. Intangible assets (cont'd.)

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and expected changes to revenue and costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in revenue and costs are based on past practices and expectations of future changes in the market.

The key assumptions adopted for the testing include:

- a) Pre-tax discount rate - management assessed its weighted average cost of capital and adjusted this rate for asset specific risks as at 31 December 2023 in determining an appropriate pre-tax discount rate for impairment purposes. The resulting discount rate calculated was 9.52% (2022: 10.06%).
- b) Cash flows – Value-in-use calculations are based on cash flows expected to be generated by the Group over the next 4 years, and are aligned with the long-term forecast approved by the Board of Directors of euNetworks GP LLC who manage the Partnership. The long-term forecast approved by the Board incorporates forecast operating cash flows for the Network business and Data centres and colocation cash generating units. All cash flow projections were completed in Euros.
- c) The terminal value growth rate applied is 2.5% (2022: 2.5%).
- d) Sensitivity testing has been performed on the value-in-use model applied for a reasonably possible change in key assumptions. For both the Network business and Data Centre and colocation CGUs, the model showed sufficient headroom over the carrying value of assets, further indicating no impairment loss is required at 31 December 2023 (2022: €nil).

The testing carried out at the end of the period indicated that both the Network business and Data Centre and colocation assets and associated goodwill do not require impairment. Management believes that any reasonably possible change in the above key assumptions applied is not likely to materially cause the recoverable amounts to be lower than their carrying amounts.

14. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position of the Group as follows:

	31 Dec 2023 €'m	31 Dec 2022 €'m
Deferred tax assets		
- to be recovered after one year	-	-
Deferred tax liabilities		
- to be settled after one year	(36.0)	(59.3)

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14. Deferred tax assets / (liabilities) - (cont'd.)

The movements in deferred tax assets are as follows:

	Difference in amortisation of intangibles €'m	Difference in depreciation for tax purposes €'m	Losses Provisions €'m	Total €'m
At 1 January 2023	-	-	-	-
Charged to profit or loss deferred tax assets	-	-	-	-
At 31 December 2023	-	-	-	-

	Difference in amortisation of intangibles €'m	Difference in depreciation for tax purposes €'m	Losses Provisions €'m	Total €'m
At 1 January 2022	-	-	-	-
Charged to profit or loss deferred tax assets	-	-	-	-
At 31 December 2022	-	-	-	-

The movements in deferred tax liabilities are as follows:

	Difference in amortisation of intangibles €'m	Difference in depreciation for tax purposes €'m	Losses Provisions €'m	Total €'m
At 1 January 2023	7.4	85.5	(33.6)	59.3
Charged to profit or loss	-	(10.6)	(12.7)	(23.3)
At 31 December 2023	7.4	74.9	(46.3)	36.0

	Difference in amortisation of intangibles €'m	Difference in depreciation for tax purposes €'m	Losses Provisions €'m	Total €'m
At 1 January 2022	7.4	106.6	(9.7)	104.3
Charged to profit or loss	-	(21.1)	(23.9)	(45.0)
At 31 December 2022	7.4	85.5	(33.6)	59.3

At the end of the financial period, the Group had unutilised tax losses and other tax attributes of approximately €170.7m (2022: €151.5m) which are available for offset against future taxable profits. Deferred tax assets of €46.3m (2022: €33.6m) in respect of such losses and other attributes were fully offset against deferred tax liabilities.

The Partnership has not recognised, nor has available any deferred tax assets or liabilities (2022: €nil).

15. Prepayments

	31 Dec 2023 €'m	31 Dec 2022 €'m
Non-current	12.9	9.4
Current	6.3	5.8
	<u>19.2</u>	<u>15.2</u>

Prepayments mainly pertain to network expense, fibre and office rentals and insurance paid in advance.

The Partnership had no prepayments (2022: €nil).

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16. Investment in subsidiary

The details of subsidiaries are as follows:

Name	Country of incorporation	Registered address	Nature of business
euNetworks Holdings 4 Limited	Cayman Islands	PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands	Investment holding company
euNetworks Holdings 3 Limited	United Kingdom (England)	5 Churchill Place London E14 5HU	Investment holding company
euNetworks Holdings 2 Limited	United Kingdom (England)	5 Churchill Place London E14 5HU	Investment holding company
euNetworks Holdings Limited	United Kingdom (England)	5 Churchill Place London E14 5HU	Investment holding company
euNetworks Group Limited	United Kingdom (England)	5 Churchill Place London E14 5HU	Investment holding company
euNetworks GmbH	Germany	Theodor-Heuss-Allee 112, 60486 Frankfurt am Main Deutschland	Data network services
euNetworks Ireland Private Fiber Limited	Ireland	Suite D16 (2nd Floor M), The Cubes Offices, Beacon South Quarter, Sandyford, Dublin 18, Ireland	Data network services
euNetworks B.V.	The Netherlands	Paul van Vlissingenstraat 16, 1096 BL Amsterdam, The Netherlands.	Data network services
euNetworks Data Centres BV	The Netherlands	Paul van Vlissingenstraat 16, 1096 BL Amsterdam, The Netherlands.	Data network services

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16. Investment in subsidiary (cont'd.)

The details of subsidiaries are as follows (cont'd):

Name	Country of incorporation	Registered address	Nature of business
euNetworks Fiber UK Limited	United Kingdom (England)	5 Churchill Place London E14 5HU	Data network services
euNetworks SAS	France	16-18 rue de Londres 75009 Paris, France	Data network services
euNetworks Belgium BV	Belgium	Blvd Louis Schmidlaan 119, Bus 3, Brussels 1040	Data network services
euNetworks AG	Switzerland	c/o Kämpfen Rechtsanwälte Gerechtigkeitsgasse 23 8001 Zürich, Switzerland	Data network services
euNetworks srl	Italy	Viale Abruzzi, 94, 20131 Milan, Italy.	Data network services
euNetworks Fiber S.L.	Spain	Calle Velázquez , 53, Madrid, Spain	Infrastructure provision
euNetworks AT GmbH	Austria	Modecenterstraße 22, 1030 Wien Austria	Infrastructure provision
Rockabill Cable Systems Limited	Ireland	Suite D16 (2nd Floor M), The Cubes Offices, Beacon South Quarter, Sandyford, Dublin 18, Ireland	Infrastructure provision
euNetworks The Loop Limited	UK	5 Churchill Place London E14 5HU	Infrastructure provision

The Partnership has an effective equity interest of 100% in all subsidiaries as at 31 December 2023 (2022: 100%).

euNetworks 1 Pte Limited, Singapore, was dissolved on 3 January 2023, while euNetworks DCH BV, The Netherlands, was dissolved on 20 September 2023. Both companies were previously dormant.

On 12 March 2024, euNetworks Services BG EOOD was incorporated in Bulgaria. The company is a wholly-owned subsidiary of euNetworks Group Limited.

17. Infrastructure assets held for resale

The infrastructure assets, previously held for resale (2022: €0.1m), was sold during the year.

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18. Trade receivables

	31 Dec 2023 €'m	31 Dec 2022 €'m
Amounts due from third parties	39.4	29.6
Allowance for doubtful trade receivables	(0.2)	(0.2)
	<u>39.2</u>	<u>29.4</u>

The Group does not hold collateral as security for its trade receivables.

Movements in allowance for doubtful trade receivables are as follows:

	31 Dec 2023 €'m	31 Dec 2022 €'m
Balance at 1 January	0.2	0.4
Deducted against allowance	-	(0.2)
Balance at 31 December	<u>0.2</u>	<u>0.2</u>

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Specific provisions	Total
Expected loss rate	0.2%	0.3%	0.5%	1.3%	0.0%	
Gross carrying amounts - trade receivables	€'m 18.3	13.9	4.1	3.1	-	39.4
Loss allowance	€'m 0.0	0.0	0.0	0.1	0.1	0.2

The age analysis of trade receivables past due but not impaired is as follows:

	31 Dec 2023 €'m	31 Dec 2022 €'m
Days due:		
0 - 90 days	17.9	12.9
91 - 180 days	2.6	0.4
181 days and over	0.5	0.6
Total	<u>21.0</u>	<u>13.9</u>

Management considers that the carrying amount of trade receivables in the financial statements approximates to their fair values.

Trade receivables that were past due and not impaired are due from substantial companies with a good collection track record with the Group.

The currency profiles of the Group's trade receivables as at 31 December are as follows:

	31 Dec 2023 €'m	31 Dec 2022 €'m
Euro	30.2	19.9
Pound Sterling	8.6	9.1
US Dollar	0.2	0.2
Swiss Franc	0.2	0.2
	<u>39.2</u>	<u>29.4</u>

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19. Other receivables

	31 Dec 2023	31 Dec 2022
	€'m	€'m
Deposits	0.5	0.4
Sundry receivables	17.1	7.8
	<u>17.6</u>	<u>8.2</u>

The currency profiles of the Group's other receivables at 31 December are as follows:

	31 Dec 2023	31 Dec 2022
	€'m	€'m
Euro	17.6	7.9
Pound Sterling	-	0.3
Swiss Franc	-	-
	<u>17.6</u>	<u>8.2</u>

The Partnership had no other receivables (2022: €nil).

20. Cash and cash equivalents

The currency profiles of the Group's cash and cash equivalents as at 31 December are as follows:

	31 Dec 2023	31 Dec 2022
	€'m	€'m
Bank balances	48.3	39.9
Short-term deposits	1.5	1.5
	<u>49.8</u>	<u>41.4</u>

The Partnership had no cash and cash equivalents (2022: €nil).

The currency profiles of the Group's cash and cash equivalents as at 31 December are as follows:

	31 Dec 2023	31 Dec 2022
	€'m	€'m
Euro	40.2	33.3
Pound Sterling	7.0	4.9
US Dollar	2.4	2.1
Others	0.2	1.1
	<u>49.8</u>	<u>41.4</u>

Bank deposits are mainly deposits with banks with high credit ratings assigned by international rating agencies. The majority of these short term deposits are bank accounts that guarantee services provided by certain suppliers and are therefore in place month to month as long the Group uses those suppliers.

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21. Deferred revenue

	31 Dec 2023	31 Dec 2022
	€'m	€'m
The deferred revenue will be released		
- within one financial year	16.7	15.9
Total current deferred revenue	<u>16.7</u>	<u>15.9</u>
- Between two and five financial years	48.8	38.7
- more than five financial years	65.4	48.1
Total non-current deferred revenue	<u>114.2</u>	<u>86.8</u>
Total deferred revenue	<u>130.9</u>	<u>102.7</u>

Deferred revenue is a contract liability and comprises dark fibre leases, operational and maintenance services as well as installation fees paid in advance.

The Partnership had no deferred revenue (2022: €nil).

22. Liabilities - right of use assets

Group				
Lease payment ageing profile	Telecom Network	Datacentres	Offices	Total
	€'m	€'m	€'m	€'m
Up to 3 months	11.3	0.7	0.2	12.2
3 to 12 months	25.4	2.1	0.6	28.1
1 to 2 years	27.7	2.8	0.4	30.9
2 to 5 years	41.8	3.2	1.4	46.4
More than 5 years	52.4	0.4	0.6	53.4
At 31 December 2023	<u>158.6</u>	<u>9.2</u>	<u>3.2</u>	<u>171.0</u>
Due within one year	36.7	2.8	0.8	40.3
Due in more than a year	121.9	6.4	2.4	130.7
At 31 December 2023	<u>158.6</u>	<u>9.2</u>	<u>3.2</u>	<u>171.0</u>

Group				
Lease payment ageing profile	Telecom Network	Datacentres	Offices	Total
	€'m	€'m	€'m	€'m
Up to 3 months	10.3	0.7	0.1	11.1
3 to 12 months	22.1	2.0	0.7	24.8
1 to 2 years	27.9	2.3	0.8	31.0
2 to 5 years	36.2	3.6	1.5	41.3
More than 5 years	42.1	0.4	1.1	43.6
At 31 December 2022	<u>138.6</u>	<u>9.0</u>	<u>4.2</u>	<u>151.8</u>
Due within one year	32.4	2.7	0.8	35.9
Due in more than a year	106.2	6.3	3.4	115.9
At 31 December 2022	<u>138.6</u>	<u>9.0</u>	<u>4.2</u>	<u>151.8</u>

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23. Trade and other payables

	31 Dec 2023 €'m	31 Dec 2022 €'m
Current liabilities		
Trade payables - owed to third parties	16.3	10.7
Accrued expenses	46.7	48.4
	<u>63.0</u>	<u>59.1</u>

No interest is charged on the trade and other payables (2022: €nil).

The currency profiles of the Group's trade and other payables as at 31 December are as follows:

	31 Dec 2023 €'m	31 Dec 2022 €'m
Euro	38.5	33.7
Pound Sterling	22.1	23.4
US Dollar	0.7	0.6
Swiss Franc	1.7	1.4
	<u>63.0</u>	<u>59.1</u>

Management considers that the carrying amount of trade and other payables in the financial statements approximates their fair value.

24. Interest bearing Borrowings

	31 Dec 2023 €'m	31 Dec 2022 €'m
Non-current		
Bank facilities and senior secured notes		
At 1 January and 31 December	<u>520.0</u>	<u>520.0</u>
Bank loan - Revolving credit facility ("RCF")		
At 1 January	30.0	-
RCF draw downs in the year/period	<u>120.0</u>	<u>30.0</u>
At 31 December	150.0	30.0
Gross loan and senior secured debt at 31 December	670.0	550.0
Less: amortised debt raise costs on acquisition	<u>(6.9)</u>	<u>(8.3)</u>
Bank facilities and senior secured debt at 31 December	<u>663.1</u>	<u>541.7</u>
Maturity of the loan:		
In 2 to 5 years	670.0	160.0
Over 5 years	<u>-</u>	<u>390.0</u>
	<u>670.0</u>	<u>550.0</u>

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24. Interest bearing Borrowings (cont'd)

Secured debt facilities

In December 2021 the Group refinanced its borrowings, the group now has total facilities of €760m (made up as follows: bank facilities and senior secured notes €520m, capital expenditure facility €200m and working capital facility of €40m). These new borrowings were used to 1) repay the previous borrowings, 2) to make a capital distribution of €85m in January 2022 and 3) to provide sufficient funding going forward for the foreseeable future.

The Group's secured debt facilities are secured by a fixed and floating charge (Euribor plus 2.25%) over certain of the Group's assets.

The average effective borrowing rate during the current and prior financial periods is 3.4% (2022: 3.4%) per annum in respect of the new bank facilities and senior secured notes and 5.4% (2022: 5.1%) in respect of the capital expenditure facility and the working capital facility.

The Group has undrawn committed borrowings available at 31 December 2023 of €90m (2022: €210m), for which all conditions have been met, as part of a revolving facility of €50m (2022: €170m) for capital expenditure and €40m (2022: €40m) for working capital requirements on a mix of fixed and floating rates expiring in 3 years (2022: 4 years).

The bank loan is denominated in Euro.

Costs taken to the balance sheet in respect of this debt, to be amortised over its life, have been netted off against the debt in the consolidated statement of financial position. The amortised debt costs on the balance sheet at 31 December 2023 were €6.9m (2022: €8.3m).

Management estimates that the carrying amount of the bank loan approximates its fair value due to frequent re-pricing.

The Partnership has no interest-bearing borrowings (2022: €nil).

25. Provisions

	31 Dec 2023	31 Dec 2022
	€'m	€'m
At 1 January	2.6	2.5
Additions in year	0.1	0.1
At 31 December	<u>2.7</u>	<u>2.6</u>

The provision relates to restoration costs of the rebuilding obligations that exist on the points of presence locations in Germany.

The Partnership has no provisions (2022: €nil).

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26. Members' interest

	Partnership		
	Class A-1 Units	Class B Profits Interest Units	€'m
At 1 January and 31 December 2023	946,021	200,899	885.2
	Class A-1 Units	Class B Profits Interest Units	€'m
At 1 January 2022	946,021	200,899	970.2
Members Class A-1 Units capital repayment	-	-	(85.0)
At 31 December 2022	946,021	200,899	885.2

Class B Profits Interest Units are awarded to the employees of the Group at the discretion of the Board of Directors. As at period ended 31 December 2023, the total value of Class B Profits interest units stood at €1,867,682 (2022: €1,867,682).

27. Reserves

i) Employee share option reserve
 In 2018 a new Long Term Incentive Plan (The Management Equity Plan) was set up by the Partnership, the interests in which, could be realised on the investors in the Partnership realising their investments. The movement in the incentive plan reserves is disclosed on Page 15.

ii) Hedging reserve
 The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 32 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 2.13.

Cash flow hedge reserve - interest rate swaps	31 Dec 2023	31 Dec 2022
	€'m	€'m
Opening balance 1 January	8.8	-
(Less)/Add: Change in fair value of hedging instrument recognised in reserves for the year	(0.1)	8.8
(Less): reclassified from OCI to profit or loss - included in finance costs	(3.8)	-
Closing balance 31 December	<u>4.9</u>	<u>8.8</u>

iii) Retained earnings
 The profit and loss reserve contains the gains and losses recognised in the consolidated income statement. The movement in profit and loss reserves is disclosed on Page 15.

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28. Changes in working capital

	31 Dec 2023	31 Dec 2022
	€'m	€'m
(Increase) in trade receivables	(9.6)	(2.9)
(Increase)/Decrease in other receivables and prepayments	(11.2)	6.9
Increase in trade and other payables	2.0	1.2
Increase in deferred revenue	25.1	11.3
Increase in provisions	0.1	0.1
	<u>6.4</u>	<u>16.6</u>

29. Commitments

Capital commitments

As at the end of the financial period, commitments in respect of capital expenditure are as follows:

Group	31 Dec 2023	31 Dec 2022
	€'m	€'m
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of plant and equipment	104.1	112.9
	<u>104.1</u>	<u>112.9</u>

The Partnership had no capital commitments (2022: €nil).

30. Related parties disclosures

Key management personnel remuneration is disclosed in Note 7.

31. Long term incentive plan

In the period to 31 December 2018 a Long Term Incentive Plan was set up by euNetworks Holdings LP. Certain employees received Class B Profits Interest Units in the LP, these interests vest either; i) over 4 years commencing on their date of issue or ii) they fully vest on a disposal or change of control of euNetworks Holdings LP and its subsidiary undertakings. There were 200,899 Class B Profits Interest Units in issue as at 31 December 2023 (2022: 200,899).

The fair value of the Class B Profits Interest Units in the Long Term Incentive Plan which was calculated using a Monte Carlo simulation at the time of the initial issue of the interests was €35.9m. There was no fair value charge for the period in respect of the Class B Profits Interest Units (2022: €0.2m).

32. Financial risk management objectives and policies

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

The Group uses financial instruments such as foreign currency forward contracts and interest rate swaps to hedge certain financial risk exposures.

The Board of Directors was, during the period, responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then established the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by a central finance team in accordance with the policies set by the management. Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between cost of risks occurring and the cost of managing risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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32. Financial risk management objectives and policies (cont'd.)

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

Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group has no significant concentration of credit risk because trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial conditions of trade receivables.

For banks and financial institutions, only independently rated and regulated parties are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management.

With respect to credit risk arising from the other financial assets of the Group and the Partnership, which comprise cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments. The management does not expect counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Group and the Partnership will not be able to meet its financial obligations as they fall due. The Group and the Partnership manage the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's and the Partnership's business operations, future capital expenditure and for working capital purposes. The Group's and the Partnership's objectives are to maintain a balance between continuing of funding and flexibility through the use of term loans and revolving credit facilities and may consider other fund raising exercises such as convertible bond issues, right issues, private placements or equity-related exercise.

The Group prepares regular rolling cash flow forecasts which are reviewed by management. Liquidity is managed centrally by the Group finance function. The following table detail the Group's and Partnership's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive (or pay). The table includes both interest and principal cash flows.

Group	Effective interest rate %	Between 3					Total €'m
		Up to 3 months €'m	to 12 months €'m	Between 1 to 2 years €'m	Between 2 to 5 years €'m	Over 5 years €'m	
Financial assets							
Cash and cash equivalents		49.8	-	-	-	-	49.8
Trade and other receivables		56.8	-	-	-	-	56.8
At 31 Dec 2023		106.6	-	-	-	-	106.6
Financial liabilities							
Trade and other payables		63.0	-	-	-	-	63.0
Bank loan	3.8	-	-	-	670.0	-	670.0
At 31 Dec 2023		63.0	-	-	670.0	-	733.0

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32. Financial risk management objectives and policies (cont'd.)

Liquidity risk (cont'd.)

Group	Effective interest rate %	Up to 3 months €m	to 12 months €m	Between 1 to 2 years €m	Between 2 to 5 years €m	Over 5 years €m	Total €m
Financial assets							
Cash and cash equivalents		41.4	-	-	-	-	41.4
Trade and other receivables		37.6	-	-	-	-	37.6
At 31 Dec 2022		79.0	-	-	-	-	79.0
Financial liabilities							
Trade and other payables		59.1	-	-	-	-	59.1
Bank loan	3.4	-	-	-	160.0	390.0	550.0
At 31 Dec 2022		59.1	-	-	160.0	390.0	609.1

The Partnership did not have any financial obligations during the year (2022: €nil)

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates could result in changes in interest income and expense as well as the value of financial instruments.

The Group's income and operating cash flows are substantially independent of changes in market interest rate. The Group has no significant interest-bearing assets and liabilities other than the bank debt drawn down during the financial period.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its variable rate loans. At the end of 2023, swaps cover 46% (2022: 81%) of the variable secured debt facility outstanding while 58% (2022: 71%) of the group's total secured debt facility are fixed rate borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for non-derivative instruments at the end of the financial period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole period. The sensitivity analysis assumes an instantaneous 5% change in the interest rates from the end of the financial period, with all variables held constant.

Increase / (decrease) in consolidated statement of profit or loss and other comprehensive income	31 Dec 2023 €m	31 Dec 2022 €m
Bank loan		
Interest rate increases by 5%	(33.5)	(27.5)
Interest rate reduced to 0%	19.4	15.4

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates could result in fluctuation in the value of assets, liabilities, revenue and costs where the underlying transactions and balances are held in foreign currency.

The Group mainly operates in the Euro zone, most of the transactions in relation to the European business are concluded in Euro and the functional currency of all subsidiaries is Euro.

The Group did not use derivative financial instruments to hedge its foreign currency risk in financial year ended 31 December 2023 (2022: none).

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32. Financial risk management objectives and policies (cont'd.)

Foreign currency sensitivity analysis

The Group is mainly exposed to Pound sterling. During 2023 this exposure was mitigated by the fact that Pound Sterling revenue and Pound Sterling costs, excluding capital expenditure, were closely matched and therefore the Group was naturally hedged.

The following table details the Group's sensitivity to a change of 10 eurocent against the Pound sterling. The sensitivity analysis assumes an instantaneous change of 10 eurocent for a Pound sterling in the foreign currency exchange rates from the statement of financial position date, with all variables held constant.

Increase / (decrease) in consolidated statement of profit or loss and other comprehensive income	31 Dec 2023	31 Dec 2022
Pound Sterling	€'m	€'m
Strengthens against Euro	(0.6)	(0.9)
Weakens against Euro	0.6	0.9

33. Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

A summary of the financial instrument held by category is provided below:

Group	31 Dec 2023	31 Dec 2022
	€'m	€'m
Financial assets		
Cash and cash equivalents	49.8	41.4
Trade and other receivables	56.8	37.6
Hedging derivatives - interest rate swap current	3.8	-
Hedging derivatives - interest rate swap non-current	1.1	8.8
Total loans and receivables	<u>111.5</u>	<u>87.8</u>
Financial liabilities		
Trade and other payables	63.0	59.1
Interest bearing borrowings	663.1	541.7
Total financial liabilities at amortised cost	<u>726.1</u>	<u>600.8</u>

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34. Capital management policies and objectives

The management's policy is to ensure that the Group is able to continue as a going concern and to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group regards the equity attributable to shareholders as capital. Equity is represented by net assets.

The Group's management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group balances its overall capital structure through new share issues, the issue of new debt and the redemption of existing debt.

Group	31 Dec 2023 €'m	31 Dec 2022 €'m
Interest bearing borrowings	663.1	541.7
Cash and cash equivalents	(49.8)	(41.4)
Net debt	<u>613.3</u>	<u>500.3</u>
Total equity	<u>554.4</u>	<u>624.3</u>
Total capital	<u>1,167.7</u>	<u>1,124.6</u>
Gearing ratio	52.5%	44.5%

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. The total capital is calculated as equity plus net debt.

The Board regularly reviews the funding profile of the Group and determines the issue or redemption of financial instruments to meet the Group's funding requirement while ensuring an appropriate balance between debt and equity.

There are no further changes in the Group's approach to capital management during the financial period.

Neither the Partnership nor any of its subsidiaries are subject to externally imposed capital requirements.

35. Post balance sheet events

On 2 May 2023 Stonepeak, the Group's majority investor since January 2018, announced the recapitalisation of euNetworks alongside strategic investments from APG Asset Management and Investment Management Corporation of Ontario. The transaction is undergoing regulatory approvals and is expected to close in the the third quarter of 2024.

On 4 June 2024 the Company refinanced its existing debt, achieving the following key objectives while maintaining the current debt's pricing levels:

- (a) clean down 190m of capex facility through raising a new term loan;
- (b) extend all the bank tranches of term loan from maturing in Nov-26 to May-29 (5 years from close of the refinance);
- (c) increase the size of the revolving facilities from €240m to €550m.

36. Ultimate parent undertaking

The Directors considered Stonepeak Infrastructure Fund II Cayman (S) Upper LP a Cayman Islands limited partnership to be the ultimate parent undertaking as at the years ended 31 December 2023 and 31 December 2022.

As at the date of signing these financial statements in the opinion of the Directors, Michael Dorrell is the controlling party.