

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you should immediately consult your independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document comprises a supplementary prospectus (the "**Supplementary Prospectus**" which definition shall include all information incorporated by reference herein) relating to Digital 9 Infrastructure plc (the "**Company**") and has been prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the "**FCA**") made under section 73(A) of the FSMA (the "**Prospectus Regulation Rules**"). A copy of this Supplementary Prospectus has been filed with and approved by the FCA pursuant to section 87A of FSMA and will be made available to the public in accordance with Article 21 of Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") and the regulations made under the EUWA (as amended or superseded, the "**UK Prospectus Regulation**").

This Supplementary Prospectus is supplementary to, and must be read in conjunction with, the prospectus published by the Company on 8 March 2021 (the "**Prospectus**") in connection with the placing and offer for subscription of up to 400,000,000 Ordinary Shares and the Placing Programme for up to a further 750 million Ordinary Shares in one or more tranches throughout the period commencing on 8 March 2021 to 7 March 2022.

Except as expressly stated herein, or unless the context otherwise requires, capitalised terms contained in this Supplementary Prospectus shall have the meanings given to such terms in the Prospectus.

This Supplementary Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Supplementary Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation and such approval shall not be considered as an endorsement of the Company or the quality of the Ordinary Shares that are the subject of this Supplementary Prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

The Company and the Directors, whose names are set out on page 50 of the Prospectus, accept responsibility for this Supplementary Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Supplementary Prospectus is in accordance with the facts and this Supplementary Prospectus does not omit anything likely to affect its import.

Aqua Comms and each of the Aqua Comms directors, whose names and functions appear on page 8 of this Supplementary Prospectus, accept responsibility for the statements relating to Aqua Comms in this Supplementary Prospectus (the "**Aqua Comms Statements**"). To the best of the knowledge of Aqua Comms and the Aqua Comms directors, the Aqua Comms Statements contained in this Supplementary Prospectus are in accordance with the facts and the Aqua Comms Statements do not omit anything likely to affect their import.

PROSPECTIVE INVESTORS SHOULD READ THIS SUPPLEMENTARY PROSPECTUS AND THE PROSPECTUS, AND ANY DOCUMENT INCORPORATED IN THE PROSPECTUS AND THIS SUPPLEMENTARY PROSPECTUS BY REFERENCE, AS A WHOLE. IN PARTICULAR, PROSPECTIVE INVESTORS ARE ADVISED TO EXAMINE ALL THE RISKS THAT MIGHT BE RELEVANT IN CONNECTION WITH AN INVESTMENT AS SET OUT IN THE SECTION OF THE PROSPECTUS ENTITLED "RISK FACTORS".

DIGITAL 9 INFRASTRUCTURE PLC

(A public company limited by shares incorporated under the laws of Jersey with registered number 133380)

SUPPLEMENTARY PROSPECTUS PLACING PROGRAMME OF UP TO 750 MILLION ORDINARY SHARES

Investment Manager

TRIPLE POINT INVESTMENT MANAGEMENT LLP

Financial Adviser

AKUR CAPITAL

Global Coordinator and Sole Bookrunner

J.P. MORGAN CAZENOVE

Akur Limited (trading as Akur Capital) ("**Akur**") which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no-one else, will not regard any other person (whether or not a recipient of this Supplementary Prospectus) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Akur, nor for providing advice, the contents of this Supplementary Prospectus or any matters referred to herein.

J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**") which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no-one else, will not regard any other person (whether or not a recipient of this Supplementary Prospectus) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove, nor for providing advice, the contents of this Supplementary Prospectus or any matters referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Akur and J.P. Morgan Cazenove by FSMA, or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, each of Akur and J.P. Morgan Cazenove and any person affiliated with them do not accept any responsibility whatsoever and make no representation or warranty, express or implied, for the contents of this Supplementary Prospectus, including its accuracy or completeness, or for any other statement made or purported to be made by any of them, or on behalf of them, by or on behalf of the Company or any other person in connection with the Company or the Ordinary Shares and nothing contained in this Supplementary Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Each of Akur and J.P. Morgan Cazenove and any of their respective affiliates accordingly disclaim to the fullest extent permitted by law all and any responsibility or liability whatsoever whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplementary Prospectus or any such statement.

Investors should rely only on the information contained in this Supplementary Prospectus (together with the Prospectus). No person has been authorised to give any information or make any representations other than those contained in this Supplementary Prospectus (together with the Prospectus) and, if given or made, such information or representations must not be relied upon as having been so authorised by the Group, the Investment Manager, the Financial Adviser or the Global Coordinator and Sole Bookrunner. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the delivery of this Supplementary Prospectus (together with the Prospectus), under any circumstances, creates no implication that there has been no change in the affairs of the Group since the date of this Supplementary Prospectus.

Each of Akur and J.P. Morgan Cazenove and any their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Investment Manager, for which they would have received customary fees. Each of Akur and J.P. Morgan Cazenove and any of their respective affiliates may provide such services to the Company and the Investment Manager and any of their respective affiliates in the future.

The contents of this Supplementary Prospectus are not to be construed as legal, financial, business, investment or tax advice. Investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial, business, investment or tax advice. Investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Ordinary Shares. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, financial, business, investment, tax, or other any related matters concerning the Company and an investment therein. None of the Group, the Investment Manager, the Financial Adviser or the Global Coordinator and Sole Bookrunner or any of their respective representatives is making any representation to any offeree or purchaser of Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

No action has been taken to permit the distribution of this Supplementary Prospectus in any jurisdiction other than the United Kingdom. Accordingly, this Supplementary Prospectus may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Supplementary Prospectus is not being sent to investors with registered addresses in Canada, Australia, the Republic of South Africa, New Zealand, Japan or, except in the limited circumstances described in the Prospectus, the United States, or any other jurisdiction where it would be unlawful to do so, and does not constitute an offer to sell, or the solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Supplementary Prospectus is not for release, publication or distribution in or into Canada, Australia, the Republic of South Africa, New Zealand, Japan or, except in the limited circumstances described in the Prospectus, the United States, or any other jurisdiction where it would be unlawful to do so.

Notice to U.S. and other overseas investors

This Supplementary Prospectus document may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, Akur and/or J.P. Morgan Cazenove or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of South Africa or Japan. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Canada, Australia, the Republic of South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the

U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**") and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Ordinary Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation.

Any person in the United States who obtains a copy of this document is requested to disregard it.

Eligibility for investment by UCITS or NURS

The Ordinary Shares should be "transferable securities" and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in Jersey as a public limited company; (ii) the Ordinary Shares are to be admitted to trading on the Main Market; and (iii) the AIFM is a full scope UK alternative investment fund manager under the AIFMD and the UK AIFMD Rules and is regulated by the FCA and, as such, is subject to the FCA's rules for the purpose of investor protection. The manager of a UCITS or NURS should, however, satisfy itself that the Ordinary Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Scheme Sourcebook of the FCA Handbook.

General

In relation to the United Kingdom, which has implemented the AIFM Directive by virtue of the UK AIFM Legislation, and each jurisdiction in the EEA that has implemented the AIFM Directive, no Ordinary Shares have been or will be directly or indirectly offered to or placed with investors in the United Kingdom or a jurisdiction within the EEA at the initiative of or on behalf of the Company or the Investment Manager other than in accordance with methods permitted in the United Kingdom or that member state.

Copies of this Supplementary Prospectus (along with the Prospectus) will be available on the Company's website (www.d9infrastructure.com) and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and hard copies of this document can be obtained free of charge from Hanway Advisory Limited.

Jersey regulatory statements

The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice. Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at www.jerseyfsc.org.

This document is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds — Prospectuses) (Jersey) Order 2012. The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this document. Each prospective investor in the Company is strongly recommended to read and consider this document before making a decision to invest.

Certain Jersey regulatory requirements which may otherwise be deemed necessary by the Jersey Financial Services Commission for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced Jersey requirements accordingly. You are wholly responsible for ensuring that all aspects of the Company are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in this fund you should not invest in the Company.

The Company is regulated by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law 1988, as amended (the "**Funds Law**") and the subordinate legislation made thereunder. A certificate granted under Article 8B of the Funds Law is in force in relation to the Company. Jersey Financial Services Commission is protected by the Funds Law against liability arising from the discharge of its functions under that law.

EVENTS ARISING SINCE PUBLICATION OF THE PROSPECTUS

1. SIGNIFICANT NEW FACTOR

This Supplementary Prospectus is being published in relation to the Company's current Placing Programme. This Supplementary Prospectus is a regulatory requirement under the Prospectus Regulation Rules following the publication of the Aqua Comms' consolidated financial statements for the financial period ended 31 December 2020 (the "**2020 Accounts**") and the publication of the Company's unaudited interim report and accounts for the period from incorporation to 30 June 2021 ("**2021 Interim Report**") which constitute significant new factors relating to financial information contained in the Prospectus.

This Supplementary Prospectus is supplemental to the Prospectus and has been approved for publication by the FCA.

The 2020 Accounts were audited by Aqua Comms' auditor, PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm of One Spencer Dock, North Wall Quay, Dublin 1, Ireland (the "**Auditor**"). The Auditor's report was unqualified and did not include any references to any matters to which the Auditor drew attention by way of emphasis without qualifying their report.

The 2021 Interim Report is unaudited. The Company's auditor, PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH, has given an unmodified interim review report that, based on their review, nothing has come to their attention that causes them to believe that the set of financial statements in the 2021 Interim Report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

2. SUPPLEMENTS TO THE SUMMARY

As a result of the publication of the 2020 Accounts for Aqua Comms for the year ended 31 December 2020 and the publication of the 2021 Interim Report for the Company for the period from incorporation to 30 June 2021, paragraph 2 of the summary section of the Prospectus is hereby supplemented as follows:

2.3 WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER AND AQUA COMMS?

The selected information in the table below has been extracted without material adjustment from the unaudited interim financial information of the Company for the period from incorporation to 30 June 2021. No audited financial information on the Company is included in this document as the Company was incorporated on 8 January 2021 and therefore has limited financial history.

	Statement of Comprehensive Income for the period from 8 January 2021 to 30 June 2021 (unaudited) £'000
Total income	23,081
Profit on ordinary activities before taxation	16,690
Earnings per share	9.34p

	Statement of Financial Position As at 30 June 2021 (unaudited) £'000
Total net assets	482,272
Net Asset Value per share	103.34p

The selected financial information in the tables below has been extracted without material adjustment from the audited consolidated financial information of Aqua Comms for the years ended 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020.

Year to 31 December	Audited 2017 US\$m	Audited 2018 US\$m	Audited 2019 US\$m	Audited 2020 US\$m
Total revenue	15.5	21.6	28.7	30.2
Gross Profit	8.1	13.4	22.5	23.2
EBITDA	3.7	9.7	16.5	18.1

3. FINANCIAL INFORMATION RELATING TO AQUA COMMS

3.1 2020 Accounts

As a result of the publication of the 2020 Accounts for Aqua Comms for the financial period ended 31 December 2020, Part 16 of the Prospectus (page 216) is hereby supplemented as follows:

AQUA COMMS HISTORICAL FINANCIAL INFORMATION

The 2020 Accounts are reproduced at Appendix 1 to this Supplementary Prospectus.

The reference to the financial information for the 12 months ended 31 December 2020 being unaudited (and unreviewed) shall be replaced with a reference to such financial statements having been audited.

The paragraph titled "Financial information for the 12 months ended 31 December 2020" is no longer applicable, as the financial information for the 12 months ended 31 December 2020 has been audited.

The paragraph titled "Profit Estimate" is no longer applicable, as the financial information for the 12 months ended 31 December 2020 is no longer deemed to be a profit estimate as it has been superseded by the 2020 Accounts.

4. FINANCIAL INFORMATION RELATING TO THE COMPANY

The table below sets out the sections of the 2021 Interim Report which are incorporated by reference into, and form part of, the Prospectus (as amended and supplemented by the Supplementary Prospectus), The 2021 Interim Report included, amongst other things, the following information (on the pages specified in the table below). The parts of the 2021 Interim Report that are not referred to below are not relevant to investors or are covered elsewhere in the Prospectus, as amended and supplemented by this Supplementary Prospectus. To the extent that any part of the information referred to below itself contains information which is incorporated by reference, such information shall not form part of the Prospectus.

Information incorporated by reference	Page references of the Company's interim report for period from 8 January 2021 to 30 June 2021
Chairman's Statement	p.10-11
Investment Manager's Report	p.12-15
Independent Review Report	p.33
Statement of Comprehensive Income	p.36
Statement of Financial Position	p.37
Statement of Changes in Equity	p.38
Statement of Cash Flows	p.39
Notes to the Interim Financial Statements	p.40-54

5. ANNOUNCEMENTS INCORPORATED BY REFERENCE

<i>Information incorporated by reference</i>	<i>RNS announcement date</i>
Results of IPO	26 March 2021
First Day of Dealings	31 March 2021
Completion of Aqua Comms Acquisition and Total Voting Rights	1 April 2021
Appointment of J.P. Morgan Cazenove as Sole Corporate Broker	27 April 2021
Launch of Placing of new Ordinary Shares pursuant to the Placing Programme	24 May 2021
Launch of PrimaryBid offer	24 May 2021
Results of Placing and PrimaryBid offer	8 June 2021
Investment into subsea and terrestrial fibre system	28 July 2021
Acquisition of Nordic data centre	6 September 2021
Interim results for the period ending 30 June 2021	6 September 2021
Dividend declaration for period ended 30 June 2021	6 September 2021
Launch of Placing of new Ordinary Shares pursuant to the Placing Programme	13 September 2021

6. CAPITALISATION AND INDEBTEDNESS

As at the date of this Supplementary Prospectus, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness and the table below sets out the Company's capitalisation as at 30 June 2021. The capitalisation information has been extracted without material adjustment from the Company's unaudited interim financial statements for the period from 8 January 2021 to 30 June 2021.

	As at 30 June 2021 (unaudited) £'000
Equity attributable to equity holders	
Stated capital	465,582
Capital reserve	17,463
Revenue reserve	(773)
Total Equity	482,272

7. SIGNIFICANT CHANGE

There has been no significant change in the Company's financial performance and financial position since 30 June 2021, being the date to which the Company's latest interim financial statements were published.

Save to the extent disclosed below, there has been no significant change in the financial performance and financial position of Aqua Comms since 31 December 2020, being the date to which Aqua Comms' latest financial statements were published:

- On 1 April 2021, the Company completed the acquisition of the entire issued share capital of Aqua Comms and, following that, undertook a capital restructuring in August 2021, *inter alia*, to facilitate payment of distributions.

8. WITHDRAWAL RIGHTS

In accordance with Article 23(2) of the UK Prospectus Regulation and Prospectus Regulation Rule 3.4.1, investors who have agreed before this Supplementary Prospectus was published to purchase or subscribe for new Ordinary Shares the allotment of which has not become fully unconditional have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplementary Prospectus was published, to withdraw their agreement. Any such investors should contact the Delegated Company Secretary via email (cosec@hanwayadvisory.com) or by calling +44 20 7201 8989.

9. DIRECTORS OF AQUA COMMS

The directors of Aqua Comms as at the date of this Supplementary Prospectus are as set out in the table below.

Thorsten Johnsen	Non Executive Director
Edward McCormack	Non Executive Director
Alan Harper	Non Executive Director
Christopher Nigel Bayliff	Director, Chief Executive
Justin Hubble	Non Executive Director (appointed April 2021)
John Shine	Non Executive Director (appointed May 2021)

10. GENERAL

To the extent there is any inconsistency between any statement in this Supplementary Prospectus and any other statement in or incorporated by reference in the Prospectus, the statements in this Supplementary Prospectus shall prevail.

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or material inaccuracy relating to information included in the Prospectus has arisen since publication of the Prospectus.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this Supplementary Prospectus (along with the Prospectus) will be available on the Company's website (<http://www.d9infrastructure.com>) and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

21 September 2021

APPENDIX 1

**Aqua Comms audited financial information for the
12 months ended 31 December 2020**

Aqua Comms Designated Activity Company
Annual Report and Consolidated Financial Statements
Financial Year Ended 31 December 2020

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DIRECTORS AND OTHER INFORMATION

Directors

Christopher Nigel Bayliff
Justin Hubble
Edward McCormack
Alan Harper
Thorsten Johnsen

Secretary and Registered Office

Kevin Foley

The Exchange Building, 4 Foster Place
Dublin 2

Registered Number: 557774

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Solicitors

Philip Lee

7/8 Wilton Terrace
Dublin 2
Byrne Wallace
88 Harcourt Street
Dublin 2

Banks

Bank of Ireland
College Green
Dublin 2

City National Bank
400 Park Avenue 7th Floor
New York, NY 10022

DIRECTORS' REPORT

The directors are responsible for preparing the annual report, incorporating financial statements for Aqua Comms DAC (the Parent) and for Aqua Comms Group comprising Aqua Comms DAC and its subsidiaries "the Group".

Directors' responsibilities for financial statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Irish company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position as at the end of the financial year and of the profit or loss for the financial year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company and group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the group and company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records

The measures taken by the directors to secure compliance with the group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at The Exchange Building, 4 Foster Place Dublin 2.

Principal activities and business review

Aqua Comms Designated Activity Company owns and operates a group of companies that house a subsea fibre optic telecommunications network with associated cable landing stations in Ireland, Denmark, the United Kingdom and the United States. The group, as part of a consortium with other companies, has added an additional cable from the USA to Denmark during the period. The group is currently constructing another cable from Ireland through the U.K. across the North Sea to Denmark to provide uniquely diverse, high capacity routes to the U.K. & Europe and onwards to the U.S.A.. The company increased its revenue by 5% by virtue of the company selling capacity on the existing cables. The results for the year are set out in the statement of comprehensive income. The group delivered a resilient set of financial results. Maintaining financial strength is key to delivering Aqua Comms strategic objectives and the company delivered EBITDA (Earnings before interest, taxation, depreciation, impairments, amortisation) of \$18.56 million. The directors remain confident in the long term profitability of the group as set out within the going concern paragraph on note 2.

The directors consider the financial position of the group as indicated on the consolidated statement of financial position on page 11, and the financial position of the company on page 12, to be satisfactory.

DIRECTORS' REPORT - continued

Future development

The company plans to continue to develop new subsea cable networks and to exploit its existing cables. During the first half of 2021 the group expects to activate CC-2 (Across the Irish Sea) and NSC (Across the North Sea). Later in the year the company expects to bring the Irish branch of AEC-2 (a trans-Atlantic system from the US to Denmark) into service. This will complete the AEC-2 system from the US to Denmark and Ireland. The main trunk of the cable went into service during 2020. These new cables will reduce the concentration risk of the business on AEC-1 and transform the offering into a diverse resilient network. These additions have largely been funded through a combination of available cash and presales of capacity on the network.

The company continues to adapt to the changing circumstances brought about by the covid-19 global pandemic. The company continues to maintain alternative working practices to ensure the continued safety of workers. In some instances, the company's employees are working remotely and have flexibility in shift pattern.

Principal risks and uncertainties

Market risk

The company operates primarily on the North Atlantic, one of the most competitive markets in the world. Pricing has demonstrated a trend of continuing annual reductions over the past two decades. However recent data would indicate this fall is beginning to slow. The group has sought to address this risk by ensuring operating costs are the lowest in the market, maximising return from sales. It has also sought to develop a partnership sales model with complementary terrestrial networks, driving sales onto the Aqua Comms network.

Interest rate management

Under the group's interest rate management policy, interest rates on borrowings are denominated primarily in US Dollars and are at a fixed rate. In addition, fixing is undertaken for longer periods when interest rates are statistically low. Currently the group has no external debt and this risk is minimal.

Climate risk

Rising sea levels brought about by global warming could threaten the land-based stations for undersea fibre optic cables, as well as data centres and other vital international telecoms infrastructure situated in or around low lying coastal areas. The Company mitigates this risk by locating land-based stations on higher ground inland from the sea where possible, or employs the use of prefabricated structures that can be relocated if necessary.

Financial risk management

In funding its operations the group uses a mixture of debt equity and long term loan facilities. The group's ability to sell large prepaid contracts reduces its dependency on external funding. Currently there is no external funding being utilised. The directors consider the group well-funded therefore mitigating financial risk.

Credit risk

The group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The majority of trade receivables are from Blue Chip customers. Exposure is limited as services are disconnected for non-payment billing monthly in advance.

Liquidity risk

The group actively maintains a mixture of long term and short term debt finance that is designed to ensure sufficient availability of funds for operations and planned expansions. The impact of COVID-19 has been minimal since worldwide restrictions have been introduced. The groups customer base are all highly rated telecommunications providers and large internet companies, who have all seen an increase in business since the global pandemic began. The directors are satisfied there is no impact to liquidity as a result of the global pandemic.

Commodity price risk

The group has minimal exposure to commodity price risk as a result of its operations. The cost of managing exposure to commodity price risk exceeds any potential benefit. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

DIRECTORS' REPORT - continued

Principal risks and uncertainties - continued

Market disruption and concentration risk

New entrants with lean models could create pricing pressure. As more competitors launch new cables there could be price erosion. Our market position and revenues could be damaged by failing to provide the services that our customers want. The group closely monitor the competitive environment and react appropriately. The group aims to continue to be competitive in our market and our cable has the capacity and needs to cater for customers.

Foreign currency risk

The company is exposed to foreign exchange risks in the normal course of business, principally due to the fact that although the company's turnover is recorded in US Dollars, some of the underlying sales are negotiated and invoiced in various currencies. Recent economic and political uncertainty and the volatility of foreign currencies in certain regions, most notably the Euro and the British Pound, have had, and may in the future impact on revenue and operating results.

Dividends

The directors do not recommend the payment of a dividend.

Events after the reporting period

The financial statements have been prepared based upon conditions existing at 31 December 2020 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

On 8th March 2021, the shareholders of the Company exchanged contracts with Digital 9 Infrastructure plc pursuant to which Digital 9 Infrastructure plc has agreed to acquire the entire issued share capital of Aqua Comms DAC for a total enterprise value of US\$215 million, on a cash free debt free basis, conditional *inter alia* on the successful Initial Public Offering of Digital 9 Infrastructure plc on the LSE.

Research and development

The group has not engaged in qualifying research and development activities during the current year.

Ultimate parent company

Details of the parent company are set out in note 19 of the financial statements.

Accounting policies

The financial statements are prepared under the requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union. The principal accounting policies are set out in note 2 to the accounts.

Directors and directors' shareholdings

The names of the persons who were directors at any time during the year ended 31 December 2019 and up to the date of this report are set out below. Unless indicated otherwise, they served as directors for the entire period under review.

Donal Murphy	(resigned 25 th August 2020)
Saoirse O'Connor	(appointed 25 th August 2020/resigned 1 st April 2021))
Thorsten Johnsen	
Timothy Passingham	(resigned 1 st December 2020)
Edward McCormack	
Alan Harper	(appointed 1 st December 2020)
Peter Yu	(resigned 1 st April 2021)
Paul Hong	(resigned 1 st April 2021)
Nigel Bayliff	(appointed 5 th March 2021)
Alan Clarke	(resigned 5 th March 2021)
Justin Hubble	(appointed 16 th April 2021)

At 31 December 2020, the directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in paragraph 329 of the Companies Act 2014 except as set out below.

Aqua Comms Designated Activity

DIRECTORS' REPORT - continued

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net current liability position of the group, and the loss recorded for the year, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to income over the life of the relevant contracts.

The directors having recently reviewed the five year strategic plan prepared by management and are satisfied that there is a demonstrable path to future profitability.

The directors have also considered the spread of a novel strain of coronavirus (COVID-19) and it is not having a material adverse impact on the Company's ability to continue as a going concern.

The group has cash on hand of \$21.6 million at 31 December 2020 (2019: \$14.6 million). The directors are satisfied that they have sufficient funding to meet current liabilities when they fall due. It is expected that the company will pay down the existing Shareholder loan over the course of the five year planning horizon, and business will grow to position of profitability. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Audit committee

Aqua Comms Designated Activity Company is a privately owned company and the directors have deemed it necessary to have an Audit Committee. The Audit Committee includes two directors with the relevant qualification and experience coupled with the time to report back to the board on the financial statements.

Statement of Relevant Audit Information

For the purposes of Section 330 of the Companies Act 2014, each of the persons who are directors at the time when this Directors' report is approved has confirmed that:


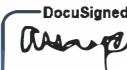
(a) so far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and

(b) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Independent auditors

The auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

Director 1	<div style="border: 1px solid black; padding: 2px;"> <small>DocuSigned by:</small>  <small>4B21027C0BDF451...</small> </div>	20/5/2021
Director 2	<div style="border: 1px solid black; padding: 2px;"> <small>DocuSigned by:</small>  <small>5805D7E8035F4C9...</small> </div>	20/5/2021



Independent auditors' report to the members of Aqua Comms Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Aqua Comms Designated Activity Company's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2020 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise:

- the Consolidated and Company Statements of Financial Position as at 31 December 2020;
 - the Consolidated Statement of Comprehensive Income for the year then ended;
 - the Consolidated and Company Statements of Cash Flows for the year then ended;
 - the Consolidated and Company Statements of Changes in Equity for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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



Reporting on other information

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

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

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities for financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.



Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company Statement of Financial Position is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Damian Byrne'.

Damian Byrne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
20 May 2021

Aqua Comms Designated Activity

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Financial Year Ended 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Continuing operations			
Revenue from contracts with customers	3	30,198	28,669
Cost of sales of goods		(7,037)	(6,203)
Gross profit		23,161	22,466
Administrative expenses		(18,286)	(18,892)
Net impairment losses on financial and contract assets		-	-
Other income	6	277	53
Other gains/(losses) – net		-	-
Operating profit	7	5,152	3,627
Finance income	9	7,807	9,668
Finance costs	9	(21,839)	(19,498)
Finance costs – net		(14,032)	(9,830)
Loss before income tax		(8,880)	(6,203)
Income tax (expense) / rebate	10	(8)	12
Loss from financial year		(8,888)	(6,191)
Other comprehensive income			
Exchange differences on translation of foreign operations		70	-
Income tax relating to these items		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive expense for the period		(8,818)	(6,191)

The accompanying notes form an integral part of the financial statements.

Aqua Comms Designated Activity

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
Non-current assets			
Property, plant and equipment	11(a)	241,450	229,681
Right-of-use assets	11(b)	17,057	19,563
Investment in sublease	11(b)	2,104	-
Total non-current assets		260,611	249,244
Current assets			
Cash and cash equivalents	18(b)	21,578	14,606
Trade and other receivables	13	27,788	32,015
Total current assets		49,366	46,621
Total assets		309,977	295,865
Non-current liabilities			
Trade and other payables	14	158,790	148,763
Borrowings	15	-	122,933
Lease liabilities	11b	19,140	18,503
Derivative financial instruments	16	-	14,332
		177,930	304,531
Current liabilities			
Trade and other payables	14	33,112	22,684
Borrowings	15	133,095	-
Derivative financial instruments	16	6,525	-
Lease Liabilities	11b	1,087	1,660
		173,819	24,344
Total liabilities	5	351,749	328,874
Equity			
Equity share capital	17	604	549
Share premium		53,095	53,095
Accumulated losses		(102,679)	(93,861)
Merger reserve		7,208	7,208
Total equity		(41,772)	(33,010)
Total liabilities and equity		309,977	295,865

On behalf of the board

Director 1  20/5/2021
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Director 2  20/5/2021
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The accompanying notes form an integral part of the financial statements.

Aqua Comms Designated Activity**COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2020**

	Notes	2020 \$'000	2019 \$'000
Assets			
Non-current assets			
Investments in subsidiaries	12	<u>823</u>	<u>823</u>
Current assets			
Cash and cash equivalents		62	-
Amounts owed by subsidiary undertakings	13	<u>155,603</u>	<u>161,360</u>
Total current assets		<u>155,666</u>	<u>161,360</u>
Total assets		<u>156,489</u>	<u>162,184</u>
Liabilities			
Non-current liabilities			
Borrowings	15	-	122,933
Derivative financial instruments	16	<u>-</u>	<u>14,332</u>
		<u>-</u>	<u>137,265</u>
Current liabilities			
Trade & other payables	14	971	971
Borrowings	15	133,095	-
Derivative financial instruments	16	<u>6,525</u>	<u>-</u>
		<u>140,591</u>	<u>971</u>
Total liabilities		<u>140,591</u>	<u>138,236</u>
Equity			
Equity share capital	17	604	549
Share premium		53,095	53,095
Accumulated Losses		<u>(37,801)</u>	<u>(29,696)</u>
Total equity		<u>15,898</u>	<u>23,948</u>
Total liabilities and equity		<u>156,489</u>	<u>162,184</u>

On behalf of the board

Director 1  20/5/2021
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Director 2  20/5/2021
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The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Cash generated from operations	18(a)	39,990	27,357
Interest received		-	-
Income taxes refund		31	12
Net cash generated from operating activities		40,021	27,369
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		-	-
Payments for property, plant and equipment		(21,332)	(14,653)
Interest received on financial assets held as investments		-	-
Net cash used in investing activities		(21,332)	(14,653)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		55	-
Repayment of borrowings		(10,000)	-
Principal elements of lease payments		(1,773)	(2,639)
Dividends paid to non-controlling interests in subsidiaries		-	-
Net cash used in financing activities		(11,718)	(2,639)
Net increase in cash and cash equivalents		6,971	10,077
Cash and cash equivalents at the beginning of the period		14,607	4,530
Cash and cash equivalents at end of year	18(b)	21,578	14,607

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2020

	Notes	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
Cash generated from operations		7	-
Interest received		1,395	-
Income taxes paid		-	-
Net cash inflow from operating activities		1,402	-
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		55	-
Proceeds from borrowings		8,605	-
Repayment of borrowings		(10,000)	-
Dividends paid to company's shareholders		-	-
Net cash generated from financing activities		(1,340)	-
Net increase in cash and cash equivalents		62	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at end of year		62	-

The accompanying notes form an integral part of the financial statements.

Aqua Comms Designated Activity Company**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
Financial Year Ended 31 December 2020

	Equity share capital \$'000	Merger reserve \$'000	Share premium \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 January 2019	549	7,208	53,095	(87,670)	(26,819)
Total transactions recognised directly in equity	-	-	-	-	-
Loss for the period	-	-	-	(6,191)	(6,191)
Balance at 31 December 2019	549	7,208	53,095	(93,861)	(33,010)
Balance at 1 January 2020	549	7,208	53,095	(93,861)	(33,010)
Total transactions recognised directly in equity	55	-	-	-	55
Loss for the period	-	-	-	(8,818)	(8,818)
Balance at 31 December 2020	604	7,208	53,095	(102,679)	(41,772)

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2020

	Equity share capital \$'000	Share premium \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 January 2019	549	53,095	(26,118)	27,526
Loss for the year	-	-	(3,578)	(3,578)
Balance at 31 December 2019	549	53,095	(29,696)	23,948
Balance at 1 January 2020	549	53,095	(29,696)	23,948
Total transactions recognised directly in equity	55	-	-	55
Loss for the year	-	-	(8,106)	(8,106)
Balance at 31 December 2020	604	53,095	(37,801)	15,898

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The company is a Designated Activity Company incorporated and domiciled in Ireland. The registered address is The Exchange Building, Foster Place, Dublin 2, Ireland.

2 Summary of significant accounting policies

These financial statements have been prepared on a basis consistent with the accounting policies set out below.

Statement of compliance

The requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union are used for the purpose of preparing the financial statements for the year ended 31 December 2020.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and they have been prepared on the going concern basis of prep after considering the impact of COVID-19 as discussed below. A summary of the more important accounting policies is set out below.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net current liability position of the group, as the directors believe that based on the group's forecast of operational cash flows, and trading results, the group and company will be in a position to meet its obligations as they fall due, for the foreseeable future. The directors have also noted that the company has a large deferred revenue balance that is included in creditors and will be realised to income over the life of the relevant contracts.

The directors having recently reviewed the five year strategic plan prepared by management and are satisfied that there is a demonstrable path to future profitability.

The directors have also considered the spread of a novel strain of coronavirus (COVID-19). As detailed in Note 21, it is not expected to have a material adverse impact on the company's ability to continue as a going concern.

The group has cash on hand of \$21.6 million at 31 December 2020 (2019: \$14.6 million). The directors are satisfied that they have sufficient funding to repay the current borrowings when they fall due. As part of the recent acquisition of the company by Digital 9 Infrastructure plc the shareholder loan and existing preference shares have been converted to equity. The company currently has no external debt and is expected to generate net profits from 2021 onward. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

b) Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of the company, Aqua Comms Designated Activity Company, and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

(ii) Acquisitions

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of 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. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

(iii) Disposals

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposals are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the parent group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(iii) Foreign Operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to cash and bank overdrafts.

e) Taxation

The group is managed and controlled in the Republic of Ireland and, consequently the company is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax is charged directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

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

f) Property, plant and equipment

Property, plant and equipment are stated at historical cost or deemed cost, less accumulated depreciation and impairment losses. Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

(i) Subsequent expenditure

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the replaced item can be measured reliably for its derecognition. All other costs are recognised in the Statement of Comprehensive Income as an expense is incurred.

(ii) Depreciation

Depreciation is provided on property, plant and equipment, on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset class	31 December 2020 Estimated economic life (years)
Computer Equipment	3
Furniture & Fittings	7
Lighting Equipment	8
Cable Landing Station ("CLS" Assets)	8
Cable Assets	25

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

NOTES TO THE FINANCIAL STATEMENTS – continued

f) Property, plant and equipment – continued

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the Statement of Comprehensive Income.

Costs related to the construction of new Cables including directly attributable third-party costs relating to the construction and consortium management fees are recorded as assets under construction until such time as the cables are ready for use. Assets under construction are not depreciated.

g) Lease Liabilities

The group has entered into leases for backhaul and rack space across the company's network. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Prior to 2019, operating leases were classified as cost of sales. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

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 company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company 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 incremental borrowing rate. A recent third-party financing rate received was used to determine the incremental borrowing rate.

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.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

g) Lease Liabilities - continued

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Investments in subleases are right of use assets for lease agreements entered into on behalf of other parties.

h) Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. Where applicable when external funding is utilised to finance construction the estimated amount of interest incurred directly attributable to constructing qualifying assets that take a substantial period of time to get ready for their intended use is capitalised based on the weighted average interest rate on outstanding borrowings.

i) Investments

Investments in subsidiaries included in the company balance sheet are shown at cost less provision for impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the subsidiary's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the subsidiary's fair value less costs to sell and value in use. Investments that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

j) Impairment

Assets that are subject to amortisation and depreciation are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

k) Trade receivables

Trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance made for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculations, based on the Group's past history, existing market conditions and forward looking estimates at the end of each reporting period.

l) Employee benefits

The group facilitates access to a group pension scheme and makes contributions on behalf of employees up to pre-specified amounts on an employee matching basis, at pre-approved levels of basic salary.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

l) Employee benefits – continued

Long term incentive arrangements

Where the group has committed to long term incentive arrangements, resulting long term employment benefits are accounted for in a similar manner to post-employment benefits. The group accounts for obligations relating to long term incentive bonus plans for key management and other employees at the present value of the incentive bonus plan obligation at the reporting date. The service cost relating to such plans is allocated over each of the years which service under the plan is rendered by the individual to meet the conditions under each of the individual vesting periods.

For the cash settled share based scheme that is currently in place, a liability is recognised for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

m) Share capital

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

n) Revenue recognition

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts. The Group determines the transaction price to which it expects to be entitled in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable. Revenue for the provision of services is recognised when the Group provides the related service during the agreed service period.

The group accounts for Indefeasible right of use ("IRU") contracts in the following manner:

- (i) Sales contracts are accounted for as service contracts with the entire income being deferred and recognised on a straight-line basis over the period of the relevant contracts.
- (ii) Purchase contracts are accounted for as service contracts with the pre-paid balance recorded as an asset and amortised on a straight-line basis as an expense over the period of the relevant contracts.

o) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS – continued

p) Provisions and contingent liabilities

Provisions are recognised where there is a present obligation, either legal or constructive, as a result of a past event, payment is probable, (i.e. more likely than not); and the amount can be estimated reliably. The group currently self-insures for cable repairs and provides for the expected costs, on an annual basis, such costs being likely to be utilised on an as needs basis.. This liability amounts to \$720,000 (2019 \$540,000).

q) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition (net of issue costs) and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months at the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as issue costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

q) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

r) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

3 Segmental information

In line with the requirements of IFRS 8 “Operating Segments”, the group has identified its chief operating decision maker (CODM) as the Board of the company. The Board reviews the group’s internal reporting in order to assess the performance of the group and allocate resources. The Board considers the business from a product perspective and reviews working capital and overall statement of financial position performance on a group-wide basis. Consequently, the Board determined there to be only one segment.

The Board assesses the performance of the segment based primarily on measures of revenues, adjusted EBITDA and profit before tax.

The group’s turnover is attributable to its principal activity. The directors have not provided an analysis of turnover by geographical territory as they believe that this would be prejudicial to the interests of the group.

IFRS 15 requires disclosure to reflect the nature, timing, amount and uncertainty of its revenue within its disclosure requirements. Aqua Comms has determined that the disaggregation using existing segments and the nature of revenues is appropriate for its circumstances. The whole of the turnover and profit before taxation for continuing activities relate to the same principal activity.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Segmental information - continued

External Revenue	2020 \$'000	2019 \$'000
Revenue from IRUs	10,651	10,452
Revenue from leases	10,320	8,670
Revenue from maintenance	7,860	7,608
Other revenue	1,367	1,939
Revenue from contracts with customers	<u>30,198</u>	<u>28,669</u>

4 Critical accounting judgements and estimates

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

Property, plant and equipment

Property, plant and equipment represents a substantial portion of the group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the financial statements for further details.

(i) Estimation of useful life - Cable

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the income statement. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The useful life of cable infrastructure is assumed not to exceed the duration of related IRUs unless there is a reasonable expectation of renewal or an alternative future use for the asset.

(ii) Capitalisation of costs

Capitalisation is made within property, plant and equipment according to the nature of the expenditure. Only those directly attributable labour costs (employee benefits) that relate to the time spent by employees on constructing or acquiring the specific asset are capitalised. The directors regularly review these costs capitalised to ensure appropriately capitalised.

Right of Use Assets

Lease payments on right of use assets are discounted using the incremental borrowing rate. A recent third-party financing rate received was used to determine the incremental borrowing rate.

Where the Group has an option to extend or terminate a lease, management uses its judgement to determine whether such an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including past practice and costs that would be incurred if an option were to be exercised, to help them determine the lease term. Management have also applied judgements in assessing the discount rate, which are based on the incremental borrowing rate. Such judgements could impact lease terms and associated lease liabilities.

Provisions

There is a provision for cable repair across the network should there be an interruption to the marine segments. The provision is determined from professional judgement based on multiple variables in the industry.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market rate risk, credit risk and liquidity risk. Responsibility for managing these risks rests with the directors of Aqua Comms Designated Activity Company, the parent company. It is, and has been throughout the period under review, the group's policy not to trade in financial instruments.

The group conducts its business primarily in the United States and Europe, however most of the material contracts and funds/borrowing is United States Dollars, therefore, operating and investing cash flows are substantially denominated in USD. A limited level of foreign exchange risk arises in relation to foreign currency denominated settlements with international counter parties.

Credit risk

Credit risks are mainly related to counterparty risks associated with trade and other debtors, prepayments and amounts owed by related companies.

The group's trade debtors comprise of a small number of companies in various industries, mainly in Ireland, Europe and the United States. The utilisation of credit limits is regularly monitored. Sales to customers are settled primarily by electronic fund transfer or in cash.

The group is exposed to credit risk relating to its cash and cash equivalents. The group places its cash with highly rated financial institutions.

Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements. This objective is met by monitoring and controlling potential cash flows and maintaining an appropriate buffer of readily realisable assets and standby credit lines.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Financial risk management - continued

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year \$'000	Between one and two years \$'000	Between two and five years \$'000	After five years \$'000	Total \$'000
2019					
Borrowings (note 15)	-	90,328	-	32,605	122,933
Trade and other payables (note 14)	24,344	11,755	46,900	108,611	191,610
Derivative financial instruments	-	14,332	-	-	14,332
At 31 December 2019	24,344	116,415	46,900	141,216	328,874
2020					
Borrowings (note 15)	133,095	-	-	-	133,095
Trade and other payables (note 14)	34,199	13,439	40,758	123,733	212,129
Derivative financial instruments	6,525	-	-	-	6,525
At 31 December 2020	173,819	13,439	40,758	123,733	351,749

Market risk

Foreign exchange risk

The company and group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

Fair value hierarchy

The table below analyses financial assets and liabilities carried at fair value, by valuation method. The different levels relevant to financial assets and liabilities held by the Group have been defined as follows:

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2019 Total
	\$'000
Derivative financial instruments – level 3	14,332
At 31 December 2019	<u>14,332</u>
	2020 Total
Derivative financial instruments – level 3	6,525
At 31 December 2020	<u>6,525</u>

Measurement of fair values - valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
Derivative option at fair value through profit or loss	Derivative option at fair value through profit or loss are carried at fair value. The derivative is the fair value of the conversion right attached to the Series A Preferred Shares. The fair value is based on a Black Scholes Option valuation.	Volatility rate	Aqua Comms typically assess the value of derivative based on its fair value. This value will usually be driven by a number of inputs including the volatility. Higher volatility leads to a higher derivative values as the scope for conversion right value increase.

Sensitivity analysis - Level 3 fair values

For the fair values of the conversation right possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Movement	Profit before taxation gain / (loss) \$'000
Increase in volatility by 10% points	\$1,814
Decrease in volatility by 10% points	(\$1,820)

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Other income	2020	2019
	\$'000	\$'000
Other miscellaneous income	-	18
Refund of US State taxes previously expensed	-	35
Gain on disposal of office lease	277	-
Total other income	<u>277</u>	<u>53</u>
7 Operating profit / (loss)	2020	2019
	\$'000	\$'000
Staff costs:		
Wages and salaries	3,760	3,311
Social welfare costs	443	375
Pension costs - defined contribution plans	118	107
Net staff costs included in operating costs	<u>4,321</u>	<u>3,793</u>
Other operating costs:		
Amounts paid and payable to telecommunications operators	3,574	3,625
Operating and maintenance costs	3,125	2,469
Rental and utilities expense	(65)	(134)
Consulting and contractors' expense	1,178	950
Depreciation	12,982	12,846
Selling and marketing costs	132	155
Travel and subsistence costs	114	330
Foreign exchange losses	(303)	145
Other expenses	126	916
Total operating costs (including staff)	<u>25,323</u>	<u>25,095</u>
Analysed as:		
Cost of sales	7,036	6,203
Administrative expenses	18,286	18,892
Operating costs	<u>25,322</u>	<u>25,095</u>
Operating profit / (loss) is stated after charging/(crediting):		
Depreciation	12,982	12,846
Auditors' remuneration	128	72
Auditors' remuneration – non audit services	86	139
Other (gains)/losses - foreign exchange	<u>(303)</u>	<u>145</u>

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Staff costs	2020	2019
	\$'000	\$'000

(i) Employees

Staff costs, including directors' remuneration, were as follows:

Wages and salaries	3,760	3,311
Social security costs	443	375
Pension costs	118	107
	4,321	3,793

2020	2019
Number	Number

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

Employees	19	14
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2020	2019
\$'000	\$'000

(ii) Directors

Emoluments	137	125
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Contributions to retirement benefit schemes:

- Defined contribution	-	-
	137	125

9 Finance costs	2020	2019
	\$'000	\$'000

Net interest payable comprises the following amounts:

Finance costs:

Dividend on redeemable preference shares	15,745	13,264
Interest on shareholders loans	4,417	4,465
Interest on leases	1,677	1,770
	21,839	19,498

Finance income

The finance income is attributable to the movement from the fair value measurement of the derivative.
See note 16 below.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Income tax expense / (income)	2020	2019
	\$'000	\$'000

(a) Recognised in the income statement:

Current tax expense:

Current tax for the period	8	(12)
Deferred tax liability	-	-
Current tax charge/(credit) for the period	8	(12)

(b) Reconciliation of effective tax rate:

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group as follows:

	2020	2019
	\$'000	\$'000
Loss on ordinary activities before tax	(8,880)	(6,203)
Notional Tax calculated at Irish tax rates at 12.5% (2019: 12.5%)	(1,110)	(775)
<i>Effects of:</i>		
Expenses not deductible for taxation	2,744	2,713
Group losses utilised	(1,634)	(1,938)
Corporation Tax paid/(refunded) other jurisdictions	8	(12)
Current tax charge for the period	8	(12)

The group has accumulated tax losses available for offset against any future profits arising. The deferred tax asset arising on these losses would be calculated on cumulative losses of US\$136.9m (2019: US\$135.9M), however, no deferred tax asset has been recognised in these financial statements as the directors do not consider that sufficient taxable profits will arise in the next financial year such that these losses will be utilised.

The subsidiaries, although some are profit making, avail of the group relief where available and as such no taxation charge is calculated or needs to be calculated. The income tax expense of \$8,000 (2019: refund of \$12,000) was equivalent to an effective tax rate of 0 per cent on profit from continuing operations. The rate is lower than the rate of 12.5 per cent due to the losses incurred. The rate is based on the prevailing rates of corporation tax and the mix of profits between Ireland, the UK, Denmark and the US. The tax rate is impacted by the losses incurred by the group.

NOTES TO THE FINANCIAL STATEMENTS – continued

11 (a) Property, plant and equipment

Non-current	CLS Asset \$'000	CLS Equipment \$'000	Land \$'000	Submarine Cable \$'000	Cable at supply depots \$'000	Lighting Equipment \$'000	Computer Equipment \$'000	Furniture, Fittings & Equipment \$'000	Assets under Construction \$'000	Total \$'000
At 1 January 2019										
Cost	796	-	-	242,281	-	9,451	67	140	3,958	256,693
Accumulated depreciation	(33)	-	-	(27,398)	-	(2,825)	(41)	(11)	-	(30,308)
Net book amount	763	-	-	214,883	-	6,626	26	129	3,958	226,385
Year ended 31 December 2019										
Opening net book amount	763	-	-	214,883	-	6,626	26	129	3,958	226,385
Exchange differences	-	-	-	(183)	-	-	-	-	-	(183)
Additions	364	-	-	-	930	1,222	25	59	12,052	14,652
Depreciation charge	(138)	-	-	(9,678)	-	(1,311)	(26)	(19)	-	(11,173)
Closing net book value	989	-	-	205,022	930	6,537	25	168	16,010	229,681
Year ended 31 December 2020										
Opening net book amount	989	-	-	205,022	930	6,537	25	168	16,010	229,681
Transfers	1,556	965	40	(2,561)	-	-	-	-	-	-
Exchange differences	-	-	-	(87)	-	-	-	-	-	(87)
Additions	132	110	14	19,458	-	2,441	84	60	1,087	23,386
Disposals	-	-	-	-	-	-	-	(125)	-	(125)
Depreciation charge	(129)	(119)	-	(9,750)	-	(1,352)	(41)	(14)	-	(11,405)
Closing net book amount	2,548	956	54	212,081	930	7,626	68	90	17,097	241,450
At 31 December 2020										
Cost*	2,641	1,075	54	225,673	930	8,644	176	91	17,097	256,380
Accumulated depreciation	(93)	(118)	-	(13,592)	-	(1,018)	(108)	(1)	-	(14,930)
Net book amount	2,548	956	54	212,081	930	7,626	68	90	17,097	241,450

* As part of an internal restructure in April 2020, assets were transferred from AECL and SFN to new asset companies. The transfer was undertaken at net book value, which was deemed to approximate the fair market value at the time. This resulted in a reduction in carrying value at cost and accumulated depreciation. Net book amounts were unaffected.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 (a) Property, plant and equipment - continued

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Borrowing costs, which includes interest and fees, directly attributable to the construction of the asset, included in above amounted to \$8.6m (2019: \$8.6m).

11 (b) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Right-of-use assets	17,057	19,563
Investment in Sublease	2,104	-
<i>Lease liabilities</i>		
Current	1,087	1,660
Non-Current	19,140	18,503

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Depreciation charge of right-of-use assets	1,577	1,621
Interest expense (included in finance costs)	1,677	1,770
The total cash outflow for leases	1,773	2,638

12 Investment in subsidiaries - company

	Cost of investment \$'000	Total \$'000
At 1 January 2019	823	823
Additions during the year	-	-
At 31 December 2019	823	823
At 1 January 2020	823	823
Additions during the year	-	-
At 31 December 2020	823	823

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Investment in subsidiaries - company - continued

The principal subsidiaries of the company at 31 December 2020 were as follows:

Name	Nature of business	Shares in issue	% holding	Registered office
Aqua Comms Management Limited	Management company	100 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Sea Fibre Networks Limited	Trading company	122,993 ordinary shares at €1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
America Europe Connect Limited	Trading company	100 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Aqua Comms Services Limited	Trading company	100 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Aqua Comms Connect Limited	Intermediate holding company	123,094 ordinary shares at \$1.144	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
America Europe Connect UK Limited	Management company	1 ordinary shares at £1.00	100%	85 Great Portland Street, London, England, W1W 7LT
America Europe Connect US Inc	Management company	100 issued shares at \$1.00	100%	3500 South Dupont Highway, Dover, Delaware 19901 Kent, United States
America Europe Connect 2 Limited	Trading company	100 issued shares at \$1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
America Europe Connect 2 Denmark ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen
America Europe Connect 2 USA, Inc.	Trading company	10,000 issued shares of \$0.01 each	100%	251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Aqua Comms (UK) Ltd	Trading company	100 ordinary shares at £1.00	100%	Ground Floor, One George Yard, London, United Kingdom, EC3V 9DF
Aqua Comms Management (UK) Ltd	Management company	100 ordinary shares at £1.00	100%	40 Bloomsbury Way, Lower Ground Floor, London, WC1A 2SE England

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- continued

13 Investment in subsidiaries company -
continued

Aqua Comms (IOM) Ltd	Trading company	100 ordinary shares at \$1.00	100%	c/o PCS Limited, Ground Floor, Murdoch Chambers, South Quay, Douglas, Isle of Man, IM1 5AS
Aqua Comms (Denmark) ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen
Celtix Connect Ltd	Trading company	100,000 ordinary shares at €1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
Aqua Comms (Ireland) Ltd	Trading company	2 Issued shares of \$1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland
North Sea Connect Denmark ApS	Trading company	50,000 shares of 1DKK	100%	c/o Bech-Bruun Langelinie Alle 35, Copenhagen

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

13 Trade and other receivables Group	2020 \$'000	2019 \$'000
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Amounts falling due within one year:

Trade receivables	4,284	6,614
Prepayments and other receivables	24,504	25,401
	27,788	32,015

Company

Amounts falling due within one year:

Amounts owed by subsidiary undertakings	155,603	161,360
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The fair values of trade and other receivables approximate to their carrying amounts. The amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

Expected credit loss allowance

Under IFRS 9 an expected credit loss (ECL) impairment model is in place for the calculation of impairment loss allowances. Under this impairment model, it is assumed that all receivables carry a risk of default. This impairment model is used to calculate the probability of default at a range of possible outcomes, weighted by the probability of their occurrence. These ECLs are measured under the simplified approach. The simplified approach is applied to Aqua Comms's trade and other receivables within the scope of IFRS 15. Under the simplified approach, an entity will recognise a loss based on the lifetime ECLs. It allows an entity to use a provision matrix for calculating the ECLs. This matrix considers the historical default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. The assumptions made in estimating the impairment charge for the period and provisions held at the reporting date are felt to be appropriate.

Simplified approach - Expected Credit Losses

	Gross amount receivable \$'000	Loss allowance \$'000	Net Amount receivable \$'000
2020			
Not past due receivables	4,284	-	4,284
Past due < 30 days	-	-	-
Past due 30-120 days	-	-	-
Past due > 120 days	-	-	-
Past due 30-120 days	-	-	-
Past due more than a year	-	-	-
	4,284	-	4,284
	Gross amount receivable \$'000	Loss allowance \$'000	Net Amount receivable \$'000
2019			
Not past due receivables	6,614	-	6,614
Past due < 30 days	-	-	-
Past due 30-120 days	-	-	-
Past due > 120 days	-	-	-
Past due 30-120 days	-	-	-
Past due more than a year	-	-	-
	6,614	-	6,614

NOTES TO THE FINANCIAL STATEMENTS – continued

13 Trade and other receivables - continued

Prepayments are excluded from the analysis as no credit exposure is perceived in relation to this balance.

Amounts owed by subsidiary undertakings (Parent)

At 31 December 2020, the Parent company had balances receivable of \$155.6 million (2019: \$161.3 million) from its subsidiaries. These receivables mainly relate to management services and loans to subsidiaries. Total provision in respect of amounts due from subsidiary undertakings at 31 December 2020 is Nil (2019: Nil).

Any impairment loss recognised in the Parent company in respect of amounts due from subsidiary undertakings is calculated using expected credit loss model as required by IFRS 9. In determining the impairment loss, amounts due from subsidiaries are classified as either amounts repayable on demand, low credit risk receivables or amounts for which there has been a substantial increase in credit risk since initial recognition. In determining the expected credit loss (including probability of default and loss given default), regard is given to the historic performance of the relevant loan as well as forward looking information for the relevant subsidiary. For repayable on demand loans where the loan cannot be repaid at the reporting date, expected credit losses are calculated by considering the likely recovery strategies of the Parent company, including consideration of 'repay over time' strategies.

14 Trade and other payables	2020	2019
Group	\$'000	\$'000
Amounts falling due within one year:		
Trade payables	2,901	1,042
Deferred income	18,314	18,451
PAYE/PRSI	74	63
Sales Tax Payable	671	304
Accruals & other liabilities	11,152	2,824
Lease liabilities (note 11(b))	1,087	1,660
	34,199	24,344
Amounts falling due greater than one year:		
Deferred income	158,790	148,763
Lease liabilities	19,140	18,504
	177,930	167,266
Total trade & other payables	212,129	191,610
Company		
Amounts falling due over one year	-	-
Amounts owed to subsidiary undertakings – short term	971	971
	971	971

The Company amounts payable to group undertakings are trading balances. They are unsecured interest free and repayable on demand. Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Borrowings	2020	2019
	%	%

Maturity of financial borrowings

The effective senior debt interest rates at the balance sheet date were as follows:

Effective senior debt interest	<u>15.86</u>	<u>15.86</u>
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Loans from group undertakings are detailed in note 18.

Edge Network Services Limited hold 3 charges over the group's assets as security over its revenue agreements with the group.

	2020	2019
	\$'000	\$'000
Company		
Non-current liabilities		
Redeemable preference shares	-	90,328
Shareholder loan	-	32,605
Borrowings		
Current liabilities		
Redeemable preference shares	106,073	-
Shareholder loan	27,022	-
Bank loans	-	-
Total borrowings	<u>133,095</u>	<u>122,933</u>

Reconciliation of external borrowings

	2020	2019
	\$'000	\$'000
Redeemable preference shares		
At 1 January	90,328	77,064
Preference share interest	15,745	13,264
Repayments	-	-
At 31 December	<u>106,073</u>	<u>90,328</u>
Shareholders loan		
At 1 January	32,605	28,140
Shareholder loan interest	4,417	4,465
Repayments	(10,000)	-
At 31 December	<u>27,022</u>	<u>32,605</u>

The Shareholder loan drawdown was on 30 June 2017 and interest is due at 15% per annum compounded quarterly.

Aqua Comms Designated Activity Company**NOTES TO THE FINANCIAL STATEMENTS - continued****15 Borrowings – continued**

	Within one year	Between one and two years	Between two and five years	After five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

Maturity of financial borrowings 2020

The maturity profile of the carrying amount of the group's borrowings is set out below:

Shareholder loan	27,022	-	-	-	27,022
Redeemable preference shares	106,073	-	-	-	106,073
Bank loans	-	-	-	-	-
At 31 December 2020	133,095	-	-	-	133,095

Maturity of financial borrowings 2019

The maturity profile of the carrying amount of the group's borrowings is set out below:

Shareholder loan	-	-	-	32,605	32,605
Redeemable preference shares	-	90,328	-	-	90,328
Bank loans	-	-	-	-	-
At 31 December 2019	-	90,328	-	32,605	122,933

The accompanying notes form an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - continued

16 Derivative financial instruments	2020	2019
	\$'000	\$'000

Group and company

Liabilities at fair value through income statement:

Derivative financial instruments	6,525	14,332
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The above derivative is the fair value of the conversion right attached to the Series A Preferred Shares at each reporting date. Based on a Black Scholes Option valuation the directors determined that the current valuation was appropriate.

17 Equity share capital	2020	2019
	\$'000	\$'000

Authorised

1,000,100,000 ordinary shares of €0.001 each	1,000,100	1,000,100
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Issued and paid

599,566,912 (2019: 548,604,102) ordinary shares of €0.001 each	604	549
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The total authorised number of ordinary shares is 1,000,100,000 shares with a par value of €0.001 per share. All issued shares are fully paid.

Warrants

Linked to the original AEC project financing, Nomura International Plc and Black Forest Funding (Ireland) DAC "the warrant holders", held the right to exercise an option to acquire 4.7% of the fully diluted ordinary share capital of the group's holding company Aqua Comms Designated Activity Company for a consideration of €0.001 per warrant share. In April 2020, both Nomura International Plc and Black Forest Funding (Ireland) DAC elected to exercise their rights and convert the warrants to ordinary shares in the company.

Preference shares

The company has issued 374,730,197 Series A preference shares in 2016. The preference shares are classified as liabilities at the balance sheet date. Each Series A Preferred share shall be convertible at the option of the holder at any time after the date of issue of such Series A Preferred Share into fully paid Ordinary Shares.

Each preference share shall accrete a cumulative preferential dividend, measured since the later of: (i) the date of issuance of such preferred share and (ii) the last declared and paid dividend on such preferred share, calculated daily and at the annual rate of 9%. The company shall, if the preferred dividend is declared by the board, pay the preferred dividend to the person registered as the holder. Each preferred dividend shall, if declared, be paid in the form of newly issued Series B preferred shares.

Each preferred dividend shall be deemed to accrete from day to day: (i) whether or not such preferred dividend has been declared by the Board; and (ii) after as well as before the commencement of a winding-up, and shall therefore be payable by a liquidator in respect of any period after such commencement in priority to other claims or rights of Shareholders in respect of share capital.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 (a) Cash generated from operations – group

	Notes	2020 US\$'000	2019 US\$'000
Profit/(loss) before Income Tax:			
Continuing Operations		(8,880)	(6,203)
Discontinued Operations		-	-
Profit/(loss) before Income Tax Including Discontinued:		<u>(8,880)</u>	<u>(6,203)</u>
Adjustments for:			
Depreciation and amortisation		12,982	12,846
Fair value adjustment to derivatives		(7,807)	(9,668)
Finance costs – net		21,839	19,498
Net exchange differences		(823)	(15)
Change in operating assets and liabilities:			
Decrease/(Increase) in trade receivables		2,330	(4,605)
Decrease/(increase) in other assets		1,604	(323)
Increase/(decrease) in trade creditors		1,859	(596)
Increase in other liabilities		16,823	15,860
Increase in lease liabilities		63	704
Increase/(decrease) in other provisions		-	(141)
Cash generated from operations		<u>39,990</u>	<u>27,357</u>

18 (b) Cash and cash equivalents - group

Cash at bank	<u>21,578</u>	<u>14,607</u>
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The book value of cash and cash equivalents approximates their fair value. The effective interest rate on short term deposit was nil.

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Ultimate parent company

The group regards Digital 9 Infrastructure PLC, a company incorporated in the Channel Islands, as its ultimate parent company. The highest level of consolidated accounts is Aqua Comms Designated Activity Company.

20 Related party transactions

The principal related party transactions that require disclosure under IAS 24: Related Party Disclosures relate to subsidiaries, key management personnel and post-employment benefit plans. Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IFRS 10, Consolidated Financial Statements.

(a) Loan between related parties – Company Statement

Aqua Comms Management Limited, a subsidiary of Aqua Comms Designated Activity Company, is owed \$971,401 (2019: \$971,401) at the balance sheet date.

America Europe Connect 2 Ltd owed \$36,037 (2019: \$225,154) at the balance sheet date.

America Europe Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$27,280,975 (2019: \$32,863,716) at the balance sheet date.

Aqua Comms Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$128,271,296 (2019: \$128,271,296) at the balance sheet date.

Celtix Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$14,685 (2019: \$Nil) at the balance sheet date.

(b) Transactions with related parties – Company Statement

Consultancy services were received from Aqua Ventures Limited for \$134,074 (2019: \$150,000). These were on normal commercial terms and conditions.

(c) Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2020 \$'000	2019 \$'000
Short term employee benefits	1,521	1,508
Post-employment pension benefits	82	45
	<u>1,603</u>	<u>1,553</u>

No amounts included within short-term employee benefits above has been capitalised.

(d) Staff incentive plan

There is a cash settled long term incentive plan, accounted in line with IFRS 2 shared based payments, in place that commenced during April 2016 that is intended to promote the business objectives of the Aqua Comms Group in affecting, motivating and retaining senior management personnel.

The group has recognised a charge of \$318k in its income statement for the year ended 31 December 2020 in respect of its obligations on the basis of an assessment carried out by the directors which determined that there is no incremental gain from the date the plan was introduced to 31 December 2020. The fair value of the liability for cash-settled transactions will be re-measured at each reporting date and at the date of settlement.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – continued

21 Events after the reporting period

The financial statements have been prepared based upon conditions existing at 31 December 2020 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

On 8th March 2021, the shareholders of the Company exchanged contracts with Digital 9 Infrastructure plc pursuant to which Digital 9 Infrastructure plc has agreed to acquire the entire issued share capital of Aqua Comms DAC for a total enterprise value of US\$215 million, on a cash free debt free basis, conditional *inter alia* on the successful Initial Public Offering of Digital 9 Infrastructure plc on the LSE.

There were no other after the reporting period requiring disclosure that have not already been disclosed in the financial statements.

22 Standards, amendments and interpretations effective in 2020

New standards, amendments and interpretations effective for the financial year beginning 1 January 2020.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020 and have not been applied in preparing these financial statements. The items that may have relevance to the Group are as follows:

New Standards or amendments	Details	Effective Date	Effect on the results and financial position of the group
IAS 1 (Amendments)	Presentation of Financial Statements	01 January 2023	No material effect
IAS 16 (Amendments)	Property, Plant and Equipment	01 January 2022	No material effect
IAS 37 (Amendments)	Provisions, Contingent Liabilities and Contingent Assets	01 January 2022	No material effect
IFRS 17	Insurance Contracts	01 January 2023	No material effect
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)	Interest Rate Benchmark Reform	01 January 2024	No material effect

23 Company only income statement

In accordance with section 304 of the 2014 Companies Act, the company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The company's loss for the financial year is US\$8,105,761 (2019: loss of US\$3,578,176).


24 Commitments

The group has not entered into any additional commitments requiring disclosure beyond what is already disclosed in the relevant notes to the accounts.

25 Approval of financial statements

The directors approved the financial statements on 20th May 2021.

The accompanying notes form an integral part of the financial statements. 20/5/2021

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