

Aqua Comms Designated Activity Company
Annual Report and Consolidated Financial Statements
Financial Year Ended 31 December 2024

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DIRECTORS AND OTHER INFORMATION

Directors

Alan Harper
Malachy John Shine
Marc Durka (appointed 11th December 2024)

Solicitors

Philip Lee
7/8 Wilton Terrace
Dublin 2

Banks

Bank of Ireland
College Green, Dublin 2

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

Secretary and Registered Office

Mark Kelly (appointed 13 December 2024)
The Exchange Building, Foster Place
Dublin 2

HSBC Innovation Bank
31 Holborn, Greater,
London EC4A 1EQ,
United Kingdom

Registered Number: 557774

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

DIRECTORS' REPORT

The directors are responsible for preparing the audited group annual report, incorporating financial statements for Aqua Comms Designated Activity Company (the Parent) and for Aqua Comms Group comprising Aqua Comms Designated Activity Company 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's network provides uniquely diverse, high capacity routes to the U.K. & Europe and onwards to the U.S.A. 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 \$9.86m million. The directors remain confident in the long term profitability of the group as set out within the going concern paragraph in note 2.

The directors consider the financial position of the group as indicated on the consolidated statement of financial position on page 12, and the financial position of the company on page 13, to be satisfactory.

DIRECTORS' REPORT - continued**Future development**

The company plans to continue to exploit its existing cables. It now operates a number of transatlantic and European cables. The continued investment on its existing and new transatlantic cables greatly helps to reduce the concentration risk of the business on AEC-1. During 2023, a third transatlantic route came into service (AEC-3). These additions have largely been funded through a combination of available cash, parent debt and presales of capacity on the network. In line with the Group Strategy, to become a market dominant transatlantic capacity provider, Aqua Comms will continue to invest in additional routes over the short to medium term. These will be funded with an appropriate mix of debt and equity.

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 per bit are among 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. During 2024 a sister company to Aqua Comms also owned by Digital 9 Subsea Limited, entered an IRU agreement for a fibre pair on the 2Africa Pearls system from Barcelona to Mumbai. This system is expected to be live in early 2025. Additionally, the Group will continue to seek attractive developments globally, diversifying away from the Atlantic over time.

Physical risk to the subsea cables

The group operates a number of subsea cable systems. Subsea cables are at risk of ecological threats, threats from commercial fishing and also the risk of sabotage. These cables are designed and constructed to withstand the ecological threats. There has also been increased security around the global subsea network in an effort to reduce the threat of sabotage and negate the risk from commercial fishing by burying the cables under the seabed.

Interest rate management

Under the group's interest rate management policy, interest rates on borrowings are denominated primarily in US Dollars and where possible 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 a minimal investor loan at arm's length competitive rates. 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 on active systems 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 options that are 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 group's 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.

DIRECTORS' REPORT - continued

Commodity price risk

The group has minimal exposure to commodity price risk as a result of its operations. New build cables tend to be fixed price contracts. Network equipment is purchased in advance and is factored into customer pricing. In reality exposure is limited. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Market disruption and concentration risk

New entrants with lean models could create pricing pressure. As more competitors launch new cables there could be increased 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 cables have the capacity 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. In the cost base a proportion of the operating costs, particularly staff costs are denominated in Euro, GBP and DKK. 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 at this time recommend the payment of a further dividend for the period of 2024.

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 18 of the financial statements. The company's strategy is aligned with that of the ultimate parent group. Aqua Comms is a leading provider of global subsea connectivity services delivered through an extensive portfolio of owned and operated subsea systems. Aqua Comms offers connectivity networking solutions including managed capacity services, spectrum and dark fibre to the global content, cloud and carrier market. Through the critical infrastructure assets, the fund invests into, we seek to improve the accessibility of reliable, functional internet to billions of people – including developing countries – globally.

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 2024 and up to the date of this report are set out below.

Alan Harper
Malachy John Shine
Arnaud Jaguin (resigned 30 October 2024)
James Fagan (resigned 20 February 2024)
Andrew Hudson (appointed 20 February 2024, resigned 16 August 2024)
Brian Fitzpatrick (resigned 27 June 2024)
Chris Flowers (resigned 3 May 2024)
Diego Massidda (appointed 3 May 2024, resigned 11 December 2024)
Marc Durka (appointed 11 December 2024)

At 31 December 2024, 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.

Aqua Comms Designated Activity Company

DIRECTORS' REPORT - continued

Going concern

The group has a history of generating operating cash inflows, with capital expenditure funded by existing resources and a shareholder loan facility from its ultimate parent, Digital 9 Infrastructure. Management's projections for the remainder of 2025 and for the calendar year 2026 includes contracted revenue plus growth from the capacity on current cables along with corresponding increase in cost of sales and increase in operating costs. The directors are forecasting net operating cash inflows over the period of 12 months from the date of approval of the financial statements. Capital expenditure is forecast to be funded from existing resources over the same period.

Overall, management's projections are that the shareholder loan facility (€21.7m at 31 December 2024) remains in place and that no new financing is required during the going concern assessment period under the ownership of Digital 9 Infrastructure. The group has cash on hand of \$8.4 million at 31 December 2024 (2023: \$14.7 million). The group currently has no other external debt, other than lease financing agreements as disclosed within Note 11(b) and the shareholder loan, details as disclosed within Note 15.

In January 2025, the board of Digital 9 Infrastructure fund announced it had signed a binding agreement with EXA Infrastructure, for the divestment of the Aqua Comms Group. The Transaction is subject to multi-jurisdictional regulatory approvals, including competition & merger clearance, which are expected to take approximately 12 months from the date of the binding agreement. Under the terms of the transaction and a completion accounts mechanism, Digital 9 Infrastructure will continue to manage Aqua Comms between signing and completion of the sale to Exa Infrastructure.

Under both the base case and an alternative scenario where the anticipated sales transaction does not complete, existing cash resources and forecasted cash flows are sufficient to meet all obligations and support ongoing operations. Furthermore, Digital 9 Holdco Limited, the current lender, has provided formal written confirmation that the loan facility will not be recalled or demanded for a period of 12 months from the date of approval of the financial statements. In accordance with a binding agreement, the loan facility with Digital 9 Holdco Limited will be settled in full by Exa Infrastructure upon completion of the pending sales transaction.

On the successful completion of the transaction, the board of Digital 9 Infrastructure would no longer control the entity or group. Furthermore, the current directors of the company may no longer control the group, how it is financed, how any potential future cable construction projects are managed and financed or how its activities are managed. Following a change in ownership, the company and group may need to restructure or refinance its current operations and seek possible new third-party bank loan facilities.

Consequently, the directors have concluded that the uncertainty over the outcome of the potential transaction and its potential impact on the requirement for continuing financial support from the parent (in the form of the continued availability of the shareholder loan of €21.7m) represents a material uncertainty which may cast significant doubt about the group and company's ability to continue as a going concern. The company or group may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding this, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. The financial statements do not include the adjustments that would result if the company or group were unable to continue as a going concern.

Events after the reporting period

The financial statements have been prepared based upon conditions existing at 31 December 2024 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.

In January 2025, the board of Digital 9 Infrastructure fund announced it had signed a binding agreement with EXA Infrastructure, for the divestment of the Aqua Comms Group. The Transaction is subject to multi-jurisdictional regulatory approvals, including competition & merger clearance, which are expected to take approximately 12 months. Under the terms of the transaction and a completion accounts mechanism, Digital 9 Infrastructure will continue to manage Aqua Comms between signing and completion.

Aqua Comms Designated Activity Company
DIRECTORS' REPORT - continued

Directors' compliance policy statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors have drawn up a compliance policy statement (as defined in section 225(3)(a) of the Companies Act 2014) and arrangements and structures are in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. The Directors confirm that these arrangements and structures were reviewed during the financial year.

As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under Section 225, the Directors relied on the advice both of persons employed by the Company and of third parties who the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

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 directors have taken all the steps that they 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.

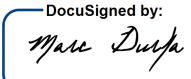
Independent auditors

The auditors, 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

Signed by:


Alan Harper CF1E6F4FDEF8426...

DocuSigned by:


Marc Durka BE0FF5B1B7ED46F...

Date: 21 May 2025



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 consolidated 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 2024 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 2024;
- 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 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.

Material uncertainty relating to going concern - Group

We draw attention to Note 2 in the financial statements, that describes the events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the company's and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 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 2024 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.



Gareth Hynes
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
21 May 2025

Aqua Comms Designated Activity

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial Year Ended 31 December 2024

	Notes	2024 US\$'000	2023 US\$'000
Continuing operations			
Revenue from contracts with customers	3	42,263	35,591
Cost of sales		(14,001)	(11,220)
Gross profit		28,262	24,371
Administrative expenses		(36,593)	(33,582)
Other income	6	247	103
Operating loss	7	(8,084)	(9,108)
Finance costs	9	(3,498)	(2,777)
Total non-operating expenses		(3,498)	(2,777)
Loss on disposal of interest in associate		-	-
Loss before income tax		(11,582)	(11,885)
Income tax	10	-	-
Loss for financial year		(11,582)	(11,885)
Other comprehensive expense			
Exchange differences on translation of foreign operations		-	-
Income tax relating to these items		-	-
Other comprehensive expense for the period, net of tax		-	-
Total comprehensive expense for the period		(11,582)	(11,885)

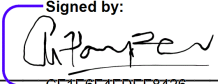
The accompanying notes form an integral part of the financial statements.

Aqua Comms Designated Activity

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Assets			
Non-current assets			
Property, plant and equipment	11(a)	221,226	231,358
Right-of-use assets	11(b)	12,335	13,360
Intangible Assets	11(c)	2,284	1,706
Investment in sublease	11(b)	2,147	2,296
		<u>237,992</u>	<u>248,720</u>
Current assets			
Cash and cash equivalents	18(b)	8,426	14,707
Trade and other receivables	13	32,874	39,889
		<u>41,300</u>	<u>54,596</u>
Total assets		<u>279,292</u>	<u>303,316</u>
Non-current liabilities			
Deferred income	15	136,681	144,278
Lease liabilities	11(b)	15,540	16,818
		<u>152,221</u>	<u>161,096</u>
Current liabilities			
Trade and other payables	14	13,011	17,843
Borrowings	16	21,700	21,700
Lease Liabilities	11(b)	1,360	1,245
Deferred income		21,306	20,213
Corporation Tax	10	-	-
		<u>57,377</u>	<u>61,001</u>
Total liabilities		<u>209,598</u>	<u>222,097</u>
Equity			
Equity share capital	17	1,375	1,375
Other reserves		227	170
Retained earnings		60,884	72,466
Merger reserve		7,208	7,208
		<u>69,694</u>	<u>81,219</u>
Total equity		<u>69,694</u>	<u>81,219</u>
Total equity and liabilities		<u>279,292</u>	<u>303,316</u>

On behalf of the board

Signed by:

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Alan Harper

DocuSigned by:

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Marc Durka

Date: 21 May 2025

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

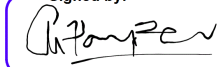
Aqua Comms Designated Activity

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Assets			
Non-current assets			
Investments in subsidiaries	12	<u>30,380</u>	<u>30,323</u>
Current assets			
Cash and cash equivalents		91	88
Amounts owed by subsidiary undertakings	13	<u>126,929</u>	<u>126,929</u>
Total current assets		<u>127,020</u>	<u>127,017</u>
Total assets		<u>157,400</u>	<u>157,340</u>
Liabilities			
Current liabilities			
Trade & other payables	14	3,512	3,334
Total liabilities		<u>3,512</u>	<u>3,334</u>
Equity			
Equity share capital	17	1,375	1,375
Other reserves		227	170
Retained earnings		<u>152,286</u>	<u>152,461</u>
Total equity		<u>153,888</u>	<u>154,006</u>
Total liabilities and equity		<u>157,400</u>	<u>157,340</u>

On behalf of the board

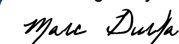
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Alan Harper

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Marc Durka

Date: 21 May 2025

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2024

	Notes	2024 US\$'000	2023 US\$'000
Cash flows from operating activities			
Cash generated from operations	18(a)	5,986	5,121
Interest paid on lease liabilities		(1,552)	(1,556)
Principal elements of lease payments		(1,325)	(1,129)
Net cash generated from operating activities		3,109	2,436
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(7,814)	(15,814)
Net cash used in investing activities		(7,814)	(15,814)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		57	170
Interest paid		(1,633)	-
Proceeds from borrowings		-	14,700
Net cash generated from financing activities		(1,576)	14,870
Net (decrease)/ increase in cash and cash equivalents		(6,281)	1,492
Cash and cash equivalents at the beginning of the period		14,707	13,215
Cash and cash equivalents at end of year	18(b)	8,426	14,707

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

COMPANY STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2024

	2024 US\$'000	2023 US\$'000
Cash flows from operating activities		
Cash generated from operations	(175)	38
Changes in working capital amounts	178	-
Income taxes paid	-	-
Interest paid	-	-
Net cash inflow from operating activities	3	38
Cash flows from investing activities		
Net cash used in investing activities	-	(33)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends paid to company's shareholders	-	-
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	3	5
Exchange (losses)/gains on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	88	83
Cash and cash equivalents at end of year	91	88

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 2024**

	Equity share capital \$'000	Merger reserve \$'000	Other reserves \$'000	Profit & Loss Reserve \$'000	Total equity \$'000
Balance at 1 January 2023	1,375	7,208	-	84,351	92,934
Loss for the year	-	-	-	(11,885)	(11,885)
Other comprehensive expense	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(11,885)	(11,885)
Issue of share capital	-	-	170	-	170
Balance at 31 December 2023	1,375	7,208	170	72,466	81,219
Balance at 1 January 2024	1,375	7,208	170	72,466	81,219
Loss for the year	-	-	-	(11,582)	(11,582)
Other comprehensive expense	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(11,582)	(11,582)
Issue of share capital	-	-	57	-	57
Balance at 31 December 2024	1,375	7,208	227	60,884	69,694

On March 28th 2023, growth shares were issued by Aqua Comms DAC to employees of the group. The shares were issued in full to a trustee company, Aqua Comms Nominees Limited to hold for employees during the vesting period. The amount recognised in other reserves above reflects the value of shares vested in 2024.

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

Aqua Comms Designated Activity Company**COMPANY STATEMENT OF CHANGES IN EQUITY**
Financial Year Ended 31 December 2024

	Equity Share capital \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 January 2023	1,375	-	152,644	154,019
Loss for the year	-	-	(183)	(183)
Dividends	-	-	-	-
Issue of share capital	-	170	-	170
Total transactions recognised directly in equity	-	170	-	170
Balance at 31 December 2023	1,375	170	152,461	154,006
Balance at 1 January 2024	1,375	170	152,461	154,006
Loss for the year	-	-	(175)	(175)
Dividends	-	-	-	-
Issue of share capital	-	57	-	57
Total transactions recognised directly in equity	-	57	-	57
Balance at 31 December 2024	1,375	227	152,286	153,888

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 2024.

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 accounting. 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.

b) Going concern

The group has a history of generating operating cash inflows, with capital expenditure funded by existing resources and a shareholder loan facility from its ultimate parent, Digital 9 Infrastructure. Management's projections for the remainder of 2025 and for the calendar year 2026 includes contracted revenue plus growth from the capacity on current cables along with corresponding increase in cost of sales and increase in operating costs. The directors are forecasting net operating cash inflows over the period of 12 months from the date of approval of the financial statements. Capital expenditure is forecast to be funded from existing resources over the same period.

Overall, management's projections are that the shareholder loan facility (€21.7m at 31 December 2024) remains in place and that no new financing is required during the going concern assessment period under the ownership of Digital 9 Infrastructure. The group has cash on hand of \$8.4 million at 31 December 2024 (2023: \$14.7 million). The group currently has no other external debt, other than lease financing agreements as disclosed within Note 11(b) and the shareholder loan, details as disclosed within Note 15.

In January 2025, the board of Digital 9 Infrastructure fund announced it had signed a binding agreement with EXA Infrastructure, for the divestment of the Aqua Comms Group. The Transaction is subject to multi-jurisdictional regulatory approvals, including competition & merger clearance, which are expected to take approximately 12 months from the date of the binding agreement. Under the terms of the transaction and a completion accounts mechanism, Digital 9 Infrastructure will continue to manage Aqua Comms between signing and completion of the sale to Exa Infrastructure.

Under both the base case and an alternative scenario where the anticipated sales transaction does not complete, existing cash resources and forecasted cash flows are sufficient to meet all obligations and support ongoing operations. Furthermore, Digital 9 Holdco Limited, the current lender, has provided formal written confirmation that the loan facility will not be recalled or demanded for a period of 12 months from the date of approval of the financial statements. In accordance with a binding agreement, the loan facility with Digital 9 Holdco Limited will be settled in full by Exa Infrastructure upon completion of the pending sales transaction.

On the successful completion of the transaction, the board of Digital 9 Infrastructure would no longer control the entity or group. Furthermore, the current directors of the company may no longer control the group, how it is financed, how any potential future cable construction projects are managed and financed or how its activities are managed. Following a change in ownership, the company and group may need to restructure or refinance its current operations and seek possible new third-party bank loan facilities.

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

NOTES TO THE FINANCIAL STATEMENTS – continued**2. Summary of significant accounting policies - continued**

Consequently, the directors have concluded that the uncertainty over the outcome of the potential transaction and its potential impact on the requirement for continuing financial support from the parent (in the form of the continued availability of the shareholder loan of €21.7m) represents a material uncertainty which may cast significant doubt about the group and company's ability to continue as a going concern. The company or group may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding this, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. The financial statements do not include the adjustments that would result if the company or group were unable to continue as a going concern.

c) 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.

(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.

(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 interests 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.

d) 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.

NOTES TO THE FINANCIAL STATEMENTS – continued**2. Summary of significant accounting policies – continued***(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.

e) 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.

f) 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.

g) 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.

NOTES TO THE FINANCIAL STATEMENTS – continued**2. Summary of significant accounting policies - continued****f) Property, plant and equipment – continued***(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 2024 Estimated economic life (years)
Computer Equipment	3
Furniture & Fittings	8
Lighting Equipment	8
Cable Landing Station (“CLS” Assets)	25
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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS – continued**2. Summary of significant accounting policies – continued****g) Lease Liabilities - continued**

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.

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).

NOTES TO THE FINANCIAL STATEMENTS – continued

2. Summary of significant accounting policies – continued

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.

Long term incentive arrangements

There is no long-term incentive plan in place at the reporting date.

l) 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.

m) 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.

NOTES TO THE FINANCIAL STATEMENTS – continued**2. Summary of significant accounting policies - continued****n) Trade payables**

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

o) 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 \$478,194 (2023 \$1,220,218).

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

r) Intangible Assets***Goodwill***

Goodwill arising on a business combination is initially measured at cost, being the excess of the cost of an acquisition over the fair value of the net identifiable assets and liabilities assumed at the date of acquisition and relates to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the cost of the acquisition is lower than the fair value of the net assets of the subsidiary acquired, the identification and measurement of the related assets and liabilities and contingent liabilities are revisited, and the cost is reassessed with any remaining balance recognised immediately in the Statement of Comprehensive Income.

Computer Software

Computer software separately acquired, including computer software which is not an integral part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined as follows are met:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS – continued**2. Summary of significant accounting policies - continued**

Computer software is amortised over its expected useful life, which ranges from 3 to 7 years, by charging equal annual instalments to the Consolidated Income Statement. Amortisation commences when the assets are ready for use.

s) Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received

3 Revenue from contracts with customers

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.

External Revenue	2024	2023
	\$'000	\$'000
Revenue from IRUs	12,520	11,978
Revenue from leases	17,648	13,203
Revenue from maintenance	8,856	7,741
Professional services and management fees	3,239	2,669
Revenue from contracts with customers	42,263	35,591

NOTES TO THE FINANCIAL STATEMENTS – continued**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.

Lease Accounting

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.

Provision for repairs

The provision in place at the beginning of the accounting period was utilised for repairs to the AEC-1 cable during the reporting period. The provision in place at the end of year relates to AEC1, AEC2 and CC2 cables. The provision is included in note 21 below.

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 are denominated in 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	Between one and two years	Between two and five years	After five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2023	21,700	-	-	-	21,700
Borrowings (note 15)					
Trade and other payables (note 14)	39,301	16,872	45,709	98,515	200,397
At 31 December 2023	61,001	16,872	45,709	98,515	222,097
2024					
Borrowings (note 15)	21,700	-	-	-	21,700
Trade and other payables (note 14)	34,999	19,763	42,243	90,580	187,584
Derivative financial instruments	-	-	-	-	-
At 31 December 2024	56,699	19,763	42,243	90,580	209,284

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Other income	2024	2023
	\$'000	\$'000
Other miscellaneous income	<u>247</u>	103
Total other income	<u>247</u>	<u>103</u>
7 Operating loss	2024	2023
	\$'000	\$'000
Staff costs:		
Wages and salaries	8,894	10,010
Social welfare costs	858	1,007
Pension costs - defined contribution plans	329	318
Net staff costs included in operating costs	<u>10,081</u>	<u>11,335</u>
Other operating costs:		
Amounts paid and payable to telecommunications operators	8,934	6,748
Operating and maintenance costs	4,958	3,861
Rental, IT and utilities expense	1,046	682
Consulting and contractors' expense	684	1,185
Depreciation & amortisation	17,610	16,527
Impairment of goodwill	457	-
Selling and marketing costs	560	220
Travel and subsistence costs	523	715
Foreign exchange	76	83
Other expenses	5,665	3,446
Total operating costs	<u>50,594</u>	<u>44,802</u>
Analysed as:		
Cost of sales	14,001	11,220
Administrative expenses	36,593	33,582
Operating costs	<u>50,594</u>	<u>44,802</u>
Operating profit is stated after charging:		
Depreciation & amortisation	17,610	16,527
Auditors' remuneration	271	276
Auditors' remuneration – non audit services	-	-
Other losses - foreign exchange	<u>76</u>	<u>83</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Staff costs	2024	2023
	\$'000	\$'000

(i) Employees

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

Wages and salaries	8,894	10,010
Social security costs	858	1,007
Pension costs	329	318
	<u>10,081</u>	<u>11,335</u>

2024	2023
Number	Number

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

Employees	<u>58</u>	<u>55</u>
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2024	2023
\$'000	\$'000

(ii) Directors

Emoluments	1,507	1,489
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Contributions to retirement benefit schemes:		
- Defined contribution	44	21
	<u>1,551</u>	<u>1,510</u>

9 Finance costs	2024	2023
	\$'000	\$'000

Net interest payable comprises the following amounts:

Finance costs:

Interest on shareholders loans	1,945	1,195
Interest on leases	1,553	1,582
	<u>3,498</u>	<u>2,777</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Income tax	2024 \$'000	2023 \$'000
(a) Recognised in the income statement:		
Current tax expense:		
Current tax for the period	-	-
Deferred tax liability	-	-
Current tax charge/(credit) for the period	<u>-</u>	<u>-</u>

(b) Reconciliation of effective tax rate:

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

	2024 \$'000	2023 \$'000
Loss on ordinary activities before tax	(11,582)	(11,885)
Notional Tax calculated at Irish tax rates at 12.5% (2023: 12.5%)	(1,448)	(1,486)
<i>Effects of:</i>		
Expenses not deductible for taxation	2,097	2,103
Group losses utilised	(649)	(617)
Corporation Tax paid/(refunded) other jurisdictions	-	-
Total tax charge for the period	<u>-</u>	<u>-</u>

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\$225m (2023: US\$216m), 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 group relief where available and as such no taxation charge is calculated or needs to be calculated. The tax rate, which is based on the prevailing rates of corporate tax and the mix of profits between Ireland, the UK, Denmark and the US, is impacted by losses incurred by the group.

Aqua Comms Designated Activity Company

NOTES TO THE FINANCIAL STATEMENTS – continued

11 (a) Property, plant and equipment

	CLS Asset	CLS Equipment	Land	Submarine Cable	Spare Cable Asset	Lighting Equipment	Computer Equipment	Furniture, Fittings & Equipment	Assets under Construction	Total
Gross carrying amount										
Balance 1 January 2024	2,690,316	1,747,584	53,668	259,800,570	1,282,923	20,103,245	313,653	116,609	-	286,108,569
Additions	128,605	430,985	-	370,210	-	5,161,380	70,100	45,553	-	6,206,833
Reclassification between asset classes	(8,735)	-	-	8,735	-	-	-	-	-	-
Disposals	-	-	-	-	(514,515)	-	-	-	-	(514,515)
Foreign exchange adjustments	1,401	-	-	-	-	1,140	-	-	-	2,541
Balance at 31 December 2024	2,811,588	2,178,569	53,668	260,179,515	768,408	25,265,765	383,752	162,162	-	291,803,427
Accumulated depreciation and impairment										
Balance at 1 January 2024	(470,987)	(747,072)	-	(46,342,049)	-	(6,903,512)	(254,263)	(33,081)	-	(54,750,962)
Disposals	-	-	-	-	40,689	-	-	-	-	40,689
Reclassification between asset classes	-	-	-	-	-	-	30,535	(30,535)	-	-
Foreign exchange adjustments	-	-	-	-	-	-	-	-	-	-
Depreciation	(129,400)	(280,535)	-	(11,809,816)	-	(3,563,661)	(60,627)	(23,137)	-	(15,867,176)
Balance 31 December 2024	(600,387)	(1,027,607)	-	(58,151,864)	40,689	(10,467,172)	(284,355)	(86,753)	-	(70,577,449)
Net carrying amount 31 December 2024	2,211,201	1,150,963	53,668	202,027,651	809,097	14,798,593	99,397	75,409	-	221,225,978
Gross carrying amount										
Balance 1 January 2023	2,649,680	1,486,946	53,668	247,947,403	464,914	17,784,901	245,094	97,070	975,639	271,705,315
Additions	40,636	260,638	-	11,853,167	818,009	2,695,239	68,558	19,539	-	15,755,787
Disposals	-	-	-	-	-	(376,894)	-	-	(975,639)	(1,352,533)
Foreign exchange adjustments	-	-	-	-	-	-	-	-	-	-
Balance 31 December 2023	2,690,316	1,747,584	53,668	259,800,570	1,282,923	20,103,245	313,653	116,609	-	286,108,569
Accumulated depreciation and impairment										
Balance 1 January 2023	(348,193)	(507,900)	-	(34,790,525)	-	(4,044,799)	(197,905)	(20,280)	-	(39,909,602)
Depreciation	(122,793)	(239,172)	-	(11,551,523)	-	(2,858,713)	(56,358)	(12,801)	-	(14,841,361)
Balance 31 December 2023	(470,987)	(747,072)	-	(46,342,049)	-	(6,903,512)	(254,263)	(33,081)	-	(54,750,962)
Net carrying amount 31 December 2023	2,219,330	1,000,513	53,668	213,458,522	1,282,923	13,199,734	59,389	83,528	-	231,357,606

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.

11 (b) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2024	2023
	\$'000	\$'000
Right-of-use assets	12,335	13,360
Investment in Sublease	2,147	2,296
<i>Lease liabilities</i>		
<i>Current</i>	1,360	1,245
<i>Non-Current</i>	15,540	16,818

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

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

	2024	2023
	\$'000	\$'000
Depreciation charge of right-of-use assets	1,515	1,404
Interest expense (included in finance costs)	1,553	1,581
The total cash outflow for leases	2,847	2,685

NOTES TO THE FINANCIAL STATEMENTS - continued

11(c) Intangible Assets

	ILD License \$,000	Goodwill \$,000	Software \$,000	Total \$,000
Cost				
At 1 January 2024	-	1,027	858	1,885
Additions	300	-	966	1,266
Disposals	-	-	-	-
At 31 December 2024	<u>300</u>	<u>1,027</u>	<u>1,824</u>	<u>3,151</u>
Accumulated charges				
At 1 January 2024	-	-	(179)	(179)
Amortization charge for the year	(10)	-	(221)	(231)
Impairment charge for the year	-	(457)	-	(457)
Disposals	-	-	-	-
At 31 December 2024	<u>(10)</u>	<u>(457)</u>	<u>(400)</u>	<u>(867)</u>
Net carrying amount				
At 31 December 2023	-	1,027	679	1,706
At 31 December 2024	<u>290</u>	<u>570</u>	<u>1,424</u>	<u>2,284</u>

At year end, a review of Goodwill recognised was carried out. As part of the aforementioned transaction process with EXA Infrastructure, Openbyte Infrastructure Private Limited was excluded from the parameters of the transaction. As a result, the Directors have suspended planned strategic growth in the Asia Pacific region. Management has determined the recoverable amount of this entity and on this basis, has recognised an impairment loss on Goodwill of \$456,500.

12 Investment in subsidiaries - company

	Cost of investment \$'000	Total \$'000
At 1 January 2023	30,153	30,153
Additions during the year	170	170
At 31 December 2023	<u>30,323</u>	<u>30,323</u>
At 1 January 2024	30,323	30,323
Additions during the year	57	57
At 31 December 2024	<u>30,380</u>	<u>30,380</u>

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 2024 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 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 Langeline Alle 35, Copenhagen
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
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 Langeline Alle 35, Copenhagen

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

**NOTES TO THE FINANCIAL STATEMENTS -
continued**

**12 Investment in subsidiaries - company -
continued**

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%	Langelinie Allé 35, 2100 København Ø, Denmark
Openbyte Infrastructure Private Limited	Trading Company	77,778 shares of INR 10	100%	E44/11 Okhla Industrial Estate Phase 2, New Delhi, South Delhi, DL 110020, India
America Europe Connect 2 USA, Inc	Trading Company	10,000 shares of \$0.01	100%	Dayton, New Jersey, NJ 08810 USA
Aqua Comms (Americas) Inc	Trading Company	10,000 shares of \$0.01	100%	145 Pinelawn Road, Suite 200 South Melville 11747, NY, USA
Aqua Comms (Singapore) Pte Limited	Trading Company	100 shares of SGD 1	100%	80 Robinson Road #02-00 Singapore (068898)
Aqua Comms Nominees Ltd	Trading company	100 ordinary shares at €1.00	100%	The Exchange Building, Foster Place, Dublin 2, Ireland

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

NOTES TO THE FINANCIAL STATEMENTS – continued

13. Trade and other receivables	2024	2023
Group	\$'000	\$'000
<i>Amounts falling due within one year:</i>		
Trade receivables	7,031	14,028
Prepayments and other receivables	25,843	25,861
	32,874	39,889
Company		
<i>Amounts falling due within one year:</i>		
Amounts owed by subsidiary undertakings	126,929	126,929

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. There is no provision for the year.

Simplified approach - Expected Credit Losses

	Gross amount receivable \$'000	Loss allowance \$'000	Net Amount receivable \$'000
2024			
Not past due receivables	6,353	-	6,353
Past due < 30 days	-	-	-
Past due 30-120 days	-	-	-
Past due > 120 days	-	-	-
Past due 30-120 days	-	-	-
Past due more than a year	-	-	-
	6,353	-	6,353

NOTES TO THE FINANCIAL STATEMENTS – continued

13. Trade and other receivables - continued

	Gross amount receivable \$'000	Loss allowance \$'000	Net Amount receivable \$'000
2023			
Not past due receivables	14,028	-	14,028
Past due < 30 days	-	-	-
Past due 30-120 days	-	-	-
Past due > 120 days	-	-	-
Past due 30-120 days	-	-	-
Past due more than a year	-	-	-
	14,028	-	14,028

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 2024, the Parent company had balances receivable of \$127 million (2023: \$127 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 2024 is Nil (2023: Nil). Any impairment loss recognised in the Parent company in respect of amounts due from subsidiary undertakings is calculated using an 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 Group	2024	2023
	\$'000	\$'000
Amounts falling due within one year:		
Trade payables	2,927	4,009
Deferred income	21,306	20,213
PAYE/PRSI	122	215
Sales Tax Payable	1,127	1,885
Accruals & other liabilities	8,835	11,734
Lease liabilities (note 11(b))	1,360	1,245
	35,677	39,301
Amounts falling due greater than one year:		
Deferred income	136,681	144,278
Lease liabilities	15,540	16,818
	152,221	161,096
Total trade & other payables	187,898	200,397
Company		
Accruals & accounts payable	192	217
Amounts owed to subsidiary undertakings – short term	3,320	3,117
	3,512	3,334

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 Deferred Revenue

Deferred revenue represents consideration received in advance for goods or services which have not yet been delivered or rendered at the reporting date. Under **IFRS 15 – Revenue from Contracts with Customers**, revenue is recognized when control of the goods or services is transferred to the customer.

At initial recognition, deferred revenue is recorded as a liability and is subsequently recognized as revenue in the period in which the performance obligations are satisfied.

As at 31 December 2024, the deferred revenue balance amounted to \$158m (2023: \$164.5m). This primarily relates to:

- IRU services to be delivered over a defined period;
- Lease services to be delivered over a defined period
- Maintenance and support services invoiced in advance.

Current portion of deferred revenue (expected to be recognized within 12 months): \$21,306,000

Non-current portion (expected to be recognized beyond 12 months): \$136,681,000

16 Borrowings

	2024 %	2023 %
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Maturity of financial borrowings

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

Effective senior debt interest	9.2	8.3
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Loans from group undertakings are detailed in note 19.

Effective interest rate is calculated on the combination of combined lease liabilities and the Shareholder loan provided by D9 Infrastructure PLC.

Shareholders loan

	2024 \$'000
At 1 January	21,700
Shareholder loan from D9	-
Repayments	-
At 31 December	21,700

Shareholder loan amounts recognised are capital in nature. Interest accrued on this loan is held under accruals and other liabilities – see note 14. The balance of accrued interest as at 31 December 2024 was \$1,461,612 (2023 - \$1,149,417)

Aqua Comms Designated Activity Company

NOTES TO THE FINANCIAL STATEMENTS - continued

16 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 2024					
The maturity profile of the carrying amount of the group's borrowings is set out below:					
Shareholder loan	21,700	-	-	-	21,700
Bank loans	-	-	-	-	-
At 31 December 2024	21,700	-	-	-	21,700

Maturity of financial borrowings 2023

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

Shareholder loan	21,700	-	-	-	21,700
Redeemable preference shares	-	-	-	-	-
Bank loans	-	-	-	-	-
At 31 December 2023	21,700	-	-	-	21,700

The shareholder loan was granted by Digital 9 Infrastructure. The loan is interest bearing and is payable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Equity share capital	2024 \$'000	2023 \$'000
Authorised Share Capital		
4,000,100,000 ordinary shares of €0.001 each (2023:4,000,100,000)	4,000,100	4,000,100
100,000 B1 shares of €0.001 each (2023: 100,000)	100,000	100,000
100,000 B2 shares of €0.001 each (2023: 100,000)	100,000	100,000
Total	4,300,000	4,300,000
Issued Share Capital		
1,255,344,758 (2023: 1,255,344,758) ordinary shares of €0.001 each	1,375	1,375
76,000 B1 shares of €0.001 each (2023 - 67,800 @ €0.001 each)	-	-
	1,375	1,375

The total authorised number of ordinary shares is 4,000,100,000 ordinary shares with a par value of €0.001 per share. All ordinary issued shares are fully paid.

The total authorised number of B1 shares is 100,000 ordinary shares with a par value of €0.001 per share. 76,000 shares have been issued and remain unpaid As at 31 December 2024 Aqua Comms DAC held 8,600 B1 shares which are being held as treasury shares.

The total authorised number of B2 shares is 100,000 ordinary shares with a par value of €0.001 per share. No B2 shares have been issued.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 (a) Cash generated from operations – group

	2024 US\$'000	2023 US\$'000
Loss before Income Tax:		
Continuing Operations	(11,582)	(11,885)
Discontinued Operations	-	-
(Loss) before Income Tax Including Discontinued:	<u>(11,582)</u>	<u>(11,885)</u>
Adjustments for:		
Depreciation and amortisation	18,070	16,527
Disposal of property, plant and equipment	474	180
Finance costs – net	3,498	2,777
Net exchange differences	32	85
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	6,997	(10,341)
Decrease in other assets	18	1,699
Decrease in trade creditors	(1,073)	(1,033)
(Decrease)/increase in other liabilities	(10,566)	6,964
(Decrease)/Increase in lease liabilities	118	148
Cash generated from operations	<u>5,986</u>	<u>5,121</u>

18 (b) Group Cash and cash equivalents

Cash at bank	<u>8,426</u>	<u>14,707</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.

19 Ultimate parent company

The group regards Digital 9 Infrastructure PLC, a company incorporated in the Channel Islands as its ultimate parent. The largest group in which the results of this company are consolidated is Aqua Comms Designated Activity Company consolidated financial statements can be obtained from The Exchange Building, Foster Place, Dublin 2

NOTES TO THE FINANCIAL STATEMENTS – continued

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, was owed \$927,075 (2023: \$927,045) at the balance sheet date.

America Europe Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company was owed \$2,393,304 (2023: \$2,190,135) at the balance sheet date.

Aqua Comms Connect Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company owed \$126,928,950 (2023: \$126,928,950) at the balance sheet date.

Aqua Comms UK Limited, a wholly owned subsidiary of Aqua Comms Designated Activity Company was owed \$10 (2023: \$0) at the balance sheet date.

(b) 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:

	2024 \$'000	2023 \$'000
Short term employee benefits	3,626	2,349
Post-employment pension benefits	106	95
	<u>3,732</u>	<u>2,444</u>

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

(c) Share based payments

On March 28th 2023, a total of 30,400 growth shares were issued by Aqua Comms Designated Activity Company (Parent to Aqua Comms Management UK Limited) to employees of Aqua Comms Management UK Limited. The shares were issued in full to a trustee company, Aqua Comms Nominees Limited to hold for employees during the vesting period. During the vesting period of 2024, the following shares were vested:

	Weighted average exercise price \$	Number 2024	Expense 2024 \$
Vested during the year	8.17	7,040	57,517
	<u>8.17</u>	<u>7,040</u>	<u>57,517</u>

In 2023, a total of 20,756 shares were vested using the same weighted average exercise price, giving a total expense of \$169,573.

NOTES TO THE FINANCIAL STATEMENTS – continued

(d) Related party transactions continued -

The methodology used for the valuation was an Expected value approach using the probability weighted expected annual return method. Using a number of EBITDA assumptions in line with a Discount Rate of 16.5% derived from a CAPM approach, an Actual Market Value of \$817,000 was concluded, and based on a maximum of 100,000 shares to issue, the individual share price was deemed to be \$8.17.

21 Provisions for liabilities

The company had the following provisions during the year:

	Sinking Fund Provision	Total
	\$	\$
At 31 December 2023	1,220,218	1,220,218
Additions	1,114,278	1,114,278
Amount utilised	<u>(1,856,300)</u>	<u>(1,856,300)</u>
At 31 December 2024	478,196	478,196

22. Events after the reporting period

The financial statements have been prepared based upon conditions existing at 31 December 2024 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. In January 2025, the board of Digital 9 Infrastructure fund announced it had signed a binding agreement with EXA Infrastructure, for the divestment of the Aqua Comms Group. The Transaction is subject to multi-jurisdictional regulatory approvals, including competition & merger clearance, which are expected to take approximately 12 months. Under the terms of the transaction and a completion accounts mechanism, Digital 9 Infrastructure will continue to manage Aqua Comms between signing and completion.

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

23. Standards, amendments, and interpretations effective in 2024

New standards, amendments, and interpretations effective for the financial year beginning 1 January 2024.

A number of new standards, amendments to standards and interpretations are effective for the year ended 31 December 2024 and have 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
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	Amendments to IAS 7 and IFRS 7	No material effect
Amendments to IAS 1	Non-current liabilities with covenants	Amendments to IAS 1	No material effect
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	Amendments to IFRS 16	No material effect

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

NOTES TO THE FINANCIAL STATEMENTS – continued**24. Standards, amendments, and interpretations effective in 2025****New standards, amendments, and interpretations effective for the financial year beginning 1 January 2025.**

As at 31 December 2024, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2024.

New Standards or amendments	Details	Effective Date
Amendments to IAS 21	Lack of exchangeability	01 January 2025
Amendments to IFRS 7 & IFRS 9	Financial instruments and related financial instrument disclosures	01 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	01 January 2027
IFRS 19	Subsidiaries without Public Accountability disclosures	01 January 2024

25. 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\$175,097 (2023: profit of US\$182,697).

26. Approval of financial statements

The directors approved the financial statements on 21 May 2025.