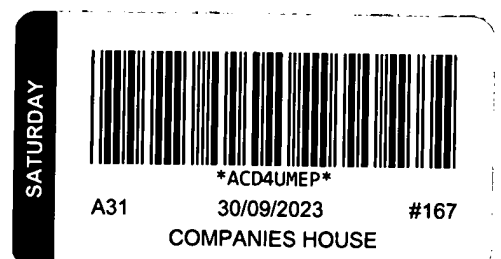


Registered number: 03232904

# COLT TECHNOLOGY SERVICES GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



**COLT TECHNOLOGY SERVICES GROUP LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	G Carr C Griffin Pain A Galtieri N Ramasamy
<b>Company secretary</b>	N Ramasamy
<b>Registered number</b>	03232904
<b>Registered office</b>	Colt House 20 Great Eastern Street London EC2A 3EH

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their strategic report on Colt Technology Services Group Limited, ("the Company") for the year ended 31 December 2022.

#### **Business review and principal activities**

The Company's principal activity is to act as an intermediary holding company within the group comprising Colt Group Holdings Limited and its subsidiaries ("the Group"). Colt Group Holdings Limited is a company incorporated in the United Kingdom. The results of the Company are included in the consolidated financial statements of Colt Group Holdings Limited for the year ended 31 December 2022. The immediate parent company is Colt Lux Group Holding S.à.r.l., a company incorporated in Luxembourg. The ultimate parent company is SHM Lightning Investors LLC ("SLI"), a company incorporated in the United States of America. Please see note 16 for further information.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company are integrated with the principal risks and uncertainties facing the Group and are not managed separately. Details of the risks and uncertainties facing the Group, the Group's financial risk management policy and an analysis of the performance of the Group, including key performance indicators, can be found in the Group's annual report for the year ended 31 December 2022 which does not form part of this report. This report is available from the Company's registered office, as set out in note 16 to the financial statements.

#### **Review of the financial performance indicators and key performance indicators**

The Company made a loss before taxation of €194.4m for the year ended 31 December 2022 (2021: profit of €293.4m).

At 31 December 2022 the Company had total net assets of €842.4m (2021: total net assets of €1,202.1m).

The Company's key performance indicators are integrated with the Group. The Directors believe that the disclosure of key performance indicators is neither necessary or appropriate to understand the financial position or performance of the Company.

This report was approved by the board on 30 September 2023 and signed on its behalf.

DocuSigned by:

*Nadine Ramasamy*

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N Ramasamy  
Director

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

#### **Directors**

The Directors who were in office during the year and up to the date of signing the financial statements were:

G Carr  
C Griffin Pain  
A Galtieri  
N Ramasamy

The Company Secretary who held office during the year and up to the date of this report was:

N Ramasamy

#### **Principal activity**

The Company's principal activity is to act as an intermediary holding company of the Group comprising Colt Group Holdings Limited and its subsidiaries.

#### **Results and dividends**

The Company made a loss for the year of €194.4m (2021: profit for the year of €293.4m)

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (2021: nil).

#### **Future developments**

The Company's future developments are integrated with the strategy of the Group and are not managed separately. Details of the future strategy of the Group can be found in the Group's annual report for the year ended 31 December 2022. This report is available from the Company's registered office, as set out in note 16 to the financial statements.

#### **Financial risk management**

The Colt Group operates a centralised treasury function, the prime objective of which is to optimise the return on Group's cash balances and to manage the working capital requirements of the Group.

#### **Liquidity risk**

The Group raises equity and borrowings centrally and on-lends these to its subsidiaries. All of the Group's borrowings are with a related-party company and has a variable interest rate. No material risk exposure is considered to exist in respect of credit risk, interest risk or foreign exchange risk.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

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

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### Directors' confirmations


In the case of each director in office at the date the directors' report is approved:

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

#### Qualifying third party indemnity provisions

As permitted by the Articles of Association, each of the Directors and Secretary has the benefit of an indemnity as defined by s234 of the Companies Act 2006. The indemnity remains in force throughout, and in respect of, the tenure of each individual's directorship. The Company has maintained the benefit of Directors' and Officers' liability insurance in respect of itself and its Directors' throughout the financial year.

This report was approved by the board on 30 September 2023 and signed on its behalf.

DocuSigned by:  
  
0B54C2ED084B5476...  
N Ramasamy  
Director

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLT TECHNOLOGY SERVICES GROUP LIMITED

# Report on the audit of the financial statements

## Opinion

In our opinion, Colt Technology Services Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

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

## Independence

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

## Conclusions relating to going concern

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

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

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

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

## Reporting on other information

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

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLT TECHNOLOGY SERVICES GROUP LIMITED

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

#### Responsibilities for the financial statements and the audit

##### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiries with management, those charged with governance, internal audit, the fraud risk team, internal legal counsel, the tax team and the regulatory team around actual and potential litigation and claims, as well as any instances of non compliance with laws, regulations or fraud;
- Reviewing correspondence from tax authorities to assess any non-compliance with tax legislation and review of correspondence with external legal advisors;
- Assessment of matters reported to the group's internal whistleblower helpline;
- Reviewing internal audit reports;
- Auditing the risk of management override of controls through identifying and testing journal entries, in particular evaluating the business rationale of significant transactions outside the normal course of business; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**COLT TECHNOLOGY SERVICES GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLT TECHNOLOGY SERVICES GROUP LIMITED**

## Other required reporting

### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Sturges (Senior statutory auditor)

for and on behalf of

**PricewaterhouseCoopers**

Chartered Accountants and Statutory Auditors

London

30 September 2023

## COLT TECHNOLOGY SERVICES GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 €M	2021 €M
Impairment (expense)/reversal		(392.2)	368.4
Administrative expenses		(12.9)	(6.9)
Dividend income		215.3	-
Other operating income		6.5	7.0
<b>Operating (loss)/profit</b>	4	<b>(183.3)</b>	368.5
Interest receivable and similar income	6	43.9	1.1
Interest payable and similar expenses	7	(55.0)	(76.2)
<b>(Loss)/profit before tax</b>		<b>(194.4)</b>	293.4
Tax on (loss)/profit	8	-	-
<b>(Loss)/profit for the financial year</b>		<b>(194.4)</b>	293.4

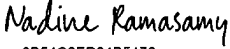
The notes on pages 10 to 23 form part of these financial statements.

**COLT TECHNOLOGY SERVICES GROUP LIMITED**  
**REGISTERED NUMBER: 03232904**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 €M	2022 €M	2021 €M	2021 €M
<b>Fixed assets</b>					
Investments	9		1,618.8		2,348.5
			<u>1,618.8</u>		<u>2,348.5</u>
<b>Current assets</b>					
Debtors	10	1,229.1		647.6	
Cash at bank and in hand		11.7		4.4	
<b>Total current assets</b>		<u>1,240.8</u>		<u>652.0</u>	
Creditors: amounts falling due within one year	11	<u>(2,017.2)</u>		<u>(1,798.4)</u>	
<b>Net current liabilities</b>			<u>(776.4)</u>		<u>(1,146.4)</u>
<b>Total assets less current liabilities</b>			<u>842.4</u>		<u>1,202.1</u>
<b>Net assets</b>			<u>842.4</u>		<u>1,202.1</u>
<b>Capital and reserves</b>					
Called up share capital	13		85.0		80.0
Share premium account			981.0		936.0
Other reserves	13		113.9		113.9
Accumulated losses			<u>(337.5)</u>		<u>72.2</u>
<b>Total equity</b>			<u>842.4</u>		<u>1,202.1</u>

The financial statements on pages 7 to 23 were approved by the Board of Directors on 30 September 2023 and signed on its behalf by

DocuSigned by:  
  
 0B54C2ED84B5476...  
 N Ramasamy  
 Director

The notes on pages 10 to 23 form part of these financial statements.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

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

	Called up share capital €M	Share premium account €M	Other reserves €M	Profit and loss account €M	Total equity €M
<b>At 1 January 2021</b>	<b>80.0</b>	<b>936.0</b>	<b>113.9</b>	<b>(221.2)</b>	<b>908.7</b>
Profit for the year	-	-	-	293.4	293.4
<b>At 31 December 2021 and 1 January 2022</b>	<b>80.0</b>	<b>936.0</b>	<b>113.9</b>	<b>72.2</b>	<b>1,202.1</b>
Loss for the year	-	-	-	(194.4)	(194.4)
Dividends provided for or paid	-	-	-	(215.3)	(215.3)
Shares issued during the year	5.0	45.0	-	-	50.0
<b>At 31 December 2022</b>	<b>85.0</b>	<b>981.0</b>	<b>113.9</b>	<b>(337.5)</b>	<b>842.4</b>

The notes on pages 10 to 23 form part of these financial statements.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. General information

Colt Technology Services Group Limited's ("the Company") principal activity is to act as an intermediary holding company within the group comprising Colt Group Holdings Limited and its subsidiaries ("the Group").

The Company is a private company limited by shares, and is incorporated and registered in England and Wales, United Kingdom. The address of its registered office is Colt House, 20 Great Eastern Street, London, England, EC2A 3EH.

These financial statements are for the financial year beginning 1 January 2022 and ended on 31 December 2022.

#### 2. Accounting policies

##### 2.1 Significant accounting policies

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

##### 2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.3 Going concern

The Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis. Colt Group Holdings Limited, the parent of the Group, will not recall intercompany loans and will provide additional funding where necessary to enable the Company to meet its financial liabilities as they fall due and continue its operational existence for the next 12 months from the date of approval of the Company's financial statements.

The Colt Group has a strong cash position, effective management of working capital, and the ability to draw down from its RCF as required. On 30 March 2023, the Colt Group increased its RCF from €430.0m to €630.0m from FMR Capital Holdings LLC, a related-party company on existing terms. This is repayable in full in February 2025.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Accounting policies (continued)

##### 2.4 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

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

This information is included in the consolidated financial statements of Colt Group Holdings Limited as at 31 December 2022 and these financial statements may be obtained from Companies House.

##### 2.5 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

##### 2.6 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is Euros.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Accounting policies (continued)

##### 2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### 2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.9 Long term loans to subsidiaries

Long term loans to subsidiaries that are in substance a capital contribution, are treated as quasi investments and classified as investments. Long term loans to subsidiaries are stated at cost less any provision for impairment.

##### 2.10 Impairment

Investments and debtors are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future discounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

##### 2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Accounting policies (continued)

##### 2.11 Taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.13 Share capital

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

##### 2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

##### Critical judgements in applying the entity's accounting policies

No critical accounting judgements have been applied in the preparation of the Company's financial statements.

##### Critical accounting estimates and assumptions

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

##### *Impairment*

The carrying values of investments and intercompany debtors are reviewed for impairment only when events indicate that the carrying value may be impaired. Impairment indicators include both internal and external factors. Examples of internal factors include analysing performance against budgets and assessing absolute financial measures for indicators of impairment. Examples of external considerations assessed for indications of impairment include wider economic factors such as economic growth rates.

**COLT TECHNOLOGY SERVICES GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**3. Judgements in applying accounting policies (continued)**

Where impairment indicators are present, the recoverable amounts of assets are measured. Asset recoverability requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain estimates are required to be made in respect of uncertain matters. Our value in use calculations require estimates in relation to uncertain items, including management's expectations of future revenue growth, operating costs, profit margins, operating cash flows, and the discount rate appropriate for each CGU. See notes 10 and 11 for the net carrying amounts of investments and debtors.

Where the recoverable amount exceeds the carrying value of the investment, management considers whether an impairment reversal is appropriate. Management applies judgement in doing so including but not limited to a history of performance, position and headroom. Management also applies judgement on the level of impairment to be reversed and may limit the amount of impairment reversed.

**4. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	<b>2022</b>	2021
	<b>€M</b>	€M
<b>Employee costs</b>		
Wages and salaries	<b>3.3</b>	2.9
Social security costs	<b>0.4</b>	0.4
Other pension costs	<b>0.1</b>	0.1
	<b>=====</b>	<b>=====</b>

The average monthly number of employees (including Directors) was 7 (2021: 5). All employees work in an administration function.

The Company's audit fees of €11,216 (2021: €10,889) have been paid by another group company and are not recharged to the Company.

During 2022 there was a net impairment charge of €392.2m (2021: impairment reversal of €368.4m).

During 2022 the Company received dividends of €215.3m from its subsidiary undertakings.

During 2022 the Company's other operating income received consisted of €4.8m relating to the Project Roosevelt TSA and has been received from AtlasEdge and €1.7m relates to transfer pricing adjustments.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 5. Directors' emoluments

	2022 €M	2021 €M
Short-term benefits	1.9	1.9
Long-term benefits	1.3	0.8
Post-employment benefits	0.1	0.1
Compensation for loss of office	-	-
	<u>3.3</u>	<u>2.8</u>

The Directors are compensated by other group entities and are paid for their services to their various directorships held within the Colt Group. The disclosure above includes their remuneration for services to the entire Colt Group.

The highest paid Director received €1.6m (2021: €1.4m) as remuneration during the year. In 2021, the aggregate amount of money paid to Directors in relation to long term incentive schemes was €1.4m.

## 6. Interest receivable and similar income

	2022 €M	2021 €M
Interest receivable from group undertakings	24.8	1.1
Foreign exchange gains	19.1	-
<b>Total interest receivable and similar income</b>	<u>43.9</u>	<u>1.1</u>

Interest receivable from group undertakings relates to financial assets that are measured at amortised cost and calculated using the effective interest method.

## 7. Interest payable and similar expenses

	2022 €M	2021 €M
Bank interest payable	0.1	-
Interest payable from group undertakings	54.9	53.1
Foreign exchange losses	-	23.1
	<u>55.0</u>	<u>76.2</u>

Interest payable to group undertakings relates to financial liabilities that are measured at amortised cost and calculated using the effective interest method.

## COLT TECHNOLOGY SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**8. Tax on (loss)/profit**

There is no tax charge arising in the years ended 31 December 2022 and 2021, as the Company had no taxable profits.

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 €M	2021 €M
(Loss)/profit on before tax	<u>(194.4)</u>	<u>293.4</u>
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(36.9)	55.7
<b>Effects of:</b>		
Expenses not deductible for tax purposes	33.6	(70.1)
Other timing differences	(0.1)	(0.3)
Capital gain	1.3	-
Group relief surrendered for nil consideration	2.1	14.7
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

In the 2021 Spring Budget, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted in 2021 and is therefore used to measure UK deferred taxes in both 2021 and 2022, to the extent the related timing differences are expected to reverse in 2023 or later.

**Deferred taxation**

No deferred tax asset has been recognised in the financial statements. Deferred tax assets require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income together with any future tax planning strategies. Having regard to this at 31 December 2022, no deferred tax assets had been recognised by the company. The unrecognised potential deferred tax asset is as follows:

	2022 €M	2021 €M
<b>Provision for deferred tax</b>		
Excess of capital allowances over depreciation	-	(0.3)
Short term differences	(0.1)	(0.3)
<b>Unrecognised potential deferred tax asset</b>	<u>(0.1)</u>	<u>(0.6)</u>

## COLT TECHNOLOGY SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 9. Investments

	Investments in subsidiary companies €M	Loans to subsidiaries €M	Total €M
<b>Cost</b>			
At 1 January 2022	4,883.5	414.2	5,297.7
Additions	76.7	-	76.7
Reclassifications	-	(414.2)	(414.2)
At 31 December 2022	<u>4,960.2</u>	<u>-</u>	<u>4,960.2</u>
<b>Impairment</b>			
At 1 January 2022	2,873.4	75.8	2,949.2
Charge for the period	468.1	-	468.1
Reclassifications	-	(75.8)	(75.8)
At 31 December 2022	<u>3,341.5</u>	<u>-</u>	<u>3,341.5</u>
<b>Net book value</b>			
At 31 December 2022	<u>1,618.7</u>	<u>-</u>	<u>1,618.7</u>
At 31 December 2021	<u>2,010.1</u>	<u>338.4</u>	<u>2,348.5</u>

Following a revision of the Company's loan terms it was determined that all amounts owed by group undertakings were subject to at least a fixed repayment date or commercial rate of interest. As the substance of these loans is now considered closer to debt than equity they were reclassified from investments to amounts owed by group undertakings.

Interest income is recognised in the statement of comprehensive income. This is consistent with prior periods.

As part of the recapitalisation of the Group's operating entity in France, Colt Technology Services ('Colt France'), in December 2022 the Company subscribed for 5,000,000 ordinary shares for a consideration of €50,000,000.

The Company also increased its investments in Colt Telecom Finance Switzerland by €20.2m (2021: €15.1m), Colt Telecom Finance Denmark by €1.0m (2021: €0.2m) and Colt Telecom Finance Sweden by €5.5m (€6.4m) in exchange for ordinary shares.

The Company has assessed if there are any indicators of impairment of the investment in subsidiaries and intercompany debtors as at 31 December 2022.

An impairment review was carried out in respect of the Company's investments in group undertakings. A determination of the recoverable amount of the investments has been made using a value in use model, which resulted in an impairment of €468.1m for the year ended 31 December 2022 (2021: €173.8m).

**COLT TECHNOLOGY SERVICES GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**9. Investments (continued)**

No impairment provision was recognised against long term loans to subsidiaries for the year ended 31 December 2022 (2021: €35.2m).

There were no impairment reversals during 2022 (2021: €484.1m).

Details of the Company's investments in subsidiary undertakings, including direct and indirect subsidiaries, are set out below.

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Holding</b>
Colt Technology Services Pty Limited	c/o Baker & McKenzie, Level 19, CBW 181 William Street, Melbourne VIC 3000, Australia	Telecommunications and Internet services provider	100%
Colt Technology Services GmbH	Kärntner Ring 10-12, A- 1010, Vienna, Austria	Telecommunications and Internet services provider	100%
KVH Telecom Holding SCRL	c/o Citco, Boulevard Louis Schmidt 87, 1040 Brussels, Belgium	Holding and service company	100%
Colt Technology Services N.V.	Culliganlaan 2H, 1831 Diegem, Belgium	Telecommunications and Internet services provider	100%
*KVH Asia Limited	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Holding and service company	100%
Asia Global Telecom Finance	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Holding and service company	100%
Colt Technology Services (China) Co., Ltd.	Room 108, No. 26, Jiafeng Raod, China (Shanghai) Pilot Free Trade Zone. 200131, China	Holding and service company	100%
Colt Technology Services (Dalian) Co., Ltd	Unit 602, Building 12, No. 21 Software Park Road East, Shahekou District, Dalian, Liaoning Province, China	Intra Group support services	100%
Colt Technology Services A/S	Borgmester Christiansens Gade 55, 2450 Copenhagen SV, Denmark	Intra Group telecommunications services provider	100%
Colt Technology Services OY	c/o Azets Insight Oy, Elielinaukio 5B, 00100, Helsinki, Finland	Telecommunications and Internet services provider	100%
Colt Technology Services	23-27 rue Pierre Valette, 92240 Malakoff, France	Telecommunications and Internet services provider	100%
Colt Technology Services GmbH	Gervinusstraße 18-22, 60322 Frankfurt am Main, Germany	Telecommunications and Internet services provider	100%

## COLT TECHNOLOGY SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 9. Investments (continued)

(continued)

Name	Registered office	Principal activity	Holding
Colt Technology Services Limited	Suites 2912-16, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	Telecommunications and Internet services provider	100%
Colt Network Services India Private Limited	117, 1st Floor, Antariksh Bhawan, 22 KG Marg, New Delhi – 110001, India	Telecommunications provider	100%
Colt Technology Services Limited	Unit 15/16 Docklands Innovation Park, East Wall Road, Dublin 3, Ireland	Telecommunications and Internet services provider	100%
Colt Technology Services S.p.A.	23, Viale Vincenzo Lancetti, Milan, MI 20158, Italy	Telecommunications and Internet services provider	100%
Colt Technology Services Co., Ltd	Izumi Garden Tower 27F, 6-1 Roppongi 1-chome, Minato-ku, Tokyo, Japan	Telecommunications and Internet services provider	100%
Colt Technology Services Ltd.	16F, 83 Uisadang-daero, Yeongdeungpo-gu, Seoul 07325, Korea	Telecommunications and Internet services provider	100%
Colt Technology Services B.V.	Van der Madeweg 12, 1114 AM Amsterdam-Duivendrecht, Netherlands	Telecommunications and Internet services provider	100%
Colt Technology Services A.S.	c/o EconPartner AS, Dronning Mauds gate 15, 0250 Oslo, Norway	Telecommunications and Internet services provider	100%
Colt Technology Services, Unipessoal Lda	Estrada da Outurela, 118 - Parque Holanda, Edificio B1, 2790-114 Carnaxide, Portugal	Telecommunications and Internet services provider	100%
Colt Technology Services RO SRL	50, Calea Dumbravii, Sibiu, Sibiu County, Romania	Telecommunications and Internet services provider	100%
Colt Technology Servicesd.o.o. Beograd-Stari Grad	Kneza Mihaila street, 30, 5th Floor, Belgrade, 11000, Serbia	Telecommunications and Internet services provider	100%
Colt Technology Services Pte. Ltd.	8 Temasek Boulevard, #17-01, Suntec Tower Three, 038988	Telecommunications and Internet services provider	100%
Colt Technology Services S.A.U.	Calle Telemaco 5, 28027 Madrid, Spain	Telecommunications and Internet services provider	100%
Colt Technology Shared Service Centre Barcelona S.L.	World Trade Center Alameda ParkPlaça de la Pau s/n, Edificio 7 Planta 408940 Cornellá de Llobregat, Barcelona, España	Intra Group support services	100%

## COLT TECHNOLOGY SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 9. Investments (continued)

(continued)

Name	Registered office	Principal activity	Holding
Colt Technology Services A.B.	PO Box 3458, Luntmakargatan 18, SE- 10369 Stockholm, Sweden	Telecommunications services provider	100%
Colt Technology Services AG	Albulastrasse 47, 8048 Zürich, Switzerland	Telecommunications and Internet services provider	100%
V.IP Systems AG (in liquidation)	c/o Martin Frey, Baker & McKenzie Zürich, Holbeinstrasse 30, 8008 Zürich, Switzerland	Holding and service company	100%
Colt Technology Services (unlimited company)	20 Great Eastern Street, London, England EC2A 3EH	Telecommunications and Internet services provider	100%
Colt Technology Services Group Limited	20 Great Eastern Street, London, England EC2A 3EH	Management, administration and treasury services	100%
*Colt Telecom Holdings Limited	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Mobile Telecommunications Limited	20 Great Eastern Street, London, England EC2A 3EH	Dormant	100%
City of London Telecommunications Limited	20 Great Eastern Street, London, England EC2A 3EH	Dormant	100%
Colt Telecom Limited	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Telecom Finance Switzerland	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Telecom Finance Sweden	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Telecom Finance Denmark	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Telecom Finance Euro	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Telecommunications Nominees Limited	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Technology Services Europe Limited	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt KJC Limited	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%

## COLT TECHNOLOGY SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 9. Investments (continued)

(continued)

Name	Registered office	Principal activity	Holding
Colt Netherlands Holding Limited	20 Great Eastern Street, London, England EC2A 3EH	Holding and service company	100%
Colt Internet US Corp	c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	Intra Group Internet services provider	100%

\*Direct undertakings of Colt Technology Services Group Limited.

## 10. Debtors: amounts falling due within one year

	2022 €M	2021 €M
Trade debtors	1.2	1.8
Amounts owed by group undertakings - net of impairment	1,151.3	640.6
Impairment reversal	75.8	-
Other debtors	0.8	0.5
Corporation tax debtor	-	4.7
	<b>1,229.1</b>	<b>647.6</b>

During the year there was a review into the Group's intercompany working practices, with a focus on improving the management of intercompany transactions and the formal documentation of legacy intercompany positions. At the balance sheet date management concluded that sufficient work had been completed to rationalise the Group's intercompany positions.

The impairment provision brought forward of €78.5m was released during the year (2021: no release recognised/impairment).

Amounts owed by group undertakings are unsecured, bear interest at the effective interest rate of approximately 0% - 6% and are repayable in less than one year (2021: 0% - 6%).

## COLT TECHNOLOGY SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 11. Creditors: amounts falling due within one year

	2022 €M	2021 €M
Trade creditors	0.2	0.1
Amounts owed to group undertakings	2,003.1	1,793.9
Accruals and deferred income	13.9	4.4
	<u>2,017.2</u>	<u>1,798.4</u>

Amounts owed by group undertakings are unsecured, bear interest at the effective interest rate of 0% - 6% (2021: 0% - 6%).

## 12. Financial instruments

	2022 €M	2021 €M
<b>Financial assets measured at amortised cost:</b>		
Trade debtors	1.2	1.8
Amounts owed by group undertakings	1,151.3	640.6
Impairment reversal	75.8	-
Other debtors	0.8	0.5
Corporation tax debtor	-	4.7
	<u>1,229.1</u>	<u>647.6</u>
<b>Financial liabilities measured at amortised cost:</b>		
Trade creditors	0.2	0.1
Amounts owed to group undertakings	2,003.1	1,793.9
Accruals and other creditors	13.9	4.4
	<u>2,017.2</u>	<u>1,798.4</u>

## 13. Called up share capital

	2022 €M	2021 €M
<b>Allotted, called up and fully paid</b>		
2,449,542,400 Ordinary shares of £0.025 per share (2021: 2,277,312,714 Ordinary shares £0.025 per share).	<u>85.0</u>	<u>80.0</u>

## COLT TECHNOLOGY SERVICES GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13. Called up share capital (continued)

During the year the Company issued 172,229,686 ordinary shares at a premium of £0.225 per ordinary share.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

#### Other reserves

In 2006, a group reorganisation took place which resulted in a special reserve of €113.9m being created and held under other reserves.

#### 14. Contingent liabilities

During 2022 the Company issued €24.1m of performance based and other guarantees as part of normal trading for certain business service contracts (2021: €19.2m). It is unlikely that the guarantees will be triggered. The Company does not expect these liabilities to crystallise and therefore has not recognised a provision in relation to these amounts.

#### 15. Post balance sheet events

On 26th July 2023 Colt Technology Services Holdings Limited purchased the entire issued share capital of the Company as part of a Group reorganisation.

#### 16. Ultimate parent company and controlling party

The immediate parent Company is Colt Lux Group Holding S.à.r.l., a company incorporated and registered in Luxembourg.

The ultimate parent Company and controlling party is SHM Lightning Investors LLC which is registered in the United States of America. SHM Lightning Investors LLC's financial statements are not publicly available.

The intermediary holding company is Colt Group Holdings Limited. Colt Group Holdings Limited is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Colt House, 20 Great Eastern Street, London, England, EC2A 3EH.