KDDI EUROPE LIMITED

ANNUAL REPORT
For the year ended 31 March 2023
Company Registration Number : 2407242

KDDI EUROPE LIMITED

ANNUAL REPORT

for the year ended 31 March 2023

KDDI EUROPE LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Executive Directors	S Fukuhara - Managing Director and Chairman W Takemoto - Director
Non-Executive Director	K Tsutsui (appointed 1 April 2023) S Oishi (resigned 31 March 2023)
Company Secretary	Shane Gallen
Registered office	6th Floor, Thomas More Square London E1W 1YW
Registered number	2407242
Bankers	National Westminster Bank PLC The Royal Bank of Scotland PLC The Bank of Tokyo-Mitsubishi UFJ Limited Chiba Bank KBC Bank Mizuho Bank
Solicitors	Pennington Manches Cooper LLP 125 Wood Street London EC2V 7AW
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

The Directors submit their Strategic Report for the year ended 31 March 2023.

STRATEGIC REPORT

Principal activities and strategy

The principal activities of the Group and the Company comprise the provision of telephony, data and internet services and the business of supplying, installing and maintaining telecommunication, data processing and office automation equipment. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

KDDI Europe Limited ('KDDI Europe') is a private company registered in England and Wales and is part of a large global telecommunications Group that has KDDI Corporation Inc. ("KDDI Corporation", a company incorporated in Japan) as the ultimate parent company. KDDI Europe is responsible for the European, Middle East and Africa (EMEA) operations in this Group and in order to carry out these operations has subsidiaries in Germany, France and Russia and branches in Belgium, the Netherlands, Turkey and Russia.

'KDDI' is a very well-known brand in the Japanese market. As part of its trading strategy, KDDI Europe optimises this brand to trade with Japanese entities located in Europe to provide for their telecommunication needs. Focus to increase local business is achieved through increased interconnection with other telecommunications operators for our wholesale business.

Business Review

The group financial statements for the year under review have been prepared under UK adopted international accounting standards.

In December 2014, KDDI Europe initiated a cash pooling and group finance agreement for its European businesses. Excess cash balances held by the businesses in the EMEA region are funded by KDDI Europe. As at 31 March 2023, the Group companies party to the cash pooling agreement have provided £100,663,000 (2022: £89,260,000) to the Group which is subsequently owed back to them on demand. Funding in the amount of £47,958,000 (2022: £44,187,000) from the cash pool has been provided to other Group companies party to the agreement. The net position of the cash pooling agreement at the year end was a liability of £52,705,000 (2022: £45,073,000). The differences in the loans and funding is financed by KDDI Corporation.

In addition to the cash pooling agreement, KDDI Europe has obtained additional intercompany funding from KDDI Corporation to support Telehouse International Corporation of Europe Limited (TICE) in funding its new data centre. Total funding received from KDDI Corporation at year-end was £193,616,000 (2022: £177,315,000). Subsequently, KDDI Europe has provided funding to TICE of £113,500,000 (2022: £73,500,000) for the building and fit out of the data centre in London and to Telehouse Deutschland of £40,546,000 (2022: £44,786,000) for the fit out of their data centre in Frankfurt. The net position of monies loaned under this contract as at the year end was a payable of £39,570,000 (2022: £59,029,000).

Current year revenue of the Group was £79,191,000 (2022: £62,731,000). The increase of revenue is related primarily to the increase in France due to the increased data centre capacity where the new facility was opened in 2021. Revenue is increasing as the data centre's occupancy is higher. The gross profit margin of 50% increased from the prior year margin of 45%. The increase in the profit margin is a result increase of the data centre revenue in France which is a higher margin than our other businesses. The administrative expenses of the Group increased by 8% due to inflationary pressures and the related increase in costs of running the data centre in France. As a result of our increase in gross profit margin, there is a corresponding increase in the operating profit margin to 18% (2022: 7%). As a result of the conflict between Ukraine and Russia continuing throughout the year, the Group has decided to cease its current operations in Russia. This will incur estimated closure costs of £620,000 and an impairment to the cash balance of £1,065,000 as a result of being unable to repatriate balances to the parent company upon closure. These costs have been recognised in the Consolidated Statement of Comprehensive Income.

Cash generated from Group operating activities was £26,186,000 (2022: £15,642,000). The increase is due to the working capital movement through supplier management.

Key performance indicators

Key performance indicators (KPI's) of the Company and the Group are mainly financial indicators and are included as annual sales, gross profit and operating income.

Sales for the Group for the year ended 31 March 2023 were £79.191.000 (2022: £62.731.000). The sales of the Group improved by 26% due to increased data centre capacity in France and increase in ICT sales in the Company.

Gross profit for the financial year is £40.365.000 (2022: £28.215.000). The gross margin of 50% improved from the prior year rate of 45%. The increase in gross profit margin year over year is the result of the establishment of data centre businesses in KDDI France.

Operating profit was £14.517.000 (2022: £4.446.000). The operating margin of 18% increased from the prior year of 7%. The increase in the gross margin contributed to this.

Results and dividends

The net income for the financial year was £9.416.000 (2022: £2.550.000). During the year no dividends (2022: nil) were paid or proposed by the board.

The Company's profit for the financial year amounted to £4.122.000 (2022: £2.861.000).

Future Prospects and Developments

KDDI Europe will focus on ICT business, in particular network. data centre and solution in the coming years. The Group. through KDDI France S.A.S. has operated a data centre from Q4 2021-2022 to enable this growth. As the data centre has been operational for this full year it has contributed to the Group's increased profitability.

The external commercial environment is expected to remain competitive in 2023-24 with continued price pressure on telecommunications services due to the large volume of supply in the market place. In addition. the global environment in which many of our customers operate has become very challenging and is likely to remain so during the next year, particularly as a result of the expected global inflationary pressures. Despite these pressures. the Group will look to continue its growth by expanding its ICT (Information Communications Technology) services. KDDI France S.A.S. will increase this capacity at its data centre and will contribute to the continued recovery of the operating profit.

The Directors are confident that growth will be maintained in the coming years despite the competitive environment. Key areas for the Group are its data and solution divisions. The Group target revenue growth in DX (Digital transformation) and Security services. The Group also plans to maintain and improve on its profitable performance in 2023-24 through continued management of costs through working and improvement of its gross margin performance. both of which were successful in the current year. The Group will manage its costs by working closer with its suppliers for its costs to its customers and by managing its discretionary spending closely. Both of these combined improve gross margin and profitability.

The Group has business in Russia operated by KDDI Rus LLC. As a result of conflict in Ukraine and the resulting sanctions. this has impacted its business and causing a material reduction in our operations in Russia. As a result a decision has been taken to cease the business and close KDDI Rus LLC. Despite this. it is not expected to materially impact profitability of the Group in the future.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risk and uncertainty affecting the Group is considered to relate to competition from other telecommunications companies. resulting in strong downward price pressure in the market. Management continuously assesses and reviews the risks affecting the business and takes the necessary steps to mitigate the impact of these risks.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices. credit risk. interest rate risk and exchange rate risk as discussed below. The Group has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to best manage these risks.

Price risk

The Group is exposed to price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed equity investments.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically by the finance director.

Interest rate risk

The Group has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets and liabilities include cash balances and overdrafts, and finance lease receivables and payables which predominantly earn interest at fixed rates.

Exchange rate risk

The Group is exposed to the risk of exchange rate movements on its trading balances in foreign currency denominations and the activities of its overseas subsidiaries and branches. The Group actively manages its risk to exchange rate fluctuations by seeking to match the foreign currency cash balances with its net obligations in those currencies.

Approved by the Board of Directors and signed on its behalf by:

Seigo Fukuhara Digitally signed by Seigo Fukuhara Date: 2023.06.23 10:34:40 +01'00'

S. Fukuhara

Managing Director

23 June 2023

Registered office:
6th Floor,
3 Thomas More Square
London
E1W 1YW
Registered Number: 2407242

The directors present their report to the shareholders together with the audited consolidated and company financial statements of KDDI Europe Limited ("KDDI Europe", the "Group") for the year ended 31 March 2023.

DIRECTORS' REPORT

As permitted by S408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income in addition to the Consolidated Statement of Comprehensive Income. The Company profit for the year has been disclosed in the Strategic Report.

Directors

The directors of the Company who were in the office during the year and up to the date of signing the financial statements unless otherwise stated were:

Directors	S Fukuhara W Takemoto
Non-Executive Directors	K Tsutsui (appointed 1 April 2023) S Oishi (resigned 31 March 2023)

Directors' indemnities

As permitted by the Articles of Association, the directors and executive directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors and executive directors.

Employees

The Group's policy is to provide employees with regular information on matters of concern to them and to use the Information and Consultation Forum set up specifically to consult and inform, so that their views can be taken into account when decisions are taken which could affect them.

It continues to be the Group's policy to give full and fair consideration to disabled persons applying for employment, having full regard to their particular aptitudes and abilities. Full and fair consideration will be given to the continuing employment and appropriate training of persons who become disabled. The Group's policy is to provide equal opportunities to its entire staff on the basis of objective criteria and personal merit.

Political Donations

The Group and Company did not make any political donations in the year (2022: nil).

Disclosure Statements

Other than the statements made above, the directors have included all Companies Act 2006 disclosures in in the Strategic Report.

Going Concern

The Group was profitable and cash generative in the financial year and cashflow forecasts show improved performance over the next 12 months. Management has also considered a severe but plausible downside case considering the loss of certain contracts and is satisfied, taking this into consideration, that the Group and Company have adequate resources to continue in operation for a period of at least 12 months from the date of approval of these financial statements.

However, the Group had net assets of £55,371000 at 31 March 2023 (2022: £45,380,000) which includes intercompany loans payable by the Group and the Company to KDDI Corporation (the Group's parent undertaking) amounting to £167.3 million. £21 million of these loans are due to be repaid within one year from the balance sheet date, in addition to £105.6 million of amounts payable to fellow European related parties. The directors have an expectation that the ultimate parent undertaking will not demand repayment of its loans as scheduled and that an extension or revised terms will be provided as necessary. As no confirmations of extensions to the repayment terms of any intercompany loans and payables had been received at the date of approval of these financial statements.

this represents a material uncertainty, which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The financial statements do not include any adjustments that would be required should the going concern basis of preparation not be appropriate.

Carbon Emissions

KDDI Europe purchases its electricity form its sister company, Telehouse International Corporation of Europe Limited as our equipment is located at their premises. As part of the KDDI Corporation Group it strives achieve energy efficiency and reduce its carbon footprint. The table below shows the total annual UK energy use associated with electricity consumption for the period 1 April 2022 to 31 March 2023.

	2023	2022
Total Energy (kWh)	695	785
Total Emissions Market Based (tCO_2e)	0.15	0.15

Telehouse International Corporation of Europe adheres to international ISO standards in Environment and Energy Management, including the ISO 14001:2015 Environmental Management System and ISO 50001:2018 Energy Management System certifications. These internationally recognised standards confirm Telehouse's commitment to minimise the environmental impact in our day-to-day operations and improve energy performance. We aim to achieve continual improvement in the energy efficiency of our operations and recognise our responsibility to take action by focusing on reducing our emissions, increasing our preparedness for physical climate impacts and working with others to enhance the local response to climate change.

Future Prospects and Developments

The future prospects and developments of the Group and Company are included on page 3 within the Strategic Report

Financial Risk Management

The financial risk management of the Group and Company is included on page 3 and 4 of the Strategic Report under the heading 'Principal risks and uncertainties'

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Group will be proposed at the next Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Seigo Fukuhara Digitally signed by Seigo Fukuhara Date: 2023.06.23 10:34:59 +01'00'

S Fukuhara

Managing Director

23 June 2023

Registered office:
6th Floor
3 Thomas More Square
London
E1W 1YW
Registered Number: 2407242

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 group and the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

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 group and company and of the profit or loss of the group 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 IFRSs as issued by the International Accounting Standards Board (IASB) 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 the director is aware, there is no relevant audit information of which the group's and 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 group's and company's auditors are aware of that information.

Seigo Fukuhara Digitally signed by Seigo Fukuhara Date: 2023.06.23 10:35:19 +01'00'

S Fukuhara
Managing Director

23 June 2023

Report on the audit of the financial statements

Opinion

In our opinion, KDDI Europe Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; 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, which comprise: Consolidated and Company Statements of Financial Position as at 31 March 2023; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Cash Flows and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 group 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the company's ability to continue as a going concern. The Group and Company have intercompany loans payable to their ultimate parent undertaking, KDDI Corporation, amounting to £167.3 million as at 31 March 2023. £21.05 million of these loans are due to be repaid within one year from the balance sheet date. In addition, the Group has £105.6 million of amounts payable to fellow UK subsidiary undertakings. The directors believe that the parent undertaking will not demand repayment of these loans as scheduled and that an extension or revised terms will be provided, in addition to confirmation that it will ensure the Group and the Company is in a financial position to settle its other current intercompany payables as required with fellow subsidiary undertakings. This confirmation, however, has not yet been received. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

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.

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.

Independent Auditors' Report to the Members of KDDI Europe Limited

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 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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 (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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the General Data Protection Regulation (GDPR), employment law, and applicable health and safety 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 taxation legislation relevant to the group and the company and 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 posting inappropriate journal entries to manipulate reported results and potential management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Addressing the risk of management override of controls, including testing of journal entries, in particular journal entries posted with an unusual account combination, and evaluating and challenging assumptions and judgments made by management in determining significant accounting estimates.

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

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

Use of this report

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

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Allsop (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2023

KDDI EUROPE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	2	79.191	62.731
Cost of sales		(38.826)	(34.516)
Gross profit		**40,365**	**28,215**
Administrative expenses		(25.848)	(23.769)
Income from operations		**14,517**	**4,446**
Finance income	3	4.905	4,715
Finance costs	3	(6.959)	(5.196)
INCOME BEFORE TAX	4	**12,463**	**3,965**
Taxation	7	(3.047)	(1,415)
NET INCOME FOR THE YEAR		**9,416**	**2,550**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		456	(701)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,872**	**1,849**
ATTRIBUTABLE TO:			
-Owners of the Parent		9.872	1.849
-Non-controlling interest		-	-
		9,872	**1,849**

The notes on pages 15 to 41 form part of these financial statements.

KDDI EUROPE LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

		CONSOLIDATED		COMPANY	
		31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
	Note	**£'000**	**£'000**	**£'000**	**£'000**
NON CURRENT ASSETS					
Property, plant and equipment	8	97.575	96.463	4.242	5.814
Intangible assets	9	138	199	92	130
Investments in related parties	10	237	237	26.362	26.362
Intercompany loan receivable	11	117.144	95.610	176.512	159.694
Deferred income tax	14	562	385	361	148
Long term receivables	12	129	374	-	-
TOTAL NON CURRENT ASSETS		215.785	193.268	207.569	192.148
CURRENT ASSETS					
Inventory		630	950	265	481
Trade and other receivables	12	27.752	18.616	16.755	10.722
Intercompany loan receivable	11	64.706	50.102	75.284	59.371
Current income tax receivable		-	6	-	-
Cash and cash equivalents	13	49.944	50.427	47.297	47.204
TOTAL CURRENT ASSETS		143.032	120.101	139.601	117.778
TOTAL ASSETS		**358,817**	**313,369**	**347,170**	**309,926**
LIABILITIES					
NON CURRENT LIABILITIES					
Intercompany loan payable	15	146.288	116.673	146.288	116.673
Deferred income	16	11.199	7.071	11.199	7.071
Long term payables	17	2.651	2.670	1.671	2.658
TOTAL NON CURRENT LIABILITIES		160.138	126.414	159.158	126.402
CURRENT LIABILITIES					
Intercompany loan payable	15	121.723	126.317	126.698	127.880
Deferred income	16	7.308	4.367	5.030	3.413
Trade and other payables	17	12.025	10.380	5.507	5.104
Current income tax liabilities		2.252	511	319	511
TOTAL CURRENT LIABILITIES		143.308	141.575	137.554	136.908
TOTAL LIABILITIES		303.446	267.989	296.712	263.310
SHAREHOLDERS' EQUITY					
Share capital	19	42.512	42.512	42.512	42.512
Retained earnings/(accumulated losses)	20	8.516	(900)	5.317	1.195
Foreign translation reserves	20	(183)	(639)	(1.892)	(1.493)
Capital reserve	20	4.521	4.402	4.521	4.402
Total shareholders' equity		55.366	45.375	50.458	46.616
Non-controlling interest		5	5	-	-
TOTAL EQUITY		55.371	45.380	50.458	46.616
TOTAL EQUITY AND LIABILITIES		**358,817**	**313,369**	**347,170**	**309,926**

The Company's profit for the financial year amounted to £4,122,000 (2022: £2,861,000).
The notes on pages 15 to 41 form part of these financial statements.
The financial statements on pages 11 to 40 were approved by the Board of Directors on 23 June 2023 and signed on its behalf by:

Seigo Fukuhara

S. Fukuhara, Managing Director
Company Registration Number: 2407242

KDDI EUROPE LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2023

CONSOLIDATED	Share capital £'000	Foreign translation reserves £'000	Capital reserve £'000	Accumulated (losses)/retained Earnings £'000	Total shareholders equity £'000	Non-controlling Interest £'000	Total Equity £'000
Balance at 1 April 2021	42,512	62	4,445	(3,450)	43,569	5	43,574
Fair value movement on intercompany loan	-	-	(43)	-	(43)	-	(43)
Comprehensive income							
Net income for the financial year	-	-		2,550	2,550	-	2,550
Other comprehensive income:							
Currency translation	-	(701)	-	-	(701)	-	(701)
Total comprehensive income	-	(701)	-	2,550	1,849	-	1,849
Balance as at 31 March 2022	**42,512**	**(639)**	**4,402**	**(900)**	**45,375**	**5**	**45,380**
Fair value movement on intercompany loan	-	-	119	-	119	-	119
Comprehensive income							
Net income for the financial year	-	-	-	9,416	9,416	-	9,416
Other comprehensive income							
Currency translation	-	456	-	-	456	-	456
Total comprehensive income	-	456	-	9,416	9,872	-	9,872
Balance at 31 March 2023	**42,512**	**(183)**	**4,521**	**8,516**	**55,366**	**5**	**55,371**

COMPANY	Share capital £'000	Foreign translation reserves £'000	Capital reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2021	42,512	(943)	4,445	(1,666)	44,348
Fair value movement on intercompany loan	-	-	(43)	-	(43)
Comprehensive income					
Net income for the financial year	-	-	-	2,861	2,861
Other comprehensive income:					
Currency translation	-	(550)	-	-	(550)
Total comprehensive income	-	(550)	-	2,861	2,311
Balance as at 31 March 2022	**42,512**	**(1,493)**	**4,402**	**1,195**	**46,616**
Fair value movement on intercompany loan	-	-	119	-	119
Comprehensive income					
Net income for the financial year	-	-	-	4,122	4,122
Other comprehensive income:					
Currency translation	-	(399)	-	-	(399)
Total comprehensive income	-	(399)	-	4,122	3,723
Balance at 31 March 2023	**42,512**	**(1,892)**	**4,521**	**5,317**	**50,458**

The notes on pages 15 to 41 form part of these financial statements

KDDI EUROPE LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

Year ended 31 March 2023

		CONSOLIDATED		COMPANY	
		2023	2022	2023	2022
Cash flows from operating activities	Note	£'000	£'000	£'000	£'000
Income before tax		12.463	3.965	5.213	3.876
Adjustments for:					
Depreciation of property. plant and equipment	8	5.859	5.464	2.041	2.028
Impairment charge of property. plant and equipment	8	-	225	-	225
Amortisation of intangible assets	9	172	385	135	342
Non realised foreign exchange losses		3.842	3.486	973	4.146
Loss on disposal of property, plant and equipment	8	23	3	-	-
Changes in working capital					
Decrease/(increase) in inventories		320	17	216	(93)
Increase in debtors		(8.889)	(637)	(6.031)	(1.434)
Increase in creditors		11.848	2.771	4.831	3.371
Cash generated from operations		**25,638**	**15,679**	**7,378**	**12,461**
Income tax paid		(1.506)	(518)	(1.322)	(641)
Finance costs	3	6.959	5.196	6.952	5.168
Finance income	3	(4.905)	(4.715)	(7.592)	(7.297)
Net cash generated from operating activities		**26,186**	**15,642**	**5,416**	**9,691**
Cash flows from investing activities					
Purchase of property. plant and equipment		(2.477)	(13.598)	(486)	(473)
Purchase of intangible assets		(111)	(83)	(100)	(82)
Issue of intercompany loans receivable		(135.558)	(97.991)	(151,535)	(123.859)
Repayment of intercompany loans receivable		98.863	80.609	124.509	98.899
Interest received		1.055	731	1.218	847
Dividends received from investments		12	231	12	231
Net cash generated used in investing activities		**(38,216)**	**(30,101)**	**(26,382)**	**(24,437)**
Cash flows from financing activities					
Issue of intercompany loan payable		237.554	184.397	247.145	191.339
Repayment of intercompany loan payable		(222.745)	(154.524)	(222.746)	(161.487)
Principal element of lease payments		(1.136)	(1.383)	(933)	(933)
Interest paid		(2.287)	(720)	(2.279)	(587)
Net cash generated from financing activities		**11,386**	**27,770**	**21,187**	**28,332**
Net decrease/(increase) in cash and cash equivalents		(644)	13.311	221	13.586
Cash and cash equivalents at beginning of the year		50.427	37.477	47.204	33.912
Exchange gains/(losses) on cash and bank overdrafts		161	(361)	(128)	(294)
Cash and cash equivalents at the end of the year		**49,944**	**50,427**	**47,297**	**47,204**

The notes on pages 15 to 41 form part of these financial statement

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

KDDI Europe Limited (the 'Company') is a company limited by shares and incorporated and domiciled in the UK. The Company provides telephone data and internet services and supplies, installs and manages telecom data processing and office automation equipment. The address of its registered office is 6th Floor, 3 Thomas More Square, London, E1W 1YW.

The accounting policies as set out below have unless otherwise stated been applied consistently to all years stated.

(b) New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting standards in issue but not yet effective:

IFRS 17 - Insurance contracts
Amendment to IAS 1 – Disclosure of Accounting Policies
Amendment to IAS 8 – Definition of Accounting estimates
Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

The directors do not believe that the adoption of the standards listed above will have a material impact on the financial statements of the Group and Company in future periods except if indicated below.

(c) Basis of preparation

The consolidated financial statements of KDDI Europe Limited have been prepared in accordance with international accounting standards in conformity with the requirement of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention.

The presentation currency of these financial statements is UK sterling, which is also the Company's functional currency. These financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in conformity with international accounting standards in conformity with the requirement of the Companies Act 2006, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(d) Going concern

The Group was profitable and cash generative in the financial year and cashflow forecasts show improved performance over the next 12 months, Management has also considered a severe but plausible downside case considering the loss of certain contracts and is satisfied, taking this into consideration, that the Group and Company have adequate resources to continue in operation for a period of at least 12 months from the date of approval of these financial statements.

However, the Group had net assets of £55.4 million at 31 March 2023 which includes intercompany loans payable by the Group and the Company to KDDI Corporation (the Group's parent undertaking) amounting to £167.3 million, £21 million of these loans are due to be repaid within one year from the balance sheet date, in addition to £105.6 million of amounts payable to fellow UK subsidiary undertakings. The directors have an expectation that the ultimate parent undertaking will not demand repayment of its loans as scheduled and that an extension or revised terms will be provided as necessary. As no confirmations of extensions to the repayment terms of any intercompany loans and payables had been received at the date of approval of these financial statements, this represents a material uncertainty, which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The financial statements do not include any adjustments that would be required should the going concern basis of preparation not be appropriate

(e) Critical accounting estimates and judgements

The Group 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 discussed below:

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Critical accounting estimates and judgements (continued)

a. Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts, Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Significant items on which the Group has exercised accounting judgement include recognition of deferred tax assets in respect of losses in Germany and the recognition of a deferred tax asset in respect of capital allowances in the United Kingdom. The amounts recognised in the consolidated financial statements in respect of each matter are derived from the Group's best estimation and judgement as described above. See note 7 to the consolidated financial statements. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

b. Estimation of residual value of property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing or decreasing the estimated residual value would result in a change in the depreciation charge in the consolidated statement of comprehensive income. The residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. Management estimates that the residual value is in excess of cost for building assets with a total cost of £29.017.000. A change in the residual cost value of building assets to 10% below recorded cost would result in a depreciation charge of £80.000 in the annual depreciation charge. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives and residual values have not resulted in material changes to the Group's depreciation charge.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended 31 March 2023. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal. as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions. balances. income and expenses are eliminated on consolidation.

(g) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each 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 acquire. Acquisition-related costs are recognised in profit or loss as incurred.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date. and is subject to a maximum of one year.

(h) Property, plant and equipment

Property. plant and equipment is stated at cost or deemed cost. less accumulated depreciation and impairment provisions. Cost includes all expenditure that is directly attributable to the acquisition of the items. Land is not depreciated and stated at the lower of cost and fair value. Buildings are depreciated over a term of 38 years per Group policy. To date. the depreciation charge is £nil as the residual value of buildings is estimated to be greater than their cost. Assets used in the course of construction are carried at cost less any recognised impairment loss. and depreciation of these assets commences when they are ready for their intended use.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (continued)

Office equipment	3 to 10 years
Plant & machinery	2 to 25 years
Motor vehicles	3-5 years
Leasehold property	Over the term of the lease

All fixed assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' when there are indications that the carrying value may not be recoverable.

(i) Intangible assets

Licences and similar rights are amortised in equal amounts on a straight-line basis over a period of between three and five years.

(j) Investments

Investments in subsidiaries are stated at cost, less a provision for any impairment in value.

(k) Inventory

Finished goods, goods for resale and work in progress are stated at the lower of cost and estimated net realisable value. Net realisable value is the price at which inventory can be sold in the normal course of business after allowing for the costs of realisation.

(l) Taxation

The tax expense represents the sum of the tax currently payable and movement in deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in subsequent years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred income 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 consolidated financial statements.

However, the deferred income tax is not accounted for, if it 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(m) Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate on the date of the transaction.

At each period end date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the period end date. All differences are taken to the statement of comprehensive income for the period.

The financial statements of foreign branches and subsidiaries have been translated into Pounds Sterling according to the functional currency concept of IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currencies (continued)

Since the majority of foreign branches and subsidiaries operate as independent entities within their local economic environment, their respective local currency is the functional currency. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve.

(n) Leases

The Company's leases generally relate to property or office equipment. Lease terms are negotiated on an Individual basis and do not impose any covenants. The lease term is determined by the non-cancellable period of the lease, together with: optional renewable periods if the Company is reasonably certain to extend: and periods after an optional termination date if the Company is reasonably certain not to terminate early.

As a Lessee

The Company recognises a right of use asset and a lease liability at the lease commencement date in line with IFRS 16 'Leases'. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The determination of this rate is a significant estimate included and explained in note 20.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases of equipment and machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases for the year ended 31 March 2023

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

(o) Revenue

Group revenue which excludes discounts, value added tax and similar sales taxes, represents the amounts receivable in respect of telecommunications and systems integrations services provided to customers. It does not include sales between the Company and its subsidiaries.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) revenue (continued)

Revenue from voice, data and IP services is recognised at fair value as the services are provided. In respect of services invoiced in advance, amounts are deferred until the provision of the services.

Revenue from the provision of maintenance services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until the provision of the services.

The Group's recognition policies are as follows:

Revenue generated from one-off bespoke customer installation works is recognised on a straight-line basis over the minimum term of the associated lease or colocation contract. The trigger for recognition is the point of acceptance of completed works by the customer. This policy has been applied consistently across all installation related revenue as listed below:

- Fit out of area provided to customer under lease agreement or colocation contract
- Installation of cable connecting to another location
- Network service installation

Direct costs associated with installation revenue are also recognised on a straight line basis over the minimum term of the associated lease or colocation contract. Additionally Commission payments to staff and third parties are also recognised on the same basis.

(p) Cost of sales

Cost of sales comprises the costs of goods and services sold during the year. Cost of sales is debited to the the statement of comprehensive income in respect of the period in which the service is purchased. Prepayments represents the payments to suppliers for invoices received in respect of future periods.

(q) Pension costs

The Company makes defined contributions to the Group personal pension plan for all UK employees, who have completed six months of service. The Company has no further payment obligations once the contributions have been made. These payments are recognised as an expense as they fall due. Staff employed overseas are covered through state administered schemes, to which the Group contributes through employer contributions. The value of the contributions for the year ended 31 March 2023 was £233,000 (31 March 2022: £231,000).

(r) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, and bank overdrafts. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(s) 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. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments

a. Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' on the statement of financial position.

Recognition and measurement

Financial assets are recognised on the trade-date being the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Assets carried at amortised cost
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

b. Financial liabilities

Classification

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss, and as other financial liabilities measured at amortised cost. Management determines the classification of its financial liabilities at the initial recognition.

The Group's financial liabilities measured at amortised cost comprise 'Intercompany loan payable' in the statement of financial position.

Recognition and measurement

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or vendors. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)
b. Financial liabilities (continued)
Recognition and measurement (continued)

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

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received. net of direct issue costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when. and only when. the Group's obligations are discharged. cancelled or they expire.

2. SEGMENTAL INFORMATION

KDDI Europe Limited (the "Group") has one main trade that of the provision of telecommunication and ICT services, including network and solution services. The Group operates in three main countries at present, being UK, France, and Germany. Management has determined the operating segments based on the internal reporting and information presented to and reviewed by the Board (the chief operating decision-maker) on which strategic decisions are based, resources are allocated and performance is assessed. There was no inter-segmental revenue during the year. All revenue and expense relates to continuing operations.

Year ended as at 31 March 2023

	UK	FRANCE	GERMANY	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000
Revenue	43.145	26.886	8.027	1.133	79,191
Income/(expenses) from operations	4.573	11.064	641	(1.761)	14,517
Assets	250.879	102.022	4.697	1.220	358,818
Liabilities	291.710	10.420	613	83	302,826
Capital expenditure	473	13.576	162	36	14,247
Depreciation	2.041	3.526	286	6	5,859
Amortisation	136	22	14	-	172
Finance income	4.869	5	31	-	4,905
Finance costs	6.932	25	2	-	6,959
Income tax expense/(benefit)	1.090	1.940	-	17	3,047

Year ended as at 31 March 2022

	UK	FRANCE	GERMANY	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000
Revenue	38.293	15.538	7.433	1.467	62,731
Income from operations	1.747	1.544	540	615	4,446
Assets	210.304	96.482	4.507	2.076	313,369
Liabilities	261.711	5.696	529	53	267,989
Capital expenditure	473	13.576	162	36	14,247
Depreciation	2.028	3.090	340	6	5,464
Amortisation	342	23	20	-	385
Finance income	4.702	-	13	-	4,715
Finance costs	5.167	24	5	-	5,196
Income tax expense	1.015	342	-	58	1,415

3. FINANCE INCOME/(COSTS)

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	**£'000**
Dividend income	12	231
Interest income:		
Interest income from fair value intercompany loans	4.854	4.470
Interest income	27	1
Interest income from finance leases	12	13
Finance income	**4,905**	**4,715**
Interest expense:		
Interest expense on fair value related party loans	(6.833)	(5.051)
Interest expense on lease liabilities	(126)	(145)
Finance costs	**(6,959)**	**(5,196)**

4. INCOME BEFORE TAX

Income before tax is stated after charging/(crediting):	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	**£'000**
Amortisation (Note 9)	172	385
Depreciation (Note 8)	5,859	5.464
Gain on foreign exchange	(1.120)	(51)
Loss on disposal of property, plant and equipment	23	3
Staff costs (Note 5)	13.365	13.109

Fees paid to auditors

During the year the Group (including its overseas branches and subsidiaries) obtained the following services from the Company's auditors and its associates:

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	**£'000**
Fees payable to Company's auditors and their associates for the audit of parent company and consolidated financial statements	125	108
Fees payable to Group's auditors and their associates for other services:		
- The audit of Company's non-UK subsidiaries	61	59
- Tax advisory services	28	161
	214	**328**

5. EMPLOYEES

The average monthly number of persons (including executive directors) employed by the Group during the year was:

	GROUP		COMPANY	
	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number
Sales, administration and operations	219	216	157	157

STAFF COSTS	£'000	£'000	£'000	£'000
Wages and salaries	11,231	11,223	7,287	7,532
Social security costs	1,901	1,656	958	781
Other pension costs	233	230	233	231
	13,365	13,109	8,478	8,544

The Company contributed £233,000 (2022: £231,000) to a UK Group Personal Pension Scheme on behalf of its UK employees who have completed at least three months service.

6. DIRECTORS' REMUNERATION

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
In respect of directors of KDDI Europe Limited:		
Aggregate emoluments	431	443
Highest paid Director:		
Aggregate emoluments	266	240

The directors' remuneration has been disclosed based on actual remuneration paid during the year.

7. TAXATION

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Current tax		
Corporation tax	3.198	1.077
Adjustment in respect of prior years	17	36
Total current tax charge	3.215	1.113
Deferred tax – note 14		
Charge for the year	(168)	302
Total tax charge for the year	**3,047**	**1,415**
Reconciliation of current year tax charge		
Income before tax	12.463	3.965
Income before tax multiplied by standard rate of UK Corporation tax of 19% (2022: 19%).	2.368	753
Effects of:		
Non-deductible expenses	11	10
Utilisation of tax losses	(127)	(104)
Non-taxable dividends received	-	(43)
Timing difference for tax arising on capital assets	346	643
Effect of changes in tax rates	(47)	-
Higher tax on non UK profits	479	120
Adjustment in respect of prior years	17	36
	679	662
Total taxation charge for the year	**3,047**	**1,415**

The applicable rates are changing from April 2023 going forward to 25% from 19%. The year-end deferred income taxes have been measured at the substantive rate of 25% (2022: 19%), which was enacted in full on 1 April 2023 and as such is expected to apply to relevant future cash flows.

8. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Buildings	Leasehold property	Plant & machinery	Office equipment	Motor vehicles	Land	Assets under construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2021	**33,296**	**8,936**	**49,748**	**1,173**	**56**	**12,455**	**2,946**	**108,610**
Reclassification	(4.319)	-	5.449				(1.130)	-
Additions	309	-	13.684	254	-	-	-	14.247
Disposals	-	-	(76)	(11)	(27)	-	-	(114)
Currency translation	(269)	(1)	(332)	(2)	-	(100)	(24)	(728)
At 31 March 2022	**29,017**	**8,935**	**68,473**	**1,414**	**29**	**12,355**	**1,792**	**122,015**
Reclassification	-	-	2.138	-	-	-	(2.138)	-
Additions	-	-	2.474	100	-	-	586	3.160
Disposals	-	(107)	(7.379)	(553)	(29)	-	-	(8.068)
Currency translation	1.251	1	2.571	11	-	532	77	4.443
At 31 March 2023	**30,268**	**8,829**	**68,277**	**972**	**-**	**12,887**	**317**	**121,550**
Accumulated depreciation								
At 1 April 2021	**36**	**4,272**	**14,904**	**832**	**24**	**-**	**-**	**20,068**
Reclassifications	(36)	-	36	-	-	-	-	-
Charge for the year	-	989	4.276	179	20	-	-	5.464
Impairment charge	-	-	225	-	-	-	-	225
Disposals	-	-	(76)	(8)	(27)	-	-	(111)
Currency translation	-	-	(92)	(2)	-	-	-	(94)
At 31 March 2022	**-**	**5,261**	**19,273**	**1,001**	**17**	**-**	**-**	**25,552**
Reclassification	-	-	(11)	11	-	-	-	-
Charge for the year	-	986	4.716	153	4	-	-	5.859
Disposals	-	(107)	(7.368)	(549)	(21)	-	-	(8.045)
Currency translation	-	-	601	8	-	-	-	609
At 31 March 2023	**-**	**6,140**	**17,211**	**624**	**-**	**-**	**-**	**23,975**
Net book value								
At 31 March 2023	**30,268**	**2,689**	**51,066**	**348**	**-**	**12,887**	**317**	**97,575**
At 31 March 2022	**29,017**	**3,674**	**49,200**	**413**	**12**	**12,355**	**1,792**	**96,463**
Cost of assets fully depreciated								
At 31 March 2023	-	14	7.084	259	-	-	-	7.357
At 31 March 2022	-	52	12.818	597	-	-	-	13.467

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Leasehold property £'000	Plant & machinery £'000	Office equipment £'000	Motor vehicles £'000	TOTAL £'000
Cost					
At 1 April 2021	8,912	9,076	1,006	28	19,022
Additions	-	219	254	-	473
Disposals	-	(11)	(11)	-	(22)
Currency translation	-	(5)	(1)	-	(6)
At 31 March 2022	8,912	9,279	1,248	28	19,467
Additions	-	386	100	-	486
Disposals	(107)	(5.844)	(452)	(28)	(6.431)
Currency translation	-	21	3	-	24
At 31 March 2023	8,805	3,842	899	-	13,546
Accumulated depreciation					
At 1 April 2021	4,254	6,489	665	12	11,420
Charge for the year	988	855	179	6	2.028
Impairment charge	-	225	-	-	225
Disposals	-	(11)	(8)	-	(19)
Currency translation	-	(1)	-	-	(1)
At 31 March 2022	5,242	7,557	836	18	13,653
Reclassification	-	(11)	11	-	-
Charge for the year	986	898	153	4	2.041
Disposals	(107)	(5.833)	(448)	(22)	(6.410)
Currency translation	-	20	-	-	20
At 31 March 2023	6,121	2,631	552	-	9,304
Net book value					
At 31 March 2023	2,684	1,211	347	-	4,242
At 31 March 2022	3,670	1,722	412	10	5,814

Cost of assets fully depreciated					
At 31 March 2023	14	908	259	-	1.181
At 31 March 2022	52	5.726	427	-	6.205

9. INTANGIBLE ASSETS

CONSOLIDATED	Software	
	Consolidated	Company
Cost	£'000	£'000
At 1 April 2021	**2,725**	**2,053**
Additions	83	82
Disposals	(3)	-
Currency translation	(6)	-
At 31 March 2022	**2,799**	**2,135**
Additions	111	99
Disposals	(2.025)	(1.780)
Currency translation	29	1
At 31 March 2023	**914**	**455**
Accumulated amortisation		
At 1 April 2021	**2,223**	**1,663**
Charge for the year	385	342
Disposals	(3)	-
Currency translation	(5)	-
At 31 March 2022	**2,600**	**2,005**
Charge for the year	172	135
Disposals	(2.025)	(1.780)
Currency translation	29	3
At 31 March 2023	**776**	**363**
Net book value		
At 31 March 2023	**138**	**92**
At 31 March 2022	**199**	**130**
Cost of assets fully depreciated		
At 31 March 2023	595	246
At 31 March 2022	2.310	1.912

10. INVESTMENTS IN RELATED PARTIES

	GROUP		COMPANY	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
Non current				
Share in subsidiary undertakings	-	-	8.534	8.534
Other investments	237	237	17.828	17.828
	237	237	26.362	26.362

The Group owns 0.64% of the issued ordinary shares of Telehouse International Corporation of Europe Limited, an IT housing and management services company registered in England and Wales. Telehouse International Corporation of Europe Limited is a subsidiary of Telehouse Holdings Limited which is turn is a subsidiary of KDDI Corporation, the parent of the Company.

Investments in Group undertakings are stated at cost less amounts written off. As permitted by section 133 of the Companies Act 2006, where the relief afforded under section 131 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

An amount of £17.590,000 is included in Other investments due to an adjustment related to the fair value calculation of loans to our subsidiary, KDDI France SAS. In accordance with IFRS 9, this loan was revalued to a rate consistent with the external market and the difference is treated as an increase to the revalued investment. The balance reflects the revalued loans to non-subsidiary related parties which is now recognised in Capital reserves.

Name	Country of Incorporation	Nature of Business	Percentage of Ordinary Shares Held	Business Address
KDDI Russia LLC	Russia	Trading	100%	19 Leninskaya Sloboda, Moscow, Russia
KDDI Deutschland GmbH	Germany	Trading	100%	Fritz-Volmfelde strasse, 4057, Dusseldorf, Germany
KDDI France SAS	France	Trading	100%	137 Boulevard Voltaire, 75011, Paris, France

11. INTERCOMPANY LOAN RECEIVABLE

	GROUP		COMPANY	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
Non current				
Telehouse International Corporation of Europe Limited	95.938	60.809	95.938	60.809
Telehouse Deutschland GmbH	21.206	34.801	21.206	34.801
KDDI France SAS	-	-	59.368	64.084
	117.144	95.610	176.512	159.694

	GROUP		COMPANY	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
Current				
Telehouse Deutschland GmbH	64.706	26.966	64.706	26.966
Telehouse International Corporation of Europe Limited	-	23.136	-	23.136
KDDI France SAS	-	-	10.578	9.269
	64.706	50.102	75.284	59.371

Funding requirements for the subsidiaries and sister companies in Europe will be satisfied through the Company with its excess cash balances or though funding from the ultimate parent company. KDDI Corporation. Long-term intercompany receivable is derived from an intercompany loan to Telehouse for their capital building requirements.

12. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Non-current intercompany				
Finance lease receivable	122	360	-	-
Deposit	7	14	-	-
	129	374	-	-

	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Current				
Trade receivables	4.286	2.815	1.089	323
Amounts owed by related parties	6.370	3.812	4.197	3.051
Prepayments	12.894	8,212	10.601	6.776
Accrued income	2.995	2.235	465	494
Finance lease receivable	246	268	-	-
Other receivables	961	1.274	403	78
	27,752	**18,616**	**16,755**	**10,722**

The Group and Company measure its expected credit losses by assessing their receivables on a specific basis to calculate a bad debt provision. The Group has provided £9,000 (2022: £23.000 for expected credit losses and the Company has not made a bad debt provision as no credit losses are expected.

13. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Cash at bank and in hand	49.519	50.007	46.872	46.784
Short-term bank deposits	425	420	425	420
	49.944	50.427	47.297	47.204

The effective interest rate on short term deposits was 4.03% (2022: 0.41 %) and these deposits have an average maturity of 90 days (2022: 90 days)

Due to sanctions issued by the Russian government it is expected that any remaining cash from our Russian business will not be able to distributed back to the parent company after closure. This has resulted in an impairment of £1.065.000 in the cash balance to reflect this restriction.

14. DEFERRED INCOME TAX

The gross movement on the deferred income tax account is as follows:

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Non current				
Beginning of the year	385	689	148	107
Statement of Comprehensive Income/(charge)	168	(302)	213	41
Currency translation	9	(2)	-	-
End of year	562	385	361	148

The movement in the Group's deferred tax assets are as follows:

	Accelerated tax depreciation £'000	Short term timing differences £'000	Tax losses £'000	Total £'000
At 1 April 2021	**106**	-	**583**	**689**
Charged to the Statement of Comprehensive Income	41	-	(342)	(301)
Currency Translation	-	-	(3)	(3)
At 31 March 2022	**147**	-	**238**	**385**
Charged to the Statement of Comprehensive Income	168	-	-	168
Currency translation	8	-	1	9
At 31 March 2023	323	-	239	562

15. INTERCOMPANY LOAN PAYABLE

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Non current				
KDDI Corporation	146.288	116.673	146.288	116.673
Current				
Telehouse International Corporation of Europe Limited	88.040	79.412	88.040	79.412
Telehouse Holdings Limited	12.624	9.848	12.624	9.848
KDDI Corporation	21.059	37.057	21.059	37.057
KDDI France S.A.S.	-	-	2.531	-
KDDI Deutschland GmbH	-	-	2.444	1.563
Total intercompany loans payable	268.011	242.990	272.986	244.553

The Group's short term net debt is financed by KDDI Corporation. Telehouse International Corporation of Europe Limited and its parent Telehouse Holdings Limited. UK registered subsidiaries of the ultimate parent company. on interest rates of 0.55% (GBP). 0.75% (USD) and 0.35% (Euro): (2022: 0.5% GBP. 0.6% USD 0.3% EUR).

The Company's short term net debt is financed by its parent KDDI Corporation. its subsidiary KDDI Deutschland GmbH. a German registered company. and Telehouse International Corporation of Europe Limited and Telehouse Holdings Limited. UK registered subsidiaries of the ultimate parent company. on interest rates of 0.55% (GBP). 0.75% (USD) and 0.35% (Euro): (2022: 0.5% GBP. 0.6% USD. 0.3% EUR)

Maturity of borrowings

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Within one year	121.723	126.317	126.698	127.880
In one to two years	9.863	9.412	9.863	9.412
In two to five years	74.873	57.537	74.873	57.537
In over five years	61.552	49.724	61.552	49.724
	268.011	242.990	272.986	244.553

16. DEFERRED INCOME

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Non current				
Advance billing for service provision	11.199	7.071	11.199	7.071
Current				
Advance billing for service provision	7.308	4.367	5.030	3.413

Non-current deferred income has an increase at 31 March 2023 due to the launch of a new service during the year that is invoiced in advance of providing the service.

17. TRADE AND OTHER PAYABLES

	CONSOLIDATED		COMPANY	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
Non current				
Lease liabilities (see note 18)	2.651	2.670	1.671	2.658

	CONSOLIDATED		COMPANY	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
Current				
Trade payables	1.468	1.973	699	509
Accruals	3.882	2.156	2.630	1.447
Other tax and social security	1.420	903	87	117
Lease liabilities (see note 18)	1.160	1.594	987	969
Amounts owed to related parties	1.003	1.063	760	897
Other payables	3.092	2.691	344	1.165
Total trade and other payables	**12,025**	**10,380**	**5,507**	**5,104**

18. LEASES

RIGHT OF USE ASSETS

The right of use assets are included in property, plant and equipment in their underlying classifications. The movements in the right of use assets is described below:

CONSOLIDATED	Leasehold Property	Plant and machinery	Office Equipment	Motor Vehicles	TOTAL
	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	**2,958**	**715**	**15**	**21**	**3,709**
Additions	-	683	-	-	683
Disposals	-	-	-	(6)	(6)
Amortisation	(795)	(223)	(4)	(10)	(1.032)
Currency translation	-	26	-	-	26
At 31 March 2023	**2,163**	**1,201**	**11**	**5**	**3,380**

COMPANY	Leasehold Property	Motor Vehicles	TOTAL
	£'000	£'000	£'000
At 1 April 2022	**2,959**	**11**	**2,970**
Disposals	-	(6)	(6)
Amortisation	(795)	(5)	(800)
At 31 March 2023	**2,164**	**-**	**2,164**

18. LEASES (CONTINUED)

LEASE LIABILITIES

CONSOLIDATED	Leasehold Property	Plant and machinery	Office Equipment	Motor Vehicles	TOTAL
	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	**3,616**	**615**	**17**	**16**	**4,264**
Additions	-	683	-	-	683
Interest	99	34	-	-	133
Payment	(1.057)	(220)	(4)	(4)	(1.285)
Disposal	-	-	-	(10)	(10)
Currency translation	-	26	-	-	26
At 31 March 2023	**2,658**	**1,138**	**13**	**2**	**3,811**

COMPANY	Leasehold Property	Motor Vehicles	TOTAL
	£'000	£'000	£'000
At 1 April 2022	**3,616**	**11**	**3,627**
Interest	99	-	99
Payment	(1.057)	-	(1.057)
Disposal	-	(10)	(10)
Currency translation	-	(1)	(1)
At 31 March 2023	**2,658**	-	**2,658**

	Consolidated Year ended 31 March 2023	Company Year ended 31 March 2022
	£'000	£'000
Short-term lease expenses	266	210

19. SHARE CAPITAL

	CONSOLIDATED AND COMPANY 31 March 2023	31 March 2022
	£'000	£'000
AUTHORISED:		
50.000.000 (2022; 50.000.000) ordinary shares of £1 each	50.000	50.000
ALLOTTED CALLED UP AND FULLY PAID		
42.512.146 (2022; 42.512.146) ordinary shares of £1 each	42.512	42.512

20. RESERVES

	CONSOLIDATED		COMPANY	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Accumulated losses				
At 1 April	(900)	(3.450)	1,195	(1.666)
Net income for the year	9.416	2.550	4,122	2.861
At 31 March	8.516	(900)	5.317	1,195
Foreign translation reserves				
At 1 April	(639)	62	(1.493)	(943)
Translation adjustment on foreign held net assets	456	(701)	(399)	(550)
At 31 March	(183)	(639)	(1.892)	(1.493)
Capital Reserve				
At 1 April	4.402	4.445	4,402	4,445
Fair value of intercompany loan adjustment	119	(43)	119	(43)
At 31 March	4.521	4,402	4.521	4,402
Total reserves as at 31 March	**12,854**	**2,863**	**7,946**	**4,104**

The Group and Company issue and receive loans with its parent company, KDDI Corporation and related parties in the European region. In accordance with IFRS 9, these loans are required to be revalued to fair value at the inception date. The difference in the value of the loans as a result of the adjustment to market rate has been treated as a capital contribution to capital reserves.

21. COMMITMENTS UNDER OPERATING LEASES

	CONSOLIDATED			
	31 March 2023		**31 March 2022**	
	£'000	**£'000**	**£'000**	**£'000**
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:	Land and buildings	Other assets	Land and buildings	Other assets
Less than one year	200	2	199	2
Between one and five years	-	-	-	-
Greater than five years	-	-	-	-
	200	**2**	**199**	**2**

	COMPANY			
	31 March 2023		**31 March 2022**	
	£'000	**£'000**	**£'000**	**£'000**
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:	Land and buildings	Other assets	Land and buildings	Other assets
Less than one year	200	2	199	2
Between one and five years	-	-	-	-
Greater than five years	-	-	-	-
	200	**2**	**199**	**2**

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The Group's principal financial instruments during the year comprised related party loans. cash on short term deposits. trade debtors and trade creditors. arising directly from normal operations. The principal amount of the related party loans to be repaid is £294.286.000 compared to the fair value of £268.011.000. The principal amount of the related party loans are due to be repaid as follows:

LOAN REPAYMENT DATE	AMOUNT (£'000)	LOAN REPAYMENT DATE	AMOUNT (£'000)	LOAN REPAYMENT DATE	AMOUNT (£'000)
29 September 2023	5.289	31 March 2027	5.289	31 October 2029	2.500
29 March 2024	5.289	30 April 2027	4.594	31 January 2030	2.500
31 March 2024	111.146	30 July 2027	4.594	29 March 2030	4.407
30 September 2024	5.289	30 September 2027	5.289	30 April 2030	2.500
31 March 2025	5.289	29 October 2027	4.594	31 July 2030	2.500
30 April 2025	4.594	31 January 2028	4.594	31 October 2030	2.500
31 July 2025	4.594	31 March 2028	4.407	31 January 2031	2.500
30 September 2025	5.289	28 April 2028	4.594	30 April 2031	2.500
31 October 2025	4.594	31 July 2028	4.594	31 July 2031	2.500
30 January 2026	4.594	29 September 2028	4.407	31 October 2031	2.500
31 March 2026	5.289	31 October 2028	4.594	30 January 2032	2.500
30 April 2026	4.594	30 March 2029	4.407	30 April 2032	2.500
31 July 2026	4.594	31 March 2029	4.594	30 July 2032	2.500
30 September 2026	5.289	30 April 2029	2.500	29 October 2032	2.500
30 October 2026	4.594	31 July 2029	2.500	31 March 2033	2.500
29 January 2027	4.594	28 September 2029	4.407		

The Company's activities and current position do not expose it to significant financial risks: however the directors review and agree policies for maintaining and managing such risks on an on-going basis.

Categories of Financial Instruments

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Financial assets				
Loans and receivables				
- Cash and cash equivalents	49.944	50.427	47.297	47.204
- Trade and other receivables	27.752	18.616	16.755	10.722
- Intercompany loan receivable	181.850	145.712	251.796	219.065
Financial liabilities				
Amortised cost				
Intercompany loan payable	268.011	242.990	272.986	244.553
Trade and other payables	12.025	10.380	5.507	5.104

Financial Risk Management Objectives

Interest rate risk
The Group maximises the cash resources of the KDDI Corporation group companies operating in Europe. This is operated by utilising a cash pooling contract that is agreed among the parties. The interest rate cost to the Company is Libor plus 0.06%

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk
The Group does not have significant exposure to currency rate fluctuations, as each business unit operates in local currency. Translation of overseas assets does give rise to exchange rate movements but these are usually moderate. It is not the Group's policy to enter into any hedging transactions.

Credit risk
A robust credit control policy is in place which is designed to minimise the risk of bad debt. Customers are vetted financially before being accepted and constantly monitored thereafter. As a consequence of these policies, the Group have suffered very minimal losses from bad debts. The average creditor payment days at year end for the Group were 21 days.

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Cash and cash equivalents – Standard & Poor's credit ratings Long term Rating				
A+	11.077	135	11.077	135
A	537	49,872	-	46.649
A-	38.330	420	36.220	420
	49,944	50,427	47,297	47,204

Liquidity risk
Liquidity risk is the risk that necessary sources of funding for the Company's business activities may not be available. The Company is able to utilise shareholders' funds to support its capital requirements.

The Group's financial assets consist of loans and receivables (cash and cash equivalents and trade and other receivables) which have a maturity of less than 3 months and available-for-sale assets (investments).

A maturity analysis of borrowings is presented above. The finance leases have ongoing maturity dates to December 2025. The Group's other financial liabilities consist of trade and other payables which have a maturity of less than 3 months.

Capital Management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The Group operates a cash pooling transaction for the KDDI group companies located in Europe. Excess cash from each entity is transferred to the KDDI Europe. This creates a liability in KDDI Europe which matures at the financial year end. Similarly when the entities require cash, KDDI Europe will lend the funds to the entities creating a receivable which also matures at the financial year end.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent is KDDI Corporation. a company registered in Japan.

The parent undertaking of both the smallest and largest group undertakings for which consolidated financial statements are drawn up and publicly available is KDDI Corporation. a company incorporated in Japan. The consolidated financial statements of KDDI Corporation are available from 2-3-2. Nishi-Shinjuku. Shinjuku-ku. Tokyo. Japan.

24. RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties.

(a) Sales of Services:

	CONSOLIDATED		COMPANY	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000	£'000	£'000
- the ultimate parent (KDDI Corporation)	19.702	20.878	18.030	18.889
- other related parties	22.844	11.523	3.926	3.903
Total	42,546	32,401	21,956	22,792

Services are provided based on the price lists in force and terms that would be available to third parties.

(b) Purchase of Services:

	CONSOLIDATED		COMPANY	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000	£'000	£'000
- the ultimate parent (KDDI Corporation)	1.747	1.581	1.661	1.359
- other related parties	8.074	7.079	5.546	5.348
Total	9,821	8,660	7,207	6,707

Services are provided based on the price lists in force and terms that would be available to third parties.

24. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key Management Compensation:

In addition to director's remuneration as detailed in note 6 certain amounts were paid to non-director key management. The key management consists of the chief financial officer. Total key management compensation was:

	CONSOLIDATED		COMPANY	
	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Salaries and short term employee benefits	135	135	135	135

The key management compensation has been disclosed based on actual remuneration paid during the year.

(d) Year end balances arising from sales/purchases of services:

	CONSOLIDATED		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Receivables from ultimate parent	3.655	3.260	3.370	2.704
Receivables from other related parties	2.715	552	827	347
Total receivables from related parties	**6,370**	**3,812**	**4,197**	**3,051**
Payables to ultimate parent	386	377	134	246
Payables to other related parties	617	686	626	651
Total payables to related parties	**1,003**	**1,063**	**760**	**897**

Receivables from related parties are payable on demand according to Group cash management requirements. The receivables are unsecured and bear no interest.

(e) Loans from Related Parties:

Included within bank and other loans are loans from related parties as follows:

	31 March 2023 £'000	31 March 2022 £'000 Restated
Beginning of year	242.990	205.611
Foreign exchange movement	6.651	3.035
Loans undertaken during the year	237.553	184.396
Repayment of loans during the year	(216.500)	(154.524)
Fair value adjustment on intercompany loan	(2.683)	4.472
End of year	**268,011**	**242,990**

The loans from related parties carry interest at average rate of 0.89% (2022: 0.27%).

25. CONTINGENT LIABILITIES

There are no material contingent liabilities as at 31 March 2023 (2022: none).

26. EVENTS AFTER THE REPORTING YEAR

There were no significant events that occurred after the reporting date.