

VIRTUS EMEA Holdco Limited

Report and financial statements

Period Ended

31 December 2022

Registered number: 14146708



VIRTUS EMEA Holdco Limited

Report and financial statements for the period ended 31 December 2022

Contents

Page:

1	Report of the directors
5	Independent auditor's report to the members of VIRTUS EMEA Holdco Limited
8	Profit and loss account and other comprehensive income
9	Balance sheet
10	Statement of changes in equity
11	Notes forming part of the financial statements

VIRTUS EMEA Holdco Limited

**Report and financial statements
for the period ended 31 December 2022**

Company information

Country of incorporation of parent company

United Kingdom

Legal form

Limited Company

Principal place of business of Company

United Kingdom

Directors

Neil David Cresswell

Jonathan Allen King

Nelson Lim Yueh Hua

Bruno Lopez

Daryl Robert Leslie Seaton

Registered office

4th Floor, 20 Balderton Street, London, W1K 6TL

Company number

14146708

The Company is a private company, limited by shares, registered and domiciled in England and Wales.

Auditor

KPMG LLP, 2 Forbury Place, 33 Forbury Road, Reading, RG1 3AD

VIRTUS EMEA Holdco Limited

Report of the directors for the period ended 31 December 2022

The directors present their report together with the audited financial statements of VIRTUS EMEA Holdco Limited (the "Company") for the period from incorporation on 1 June 2022 to 31 December 2022.

The directors have taken advantage of the small companies' exemption from the requirement to prepare a strategic report as per section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activities and future developments

The Company acts as a holding company of data centre owning and operating entities within the VIRTUS Group.

VIRTUS designs, builds, operates and maintains carrier neutral Data Centres in the United Kingdom and will be expanding operations to European markets. The principal business is the provision of co-location services within these facilities in Europe to our customers.

No future changes to the Company's activities are anticipated.

VIRTUS expects to progress its plans for establishing a presence in the EMEA region during 2023, as a platform for expansion of the business model beyond the UK in the coming years. In May 2023 the business announced plans for the construction of the BERLIN1 site – our first data centre in Europe to be located in one of its fastest growing markets for data infrastructure services. It is expected that this new site will support provision of a range of hosting and cloud computing services to hyperscale, enterprise and government customers.

On 13 April 2023, the Company made an investment in VIRTUS Germany Holdco GmbH and VIRTUS Berlin 1 GmbH, companies registered in Germany.

Directors

The directors of the company from the date of incorporation were:

Neil Cresswell
Bruno Lopez
Jonathan Allen King
Nelson Lim Yueh Hua
Daryl Robert Leslie Seaton
Nicholas Toh Lik Hau (resigned 10 October 2022)

Proposed dividend

No dividend was paid or declared during the period

Political and charitable contributions

The Company did not make any political or charitable donations, nor incurred any political expenditure during the period

VIRTUS EMEA Holdco Limited

Report of the directors for the period ended 31 December 2022 (continued)

Going concern

At 31 December 2022, the Company is in a net liability position of £0.5m and a net current liability position of £0.5m. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is part of the VIRTUS Group ("The Group"). The directors of the Group have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The directors of the Group are also at an advanced stage of negotiation with the existing lenders to secure additional debt funding to meet the committed costs of the Group, including the Company, over at least the next 12 months.

The Company may however need to rely on financial support from a parent company within the Group, namely STT VIRTUS Holdco Ltd. STT VIRTUS Holdco Ltd has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. The directors note that this intention is aligned with the expansion strategy of the Group. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Financial instruments and risks

The financial risks of the Company are integrated with the financial risks of the VIRTUS Group and are not managed separately. Financial risks facing the VIRTUS Group are monitored through a process of regular assessment and review by the Management Team of an Enterprise Risk Management ("ERM") which is then presented to the Audit and Risk Management Committee ("ARMC"). Key Financial risks and their mitigants are set out below:

- Interest rate risk is managed through hedging via interest rate caps, interest rate floors and interest rate swaps on our external debt. As a result of this, the Group has materially mitigated exposure to interest rate fluctuations on its long-term borrowing.
- Liquidity risk is managed through detailed cash-flow management and forecasting undertaken by the directors to ensure the Group has access to adequate financial resources to meet its ongoing needs.

VIRTUS EMEA Holdco Limited

Report of the directors for the period ended 31 December 2022 (*continued*)

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the VIRTUS Group and are not managed separately. Key risks faced by the VIRTUS Group are monitored through a process of regular assessment and review by the Group's Management Team, incorporated in the ERM and presented to the ARMC.

- The mid- to long-term outlook for the local and global economy remains uncertain given the trend in higher general inflation, energy and other living costs and costs of borrowing during the past 12 months. These factors could present risks to the Group's future business performance. While customer demand might be impacted by any of these factors, this risk is mitigated by the critical nature of our services, as well as the proportion of well-established global cloud services providers in our customer portfolio.
- The Russian invasion into Ukraine and its economic and political impacts across Europe and the rest of the world have continued to escalate throughout 2022 and early 2023. At the current time the longer-term consequences remain unclear, but our current assessment is that the business is relatively well insulated from demand shocks and that our customer base will prove resilient. While we remain well hedged against a rising interest rate environment, we remain vigilant against the threat of an increasingly volatile supply chain and inflationary environment.
- External and contingent liabilities of the business are managed through insurance where appropriate

The Board continue to assess new investment opportunities and growth plans with these risks in mind.

VIRTUS EMEA Holdco Limited

Report of the directors for the period ended 31 December 2022 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are 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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditor

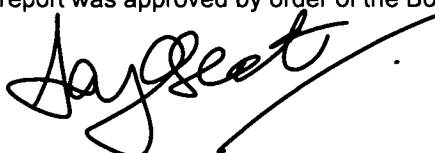
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Under the Companies Act 2006 section 487(2) KPMG LLP will be automatically re-appointed as auditor by the end of the next appointment period after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Approval

This directors' report was approved by order of the Board on 28 July 2023.



D R L Seaton
Director

4th Floor, 20 Balderton St, London, W1K 6TL

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF VIRTUS EMEA HOLDCO LIMITED

Opinion

We have audited the financial statements of VIRTUS EMEA Holdco Limited ("the Company") for the period ended 31 December 2022 which comprise the *profit and loss account and comprehensive income, balance sheet, statement of changes in equity* and related notes, including the accounting policies in note 1.

In our opinion the 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 period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit risk committee, minutes.
- Considering remuneration incentive schemes and performance targets for management, directors, and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Fraud and breaches of laws and regulations – ability to detect (continued)***Identifying and responding to risks of material misstatement due to fraud (continued)***

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit, we do not believe there is a fraud risk related to revenue recognition as there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: Health and Safety, General Data Protection Laws, Anti-Bribery, Employment law, Environmental Protection Legislation, Consumer Rights, Contract Legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

Directors' report (continued)

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial period is consistent with the financial statements; and
- in our opinion that report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

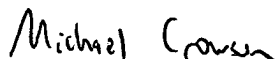
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Crowson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place

33 Forbury Road

Reading

RG1 3AD

Date: 28 July 2023

VIRTUS EMEA Holdco Limited
Profit and loss account and other comprehensive income
for the period from 1 June 2022 to 31 December 2022

	Note	1 June 2022 to 31 December 2022 £'000
Other operating expenses		(482)
Operating loss	3,4	<u>(482)</u>
Loss before tax		<u>(482)</u>
Tax expense	5	-
Loss for the period		<u>(482)</u>
Total comprehensive loss for the period		<u><u>(482)</u></u>

All amounts relate to continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

VIRTUS EMEA Holdco Limited

Balance Sheet at 31 December 2022

Company number 14146708

	Note	31 December 2022 £'000
Current assets		
Debtors (including £147k due after more than one year)	6	147
Creditors - amounts falling due within one year	7	(629)
Net current liabilities		(482)
Total assets less current liabilities		(482)
Net liabilities		(482)
Capital and reserves		
Called up share capital	8	-
Profit and loss account		(482)
Total shareholder's deficit		(482)

The financial statements on pages 8 to 24 were approved and authorised for issue by the Board of directors on 28 July 2023 and were signed on its behalf by:



D R L Seaton
Director

The notes on pages 11 to 24 form part of these financial statements.

VIRTUS EMEA Holdco Limited

Statement of changes in equity for the period ended 31 December 2022

	Share Capital £'000	Profit and loss account £'000	Total shareholder's deficit £'000
1 June 2022	-	-	-
Total comprehensive income for the period			
Comprehensive income for the period	-	(482)	(482)
	<u>-</u>	<u>(482)</u>	<u>(482)</u>
31 December 2022	<u>-</u>	<u>(482)</u>	<u>(482)</u>

The notes on pages 11 to 24 form part of these financial statements.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022

1. Accounting policies

1.1 Company background

VIRTUS EMEA Holdco Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England and Wales. The registered number is 14146708 and the registered office is 4th Floor, 20 Balderton Street, London, W1K 6TL.

The Company acts as a holding company of data centre owning and operating entities within the VIRTUS Group.

1.2 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The principal accounting policies adopted in the preparation of the financial statements are set out below.

The presentation currency used is pounds sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The smallest parent group undertaking (note 11), STT VIRTUS Holdco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of STT VIRTUS Holdco Limited are prepared in accordance with UK-adopted IFRS and are available to the public and may be obtained from 4th Floor, 20 Balderton Street, London, W1K 6TL.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes;
- certain disclosures regarding revenue;
- certain disclosures regarding leases;
- certain disclosures regarding the Company's capital management;
- the effect of new but not yet effective IFRSs;
- certain comparative information as otherwise required by UK-adopted IFRS;
- the disclosure in respect of the compensation of Key Management Personnel; and
- disclosure of related party transactions with other wholly owned members of the Group headed by STT VIRTUS Holdco Limited.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (*continued*)

1. Accounting policies (*continued*)

1.2 Basis of preparation of financial statements (*continued*)

As the consolidated financial statements of STT VIRTUS Holdco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share-Based Payments* in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Exemption from preparing group accounts

The Company has elected to utilise the exemption provided in in Section 401 of the Companies Act 2006 and has not prepared Group financial statements. The financial statements of VIRTUS EMEA Holdco Limited are consolidated in the financial statements of STT VIRTUS Holdco Limited, a company registered in Guernsey, see note 11.

These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.4 Functional and presentation currency

The financial statements are presented in pounds sterling, which is also the Company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

1.5 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value

1.6 Use of judgements and estimates

The preparation of financial statements in compliance with UK-adopted IFRS requires the use of certain critical accounting estimates. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

It also requires Company's management to exercise judgment in applying the Company's accounting policies.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.7 Going concern

At 31 December 2022, the Company is in a net liability position of £0.5m and a net current liability position of £0.5m. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is part of the VIRTUS Group ("The Group"). The directors of the Group have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The directors of the Group are also at an advanced stage of negotiation with the existing lenders to secure additional debt funding to meet the committed costs of the Group, including the Company, over at least the next 12 months.

However, as the Company has net current liabilities at the year end it may need to rely on financial support from a parent company within the Group, namely STT VIRTUS Holdco Ltd. STT VIRTUS Holdco Ltd has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. The directors note that this intention is aligned with the expansion strategy of the Group. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.8 Financial instruments

Financial assets

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.8 Financial instruments (continued)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes some derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated; and

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

Subsequent measurement of gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.8 Financial instruments (continued)

Subsequent measurement of gains and losses (continued)

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.8 Financial instruments (continued)

Financial assets (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Simplified approach

The Company applies the simplified approach to provide for ECLs for trade receivables and contract assets.

The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due
- the Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.8 Financial instruments (continued)

Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the balance sheet

- Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cashflows to repay the amounts subject to write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company classifies its financial liabilities into one category based on the purpose for which the liability was acquired.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.8 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognised in the statement of comprehensive income.

Modification

When the contractual cash flows of a financial liability are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the gross carrying amount of the financial liability is recalculated and a modification gain or loss is recognised in profit or loss. For floating rate financial liabilities, the gross carrying amount is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liability's revised effective interest rate. Any costs or fees incurred are expensed on modification of the financial liability.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of non-financial assets (excluding deferred tax assets)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount, (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment charges are included in the profit and loss account and comprehensive income, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. However, an impairment loss in respect of goodwill is not reversed.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.8 Financial instruments (continued)

Financial liabilities (continued)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. The Company's ordinary shares are classified as equity instruments.

1.9 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in OCI.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for the unused tax losses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for individual subsidiaries of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

1. Accounting policies (continued)

1.10 UK-adopted IFRS not yet applied

The following UK-adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date to be confirmed).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023).
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023).

2. Critical accounting estimates, judgements and assumptions

No critical accounting estimates, judgement or assumptions have been required to be made by the directors during the period.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements
for the period ended 31 December 2022 (continued)

3. Operating loss

Operating loss is stated after charging:

	2022 £ '000
Auditor's remuneration	13

The auditor's remuneration is borne and paid by the parent entity. All auditor's remuneration in the current period related to provision of audit services.

4. Employee benefit expenses

	2022 £ '000
Staff costs (including those of directors) comprise:	
Remuneration	282
Social security contributions and similar taxes	11
Other	40
Total staff costs	333

	Number
The average monthly number of persons (including directors) employed by the Company during the period was	1

Director's remuneration

The directors are paid by other VIRTUS group entities. As no significant time was spent by the directors on the Company's affairs, no remuneration has been allocated to the Company.

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements
for the period ended 31 December 2022 (*continued*)

5. Taxation

	2022 £ '000
Current tax	
UK corporation tax	-

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the period are as follows:

	2022 £ '000
Loss before tax	(482)
Loss at the standard rate of corporation tax in the UK of 19%	(92)
Effects of:	
Non-deductible expenses	7
Group tax relief surrendered	85
Tax expense	-

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements
for the period ended 31 December 2022 (*continued*)

6. Debtors

	2022 £ '000
Prepayments	147
Due after more than one year	147

7. Creditors – amounts falling due within one year

	2022 £ '000
Trade creditors	29
Amounts owed to group undertakings	517
Accruals and deferred income	83
	629

Amounts owed to group undertakings are unsecured, interest free, have no fixed rate of repayment and are repayable on demand.

8. Capital and reserves

Called up share capital

	Authorised 2022 Number	2022 £
Ordinary shares of 100p each	Unlimited	Unlimited

	Allotted, issued and fully paid 2022 Number	2022 Share Capital £'000
Ordinary shares of 100p each		
At 1 January	-	-
Issued during the year	2	-
At 31 December	2	-

VIRTUS EMEA Holdco Limited

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

8. Capital and reserves (continued)

During the year, the Company issued 2 ordinary shares of nominal value £1.00 each and each share has been credited as fully paid for the aggregate consideration of £2.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets

9. Assets pledged as security

The Company is a fully owned subsidiary of the Group headed by STT VIRTUS Holdco Limited. The borrowings of the Group are secured by a fixed charge over the Group's total assets. As such the total assets of the Company are subject to this charge.

10. Subsequent events

Investment in subsidiaries

On 13 April 2023 the Company made an investment in VIRTUS Germany Holdco GmbH and VIRTUS Berlin 1 GmbH, companies registered in Germany. As of this date, the two companies became wholly owned subsidiaries of VIRTUS EMEA Holdco Limited.

The Company considers all of the above events to be non-adjusting subsequent events in accordance with IAS 10 "Events after the reporting period".

11. Immediate parent company and control

The immediate parent company is VIRTUS Holdco Limited which is registered in England and Wales. The ultimate parent company and controlling party is Temasek Holdings (Private) Limited, which is incorporated in the Republic of Singapore.

The largest group of undertakings for which group accounts are prepared and of which the company is part is the Group headed by Temasek Holdings (Private) Limited. Group financial statements for Temasek Holdings (Private) Limited are not available to the public. Summary financial statements are available from: www.temasek.com.sg/en/our-financials/group-financials.html.

The smallest such group is the Group headed by STT VIRTUS Holdco Limited (company registered in Guernsey). Copies of these group accounts can be obtained from 4th Floor, 20 Balderton Street, London, W1K 6TL.

Change in ownership structure

On 22nd December 2022, a 40% stake in STT VIRTUS Holdco Limited (the "Group") was acquired by MEIF 7 Tigru Bidco Limited.