

Company registration number 438959 (Republic of Ireland)

**TELEFONICA TECH IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# TELEFONICA TECH IRELAND LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr D C Paetz Mr R Reilly (Appointed 6 December 2023) Mr R Carroll (Appointed 6 December 2023)
<b>Secretary</b>	Walkers Corporate Services (Ireland) Limited
<b>Company number</b>	438959
<b>Registered office</b>	5th Floor, the Exchange George's Dock, Ifsc Dublin 1 Co. Dublin Ireland D01 W3P9
<b>Auditor</b>	PricewaterhouseCoopers One Bank Place Charlotte's Quay Limerick Ireland
<b>Business address</b>	5th Floor, the Exchange George's Dock, Ifsc Dublin 1 Co. Dublin Ireland D01 W3P9
<b>Bankers</b>	Danske Bank ICS Ireland National House 1 Airton Close Tallaght Dublin 24 Republic of Ireland
<b>Solicitors</b>	Mills Selig 21 Arthur Street Belfast Co. Antrim Northern Ireland BT1 4GA

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# TELEFONICA TECH IRELAND LIMITED

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# TELEFONICA TECH IRELAND LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Principal activities

The principal activity of the company is the provision of Managed Cloud IT services.

There have been no significant change in those activities during the year.

The directors have no plans to change the activities and operations of the company in the foreseeable future.

#### Fair review of the business

The business of the Company is focused on delivering managed cloud and infrastructure services to mid market and public sector organisations.

On the 4 August 2021 Telefónica Cybersecurity & Cloud Tech SLU acquired 100% of the share capital of Telefónica Tech UK & Ireland Limited (formerly Cancom Ltd). Telefónica Tech UK & Ireland Limited is the UK parent company of Telefónica Tech Northern Ireland Holdings Limited (formerly Novosco Group Limited). Telefónica Tech Northern Ireland Holdings Limited is the parent of Telefónica Tech Northern Ireland Limited (formerly Cancom Managed Services Limited). Telefónica Tech Northern Ireland Holdings Limited is also the parent of Telefónica Tech Ireland Limited, formerly Cancom Ireland Limited.

Telefónica Cybersecurity & Cloud Tech SLU, a company registered in Spain, is a subsidiary of Telefónica SA and forms part of the Telefónica group. The Telefónica group has interests across the world mainly in the telecoms and broadband sectors. Telefónica is listed on the Euro Stoxx 50 stock market index.

Telefonica Tech Ireland Limited was established by Telefonica in 2019 with the aim of building capabilities in the digital services sector that are in high demand by companies, these comprise cloud, security and Internet of Things/Big data.

#### Principal Risks and Uncertainties

The company's principal business risks are summarised below, together with the key processes which are in place to monitor and manage them.

##### Operational risk

The company seeks to mitigate operational risk by following ISO-accredited processes and implementing internal controls, together with management reporting systems and appropriate insurance cover.

##### Currency risk

The company's main activities are conducted in Ireland, in Euro.

##### Liquidity and cash flow risk

The operating activities of the company is cash generative and the company has a free cash balance. The Board regularly reviews the cash position and cash flow forecasts to ensure sufficient funds are available to meet all financial commitments.

##### Credit Risk

The company has no significant concentrations of credit risk. Potential customers are subject to appropriate verification procedures in advance of credit being granted and credit limits are regularly monitored.

##### Inflationary Risk

The company continues to regularly review input and output prices to ensure it responds accordingly to inflationary risks.

#### Results and dividends

The results for the year are set out on page 8.

# TELEFONICA TECH IRELAND LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors and secretary

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Hess	(Resigned 14 December 2022)
Mr J R Fernandez	(Resigned 28 February 2022)
Mr D C Paetz	
Mr M Gorton	(Appointed 17 June 2022 and resigned 1 September 2025)
Mr R Reilly	(Appointed 6 December 2023)
Mr R Carroll	(Appointed 6 December 2023)

Mr D C Paetz acted as company secretary until his resignation on 29 July 2024. Walkers Corporate Services (Ireland) Limited were appointed as company secretary on this date and remain in office.

#### Directors' and secretary's interests

The directors' and secretary's interests in the shares of the company are as stated below:

	Ordinary Shares of €1 each	
	1 January 2022	31 December 2022
Mr M Hess	-	-
Mr J R Fernandez	-	-
Mr D C Paetz	-	-
Mr M Gorton	-	-
Mr R Reilly	-	-
Mr R Carroll	-	-

#### Directors' emoluments

Total emoluments for directors' services in the year was €Nil (2021: €Nil). Directors' emoluments are paid by Telefónica Tech Northern Ireland Limited, a sister company within the group.

#### Political donations

The company made the no political donations or incurred any political expenditure during either financial year presented in these financial statements.

#### Accounting records

The company's directors are aware of their responsibilities, under sections 281 to 285 of the Companies Act 2014 as to whether in their opinion, the accounting records of the company are sufficient to permit the financial statements to be readily and properly audited and are discharging their responsibility by employing qualified and experienced staff, ensuring that sufficient company resources are available for the task and liaising with the company's auditors, accountants and seeking external professional accounting advice.

The accounting records are held at the company's business premises, 5th Floor, the Exchange, George Dock, ifsc, Dublin1, Co. Dublin, D01 W3P9, Ireland.

#### Post reporting date events

There are no events after the balance sheet date which would require disclosure in the financial statements.

#### Auditor

PricewaterhouseCoopers were appointed as the company's auditor and in accordance with section 383(2) of the Companies Act 2014, continue in office as auditor of the company.

# TELEFONICA TECH IRELAND LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Companies Act 2014.

On behalf of the board



Ronan Reilly (Jan 8, 2026 09:40:12 GMT)

Mr R Reilly

**Director**

Date: 08/01/2026 .....



Diego Colchero Paetz (Jan 8, 2026 18:57:08 GMT+1)

Mr D Colchero Paetz

**Director**

Date: 08/01/2026 .....

# TELEFONICA TECH IRELAND LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Under that law the directors have prepared the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 101 *Reduced Disclosure Framework* and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

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

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

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

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

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

On behalf of the board



Ronan Reilly (Jan 8, 2026 09:40:12 GMT)

Mr R Reilly

Director

Date: 08/01/2026



Diego Colchero Paetz (Jan 8, 2026 18:57:08 GMT+1)

Mr D Colchero Paetz

Director

08/01/2026



# ***Independent auditors' report to the members of Telefónica Tech Ireland Limited***

## ***Report on the audit of the financial statements***

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### **Opinion**

In our opinion, Telefónica Tech Ireland Limited's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

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

- the Statement of financial position as at 31 December 2022;
  - the Income statement for the year then ended;
  - the Statement of changes in equity for the year then ended; and
  - the notes to the financial statements, which include a description of the accounting policies.
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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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

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### **Conclusions relating to going concern**

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

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

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

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

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### **Reporting on other information**

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

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

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

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

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

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

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

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

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

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

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

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

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

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

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

### *Use of this report*

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

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## Other required reporting

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### Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
  - In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
  - The financial statements are in agreement with the accounting records.
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### Other exception reporting

#### *Directors' remuneration and transactions*

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



John Daly  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Limerick  
9 January 2026

# TELEFONICA TECH IRELAND LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Notes	2022 €	2021 €
Revenue	3	8,083,179	5,327,384
Cost of sales		(7,002,993)	(4,412,048)
<b>Gross profit</b>		<b>1,080,186</b>	<b>915,336</b>
Administrative expenses		(707,960)	(410,754)
Other operating income		31,936	-
<b>Operating profit</b>	4	<b>404,162</b>	<b>504,582</b>
Interest income	7	345	-
Finance costs	8	(2,086)	(2,710)
<b>Profit before taxation</b>		<b>402,421</b>	<b>501,872</b>
Tax on profit	9	(50,873)	(55,455)
<b>Profit for the year</b>		<b>351,548</b>	<b>446,417</b>

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The income statement has been prepared on the basis that all operations are continuing operations.

The company had no other comprehensive income in the current or previous financial year other than that dealt with in the income statement and accordingly a statement of other comprehensive income has not been presented.

# TELEFONICA TECH IRELAND LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 €	€	2021 €	€
<b>Non-current assets</b>					
Intangible assets	10		-		5,567
Property, plant and equipment	11		520,005		24,825
			<u>520,005</u>		<u>30,392</u>
<b>Current assets</b>					
Inventories	12	4,266		380,833	
Trade and other receivables	13	5,409,508		2,888,002	
Cash and cash equivalents		1,281,708		114,468	
		<u>6,695,482</u>		<u>3,383,303</u>	
<b>Current liabilities</b>	14	<u>(4,437,306)</u>		<u>(1,576,672)</u>	
<b>Net current assets</b>			<u>2,258,176</u>		<u>1,806,631</u>
<b>Total assets less current liabilities</b>			2,778,181		1,837,023
<b>Non-current liabilities</b>	14		(1,522,443)		(933,180)
<b>Provisions for liabilities</b>					
Deferred tax liabilities	16		(347)		-
<b>Net assets</b>			<u>1,255,391</u>		<u>903,843</u>
<b>Equity</b>					
Called up share capital	20		109		109
Capital redemption reserve	21		91		91
Retained earnings			1,255,191		903,643
<b>Total equity</b>			<u>1,255,391</u>		<u>903,843</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 07 January 2026 and are signed on its behalf by:



Ronan Reilly (Jan 8, 2026 09:40:12 GMT)

Mr R Reilly  
Director



Diego Colchero Paetz (Jan 8, 2026 18:57:08 GMT+1)

Mr D Colchero Paetz  
Director

# TELEFONICA TECH IRELAND LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Share capital	Capital redemption reserve	Retained earnings	Total
	€	€	€	€
<b>Balance at 1 January 2021</b>	109	91	457,226	457,426
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year	-	-	446,417	446,417
<b>Balance at 31 December 2021</b>	109	91	903,643	903,843
<b>Year ended 31 December 2022</b>				
Profit for the year	-	-	351,548	351,548
<b>Balance at 31 December 2022</b>	109	91	1,255,191	1,255,391

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# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Company information

Telefonica Tech Ireland Limited is a private company limited by shares, incorporated, domiciled and registered in the Republic of Ireland. The registered office is 5th Floor, the Exchange, George's Dock, Ifsc, Dublin 1, Co. Dublin, Ireland, D01 W3P9 and its company registration number is 438959. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- comparative narrative information;
- for financial instruments measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group financial statements of Telefónica Cybersecurity & Cloud Tech SLU. The group financial statements of Telefónica Cybersecurity & Cloud Tech SLU are available to the public and can be obtained as set out in note 23.

##### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has also received a letter of support from its ultimate parent undertaking. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.3 Revenue

IFRS 15 applied to the recognition of revenue from contracts with customers. The standard contains a principle-based five-step model that is to be applied to all contracts with customers. According to this five-step model, the contract with the customer must first be determined (step one).

In step two, the separate performance obligations of the contract must be identified. Then (step three) the transaction price is determined, with explicit provisions for the treatment of variable consideration, financing components, payments to the customer and barter transactions. There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

Once the transaction price has been determined, step four must be used to allocate the transaction price to the individual service obligations. This is based on the individual sales prices of the individual service obligations. If, in exceptional cases, it is not possible to determine them on the basis of such market prices, the individual selling prices are derived using suitable methods that comply with the requirements of IFRS 15.

Finally (step five), the proceeds can be recognised if the performance obligation has been fulfilled by the company. The prerequisite for this is the transfer of control of the goods or services to the customer. In addition, within the framework of step 5 it must be determined for each performance obligation identified at the start of the contract whether it will be fulfilled over time or at a point in time.

The company recognises revenue from the following major sources:

##### *Hardware and Software sales ("Product Sales")*

Revenue from the sale of goods is recognised when the following conditions are satisfied

- The company has transferred the significant risks and rewards of ownership to the buyer.
- The amount of revenue and cost can be measured reliably.
- It is probable that the Company will receive the consideration due under the transaction.

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

These solutions typically contain elements such as Hardware, Software and Support, provided together as part of the combined solution, albeit typically each determined to be a distinct performance obligation within the defines of the contract. In determining the appropriate revenue recognition and to assess the extent to which performance obligations have been met we have performed an evaluation which concluded that:

- Hardware is sold as principal with all performance obligations met at the point at which the hardware is delivered and accepted by the customer.
- Software as part of a combined deal (i.e. with Hardware) is typically (unless other factors are noted) determined to be integral to the hardware sold. The software typically sits on the customer's premises and is sold to us as a single upfront sale and therefore we have concluded that this is to follow the same recognition as the hardware, being principal at the point at which the solution is delivered and accepted by the customer.
- For Support items sold within these deals, we are determined to be principal (as we are initially responsible for providing the support) with the sales and cost recognised over the period of time the client is committed for (typically 1, 3 or 5 year support contracts).
- In software only deals the company is deemed to function as an agent and therefore the revenue recognised is the margin generated on the sale at the point at which the software is delivered and accepted by the customer.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### Support Services

The Company supplies Support Services to customers which consists of short and long term maintenance for own sold and third party hardware. Management has concluded that the company acts as Principal as we are the responsible party for providing the support and have discretion in agreeing the price. Judgement is required as we engage third party providers to provide certain elements of the support sold, however we remain ultimately responsible for the provision of the support contracts sold. As the performance obligation is discharged over the length of the support services contract that has been entered into by the customer, revenue and costs are recognised in the profit and loss account on a straight-line basis over the duration of each specific contract.

##### Consultancy

The Company provides skilled professionals to customers either operating within a project framework or on a 'resource on demand' basis. For both types of consultancy offerings, we view ourselves as the principal. For contracts operating within a project framework, revenue is recognised based on the transaction price with reference to the costs incurred as a proportion of the total estimated costs (percentage of completion basis) of the contract. For those contracts which are 'resource on demand', revenue is billed on a timesheet basis. Professional Services revenue is recognised throughout the term of the contract, as services are delivered, as this corresponds to the service delivered to the customer and the satisfaction of the Company's performance obligations.

##### Managed Services

Revenue from contracts to provide managed services are recognised in the period in which the services are provided which may span more than one financial year. For these sales we are principal in providing these services as we have the contract with the end user and are responsible for providing the managed services. Within our managed services offering we facilitate our customers to acquire certain software licences which are hosted and delivered by third parties. In this part of managed services, we view ourselves as the agent.

#### 1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33% Straight Line
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#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	33% Straight Line
Right of use asset	33% Straight Line

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Inventories are measured on the first in first out ("FIFO") basis.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### ***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### ***Impairment - expected credit losses (ECLs)***

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade debtors and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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 including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

##### ***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.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### *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 borrower or issuer;
- a breach of contract such as a default or being more than 90 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 borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for security because of financial difficulties.

##### *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.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and 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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

##### **As lessee**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently adjusted for remeasurements of the lease liability and applies the relevant cost model, fair value model or revaluation model as set out within the accounting policies for the applicable asset class. Where the cost model is applied, the asset is depreciated 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, and is periodically reduced by impairment losses, if any.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid 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. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is reassessed at each financial period end to reflect lease modifications and any changes to the factors considered at initial measurement, as set out above. 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.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.16 Foreign exchange

Transactions in currencies other than euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

##### *Revenue recognition*

Application of the revenue accounting policies as outlined in note 1.3 requires management to make the following critical accounting judgements and estimates

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2 Critical accounting estimates and judgements

(Continued)

##### Significant Judgements

###### *Principal versus agent*

Significant judgement is required in determining whether the Company is acting as principal, reporting revenue on a gross basis, or agent, reporting revenue on a net basis. We evaluate each revenue stream against the following indicators when determining whether it is acting as principal or agent in a transaction:

- Which party is primarily responsible for fulfilling the promise to provide the specified goods or service
- Which party carries the inventory risk before the specific good or service has been transferred to the customer
- Whether we have discretion in establishing the price for the specified good or service.

Using the above criteria we have identified that certain revenue streams present a more balanced judgement than others and we note the conclusion may be reliant on the weighting applied to the responses to these criteria. When applying the weighting and concluding on whether principal or agent treatment is appropriate, the Company exercises significant levels of judgement due to the balanced nature of the assessment. The specific judgements made for each revenue category are discussed in the accounting policy section. Generally for 'software only deals' which are not sold as part of a wider 'solution' with hardware and other services, they are recognised on a net basis, as is also the case when we provide Cloud services software. These transactions are typically recognised net and at the point of delivery of the relevant software.

###### *Identification of performance obligations*

At inception of the contract, the Company assesses the products and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a product or service (or bundle of products or services) that is distinct. - i.e., if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer. Judgement is required when determining which promises are distinct and which are not. Generally, the solutions and services sold follow a prescribed treatment and are consistently treated. However, this can vary by customer contract depending on the context of the contract and requires the evaluation of performance obligations for every contract. The judgement is significant because it can cause a significant change in the timing of revenue recognition.

Consultancy services support services, managed services, hardware and software are typically considered distinct performance obligations. This judgement is applied on a contract by contract basis and is informed through detailed contractual reviews and an understanding of the particulars of each implementation.

###### *Recognising revenue*

The Company recognises revenue when, or as, it satisfies a performance obligation by transferring control of the good or service to a customer. The judgement of when to recognise revenue is intrinsically linked to the performance obligation assessment because revenue can only be recognised when or as the performance obligation is satisfied. The distinction of whether to recognise revenue over time or at a point in time depends on how the obligation is transferred to the customer and whether there remains any ongoing obligation to satisfy the contractual requirements, given the context of the customer contract. As such the same product sold in a different way to a different customer can have a different revenue recognition profile. Generally, consultancy, support and managed services are recognised over time as and when the customer consumes the software solution or service. Conversely, hardware and software (which is hosted on our clients premises) which are considered distinct performance obligations are recognised at a point in time on delivery.

# TELEFONICA TECH IRELAND LIMITED

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

### 2 Critical accounting estimates and judgements

(Continued)

#### Significant estimates

When performance obligations are not sold separately, as is often the case when we supply software with associated support, estimates may be required in the determination of the value of the related software support (as it represents a separate performance obligation). The best evidence of the stand alone selling price (SSP) is the observable price when sold separately. In instances where the SSP is not directly observable, the Company determines the SSP using information that includes reference to industry norms or other observable inputs (for example when the third party supplier provides specific pricing information for support).

### 3 Revenue

	2022	2021
	€	€
<b>Revenue analysed by class of business</b>		
Sale of goods	7,475,291	4,831,485
Rendering of services	607,888	495,899
	<u>8,083,179</u>	<u>5,327,384</u>

The disclosure of revenue by geographical location has not been presented on the basis that this is prejudicial to the trade of the company.

### 4 Operating profit

	2022	2021
	€	€
Operating profit for the year is stated after charging / (crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	38,000	20,000
Depreciation of property, plant and equipment	80,223	24,826
Profit on disposal of property, plant and equipment	(27,900)	-
Amortisation of intangible assets (included within administrative expenses)	5,567	5,568
Cost of inventories recognised as an expense	6,780,509	4,180,826
	<u>6,885,399</u>	<u>4,230,220</u>

### 5 Directors' remuneration

	2022	2021
	€	€
Remuneration for qualifying services	-	-
	<u>-</u>	<u>-</u>

Directors' emoluments are paid by Telefónica Tech Northern Ireland Limited, a sister company within the group. Directors' emoluments are not recharged to the company.

The amount that would be attributable to services for the company is negligible.

# TELEFONICA TECH IRELAND LIMITED

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

### 6 Employees

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Employees	5	4

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
Wages and salaries	700,813	512,936
Social security costs	54,509	47,961
Pension costs	13,624	14,073
	<u>768,946</u>	<u>574,970</u>

There was no remuneration for directors who held office during the financial year (2021: nil).

### 7 Interest income

	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>Interest income</b>		
Interest on bank deposits	345	-

Total interest income for financial assets that are not held at fair value through profit or loss is €345 (2021 - €-).

### 8 Finance costs

	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	1,607	1,366
Interest on lease liabilities	479	1,344
	<u>2,086</u>	<u>2,710</u>

### 9 Tax on profit

	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>Current tax</b>		
Tax on profits for the current period	48,960	53,542

# TELEFONICA TECH IRELAND LIMITED

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

9 Tax on profit	(Continued)	
	2022	2021
	€	€
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,913	1,913
	<u>          </u>	<u>          </u>
<b>Total tax charge</b>	<u>50,873</u>	<u>55,455</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022	2021
	€	€
Profit before taxation	402,421	501,872
	<u>          </u>	<u>          </u>
Expected tax charge based on a corporation tax rate of 12.50% (2021: 12.50%)	50,303	62,734
Effect of expenses not deductible in determining taxable profit	7,866	1,050
Income not taxable	-	(9,981)
Capital allowances	(9,252)	(261)
Movement in deferred tax	1,913	1,913
Foreign schedule D Case III Income	43	-
	<u>          </u>	<u>          </u>
<b>Taxation charge for the year</b>	<u>50,873</u>	<u>55,455</u>

10 Intangible assets	Software
	€
<b>Cost</b>	
At 1 January 2022	16,703
Disposals	(16,703)
	<u>          </u>
At 31 December 2022	-
	<u>          </u>
<b>Accumulated amortisation and impairment</b>	
At 1 January 2022	11,136
Charge for the year	5,567
Eliminated on disposals	(16,703)
	<u>          </u>
At 31 December 2022	-
	<u>          </u>
<b>Carrying amount</b>	
At 31 December 2022	-
	<u>          </u>
At 31 December 2021	<u>5,567</u>

# TELEFONICA TECH IRELAND LIMITED

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

### 10 Intangible assets

(Continued)

Intangible fixed asset amortisation has been recognised within the administrative expenses in the income statement.

### 11 Property, plant and equipment

	Computers	Right of use asset	Total
	€	€	€
<b>Cost</b>			
At 1 January 2022	-	74,477	74,477
Additions	575,403	-	575,403
Disposals	-	(74,477)	(74,477)
At 31 December 2022	575,403	-	575,403
<b>Accumulated depreciation and impairment</b>			
At 1 January 2022	-	49,652	49,652
Charge for the year	55,398	24,825	80,223
Eliminated on disposal	-	(74,477)	(74,477)
At 31 December 2022	55,398	-	55,398
<b>Carrying amount</b>			
At 31 December 2022	520,005	-	520,005
At 31 December 2021	-	24,825	24,825

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2022</b>	<b>2021</b>
	€	€
<b>Net values at the year end</b>		
Hardware	-	24,825
<b>Depreciation charge for the year</b>		
Hardware	24,825	24,826

Property, plant and equipment depreciation has been recognised within the administrative expenses in the income statement.

# TELEFONICA TECH IRELAND LIMITED

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

### 12 Inventories

	2022 €	2021 €
Finished goods	4,266	380,833

### 13 Trade and other receivables

	2022 €	2021 €
Trade receivables	1,849,495	1,249,450
Corporation tax recoverable	2,510	-
VAT recoverable	72,116	508,996
Amounts owed by fellow group undertakings	-	57,298
Prepayments and accrued income	3,485,387	1,070,692
	5,409,508	2,886,436
Deferred tax asset	-	1,566
	5,409,508	2,888,002

Balances due from group companies arise from trading relationships and are due on normal trading terms.

### 14 Liabilities

	Notes	Current		Non-current	
		2022 €	2021 €	2022 €	2021 €
Trade and other payables	15	2,672,592	672,826	-	-
Corporation tax		-	29,949	-	-
PAYE and social security		21,900	13,780	-	-
Lease liabilities	17	-	24,826	-	855
Deferred income	18	1,742,814	835,291	1,522,443	932,325
		4,437,306	1,576,672	1,522,443	933,180

### 15 Trade and other payables

	2022 €	2021 €
Trade payables	150,490	559,878
Amounts owed to fellow group undertakings	1,901,214	5,595
Accruals	610,960	102,405
Other payables	9,928	4,948
	2,672,592	672,826

Balances due to group companies arise from trading relationships and are due on normal trading terms.

# TELEFONICA TECH IRELAND LIMITED

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

### 16 Deferred taxation

	2022 €	2021 €
Deferred tax liabilities	347	-
Deferred tax assets	-	(1,566)
	<u>347</u>	<u>(1,566)</u>

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated Capital Allowances €
Deferred tax asset at 1 January 2021	(3,479)
<b>Deferred tax movements in prior year</b>	
Charge to profit or loss	1,913
Deferred tax asset at 31 December 2021	<u>(1,566)</u>
<b>Deferred tax movements in current year</b>	
Charge to profit or loss	1,913
Deferred tax liability at 31 December 2022	<u>347</u>

### 17 Lease liabilities

	2022 €	2021 €
<b>Net amounts due</b>		
Within one year	-	24,826
After more than one year	-	855
	<u>-</u>	<u>25,681</u>

	2022 €	2021 €
<b>Maturity analysis of future lease payments</b>		
Within one year	-	24,826
In two to five years	-	855
Total undiscounted liabilities	<u>-</u>	<u>25,681</u>

# TELEFONICA TECH IRELAND LIMITED

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

### 18 Deferred revenue

	2022 €	2021 €
Arising from other deferred revenue	3,265,257	1,767,616

### 19 Retirement benefit schemes

	2022 €	2021 €
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	13,624	14,073

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 20 Called up share capital

	2022 Number	2021 Number	2022 €	2021 €
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary Shares of €1 each	109	109	109	109
<b>Issued and fully paid</b>				
Ordinary Shares of €1 each	109	109	109	109

### 21 Capital redemption reserve

	2022 €	2021 €
At the beginning and end of the year	91	91

### 22 Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

### 23 Controlling party

The immediate parent company undertaking is Telefónica Tech Northern Ireland Holdings Limited.

The ultimate parent undertaking as at 31 December 2022 was Telefónica Cybersecurity & Cloud Tech SLU, a company registered in Spain. Copies of the Telefónica Cybersecurity & Cloud Tech SLU consolidated financial statements can be obtained from the Company Secretary at their headquarters in Madrid, Spain.

### 24 Events after the reporting date

There are no events after the balance sheet date which would require disclosure in the financial statements.

# TELEFONICA TECH IRELAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2022*

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### **25 Approval of financial statements**

The directors approved the financial statements on the 07 January 2026.