

Registered number: 13167752

THETIS TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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THETIS TOPCO LIMITED

COMPANY INFORMATION

Directors	William Thomas Dawson Venetia Lois Cooper (appointed 26 April 2022) Hugo Alexander Strachan (appointed 7 February 2023) Adam Joel Joseph Nicholas Decourcy Patrick Stewart James Motler Philip Howard Grannum Andrew Charles Ashton (resigned 14 April 2022)
Company secretary	Helen Louise Everitt
Registered number	13167752
Registered office	Thetis Topco Limited Ropemaker Place 28 Ropemaker Street London EC2Y 9HD
Independent auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX

THETIS TOPCO LIMITED

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THETIS TOPCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their strategic report for the year ended 31 March 2023. The comparative period was 14 months to 31 March 2022.

Principal activities

The principal activity of the Group in the year under review was that of telecommunications and the sale of related products. The Company holds investments in the rest of the group companies which operate in the telecommunications market.

Business review

The Group has continued its successful upwards trajectory, with record sales achieved of £131.0 million (14 months to 31 March 2022: £77.8 million) and cash generated from operating activities of £18.4 million (14 months to 31 March 2022: £8.3 million).

The Group has a dual strategy of organic and inorganic growth, enhancing both scale and capability, whilst maintaining commitment to excellent customer service. The subsidiaries OGL Group and Excell Group were hived across into Wavenet in the year, therefore these subsidiaries are no longer trading.

The Excell acquisition has significantly bolstered Wavenet Group's market share in the cloud and workspace market and strengthened its place as one of the UK's leading managed service providers to businesses for fully converged data, voice, cloud, and IT. It brings the benefits of increased scale, true London presence and a unique business centre infrastructure arm to the already comprehensive portfolio of services and solutions that Wavenet Limited can provide to its customers.

The Group has seen continued success in the public sector, enhanced its Enterprise presence through the acquisition of the trade and assets of Axial Systems Limited ("Axial") in March 2023, and expanded its service offering to include Cyber Security and IT support following the acquisition of OGL Computer Support Limited and CyberGuard Technologies in August 2022 and the subsequent acquisition of Fidus Information Security Limited in February 2023. This financial period includes:

- 8 months of results from the acquisition of OGL Computer Support Limited and CyberGuard Technologies Limited ("OGL"), contributing £17.3 million of revenue and £10.2 million to gross profit. OGL Computer Support Holdings Limited and its associated subsidiaries CyberGuard Technologies and OGL Customer Support Limited was acquired on 15 August 2022 by Thetis Bidco Limited. The acquisition helps position Wavenet as one of the UK's most acclaimed telecoms and technology companies with a portfolio of solutions and services, ranging from 24/7, 365 protection against cyber threats, by means of a UK Security Operations Centre (SOC), to Cloud Services, including enterprise cloud-based virtualised infrastructures.
- 2 months of results from the acquisition of Fidus Information Security Limited ("Fidus"), contributing £0.7 million of revenue and £0.7 million to gross profit. Fidus Information Security Limited was acquired on 1 February 2023 by Thetis Bidco Limited. This acquisition enhances Wavenet's ability to innovate and develop its Cybersecurity offerings by strengthening its penetration and security testing capabilities. Fidus hold numerous recognised certifications, including National Cyber Security Centre (NCSC) CHECK approval and Crest accreditation and, have proven experience providing security services to some of the largest organisations in the UK.

Acquisitions undertaken in the Thetis Group by subsidiary, Thetis Bidco Limited and its subsidiary Wavenet Limited are fully integrated and hived up and across into the main trading entity, Wavenet Limited shortly after acquisition to ensure efficiency and consistency. The subsidiaries OGL Group and Excell Group were hived across into Wavenet in the year, therefore these subsidiaries are no longer trading.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

The Excell acquisition has significantly bolstered Wavenet Group's market share in the cloud and workspace market and strengthened its place as one of the UK's leading managed service providers to businesses for fully converged data, voice, cloud, and IT. It brings the benefits of increased scale, true London presence and a unique business centre infrastructure arm to the already comprehensive portfolio of services and solutions that Wavenet Limited can provide to its customers.

The group have continued their focus and commitment to the green agenda and were delighted to attain an even higher award of Gold status moving from the 74th to 97th percentile, in their Ecovadis review in May 2023.

The recurring revenue proportion of total sales, excluding systems, equipment and engineering, remained high at 86% (14 months to 31 March 2022: 86%) and gross profit margins remained stable at 47% (14 months to 31 March 2022: 44%).

The Group sustains market leading Net Promotor Scores of over 80, and remains committed to its Core Values:

- We are easy to do business with
- We drive innovation and embrace change
- Customer success is our success
- We value diversity and are committed to social and environmental responsibilities

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), as adjusted to exclude one-off expenses relating to acquisitions, profit or loss on the sale of tangible fixed assets and share based payments, remains a key financial measure for the Group. EBITDA is £27.3 million (£14.0 million for the period from 1 May 2021 to 31 March 2022).

The Group made an operating loss for the year of £18.8 million (14 months to 31 March 2022: £16.9 million) largely due to goodwill amortisation charged on the acquisitions. The operating loss is stated after charging exceptional items of £3.2 million (14 months to 31 March 2022: £3.2 million) from acquisition related costs, depreciation of £1.6 million (14 months to 31 March 2022: £1.8 million), software amortisation of £0.3 million (14 months to 31 March 2022: £0.3 million) goodwill amortisation of £40.5 million (14 months to 31 March 2022: £25.5 million), loss on the sale of tangible fixed asstes of £0.1 million (14 months to 31 March 2022: £0.0 million) and share based payments of £0.5 million (14 months to 31 March 2022: £0.4 million).

The loss before tax was £46.2 million (14 months to 31 March 2022: £32.1 million). The net liabilities of the Group are £68.0 million (31 March 2022: £25.4 million).

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

Financial Risks

Market and economic trends

Group operations have the potential to be impacted in the longer term by trends in other markets and the wider economic environment. In order to mitigate the risk of a downturn in one market having a significant impact on the Group, management try to ensure market diversification wherever possible. The Group's customer base is highly diversified across a wide range of sectors, both private and public.

Price risk

Pricing continues to be a risk in terms of regulatory changes, competition and inflationary pressures. This risk is mitigated by offering new services that offer additional value and cross selling products supplied via the acquisitions. The future growth strategy provides greater scale and therefore buying economy opportunities.

Liquidity

The Group (Thetis Topco Limited and its subsidiaries) reviews its funding requirements closely on a regular basis, preparing both short and longer term cashflows. Facilities are in place for managing working capital requirements.

Interest rate risk

Interest rates have risen significantly during and following the year end. Hedging is in place to mitigate interest rate risk, post year end against £175.0 million of debt for a 2 year period to 31 March 2025 in a fixed-to-float interest rate swap at 4.3%.

Credit risk

To manage credit risk, credit limits are set for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a risk basis in conjunction with debt ageing and collection history. The Company has a highly diversified customer base, across a number of different public and private industries.

KPI Relevant period of post-acquisition trading subsidiaries		12 month period ended 31 March 2023	14 month trading period ended 31 March 2022
Sales revenue	<i>for the year ended 31 March 2023 (for the 14 months ended 31 March 2022)</i>	£131.0m	£77.8m
EBITDA	<i>for the year ended 31 March 2023 (for the 14 months ended 31 March 2022)</i>	£27.3m	£14.0m

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Other Risks

Fraud & cyber attacks

Fraudulent use of services is a constant threat and although responsibility falls on the end user this risk is mitigated by proactive monitoring of customer accounts. Following major investment in a DDoS defence system prior to the Thetis Bidco Limited acquisition, Wavenet prevents cyberattacks from happening before they leave the host country, which has significantly reduced traffic volumes in proprietary networks and improved the quality of service to customers. Fraud protection is something which is never taken for granted and the Group has systems that can track changes in caller data records, comparing historical usage as well as realtime lookup of black lists, against known suspicious global calling locations; these hourly checks enable us to keep up with the latest threats. The Group has invested heavily in leading edge Managed Detection & Response ("MDR") & Endpoint Detection & Response ("EDR") solutions from Tier 1 providers as well as weekly and monthly external penetration and vulnerability testing.

Wavenet is committed to data security and has robust systems that are both ISO27001:2013 Cyber Essentials Plus and GDPR compliant with regular audits by external UKAS approved certification auditors. Every care is taken to keep all data secure, all data is kept within secure computer systems that are all ISO27001 certified and the data is all kept in the EU. These computers are housed in secure data centres with heavily restricted access and numerous levels of security to prevent unauthorised access to those servers including firewalls and complex passwords. We have also continued to add to our solution architecture with an in-house NOC & SOC for 24/7 monitoring and protection. In addition the Group have risk assessments in place to assess and manage information security or product risk.

Worldwide events

The impact of events in the Ukraine and Brexit have been minimised as the Group operates in the UK. The workforce is located in the UK, as are the vast majority of the customer base. There are a deminimis amount of goods and services that are purchased from EU countries, hence currency exposure is minimal.

Catastrophic event

The Group is not seeing any long-term impacts as a result of the Covid pandemic and the Group is operating well in a hybrid working environment. The Board are therefore confident that any future pandemic related events will have minimal impact of the overall performance of the Group. The Group has minimal exposure to climate change risk.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators

The Group operates a comprehensive KPI reporting regime to assess the ongoing performance of the business. The scope of such KPIs extends to sales and gross profit measures within the existing customer bases as well as from new customers. In addition to optimising profitability, non-financial metrics are employed to monitor customer satisfaction and operational delivery.

The KPI dashboard monitors statistics relating to growth in net new business and call volumes. Churn remains low at under 1%.

A variety of other financial and non financial metrics are monitored on a monthly basis. The Group values customer satisfaction and monitors Net Promoter Score which is consistently high (over 80). The Board also reviews a suite of Cyber Security KPIs on a monthly basis, with staff participation in training campaigns continuing at over 90%.

KPI Relevant period post-acquisition of trading subsidiaries		12 month period ended 31 March 2023	14 month period ended 31 March 2022
Headcount	<i>average for the 12 months ended 31 March 2023 (average for the 14 months ended 31 March 2022)</i>	669	316
New business monthly recurring revenue	<i>average for the 12 months ended 31 March 2023 (average for the 14 months ended 31 March 2022)</i>	£2.1m	£1.2m
Churn%	<i>average for the 12 months ended 31 March 2023 (average for the 14 months ended 31 March 2022)</i>	0.2%	0.2%
Staff participation in cyber training campaigns	<i>average for the 12 months ended 31 March 2023 (6 months ended 31 March 2022)</i>	90%	95%
Net Promoter Score (NPS)	<i>average for the 12 months ended 31 March 2023 (average for the 14 months ended 31 March 2022)</i>	83	85

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Going concern

The Directors have considered the going concern basis in the preparation of the financial statements by reviewing detailed business forecasts and scenarios, including cash flow and borrowing facility headroom for the forthcoming years and have concluded that there are no material going concern risks. The key base case going concern forecast assumptions are revenue growth of 4% with stable gross margin and inflationary increases in overheads and wages. The Directors have also stress tested these going concern assumptions and prepared a severe but plausible downside case which assumes a 10% decline in revenue.

The Group is financed at 31 March 2023 by a combination of facilities, including external lender facilities and preference shares. Senior facilities totalling £206.1 million as at 31 March 2023 (£173.4 million at 31 March 2022) are repayable on 15 June 2028. In April 2022, a £10.0 million Revolving Commitment Facility until November 2027 was also secured within the same facility; this has subsequently been increased to £20.0 million to accommodate growth (the facility is currently fully available).

Amounts owed due to Thetis Topco Preference shares are £118.4 million (of which £18.0 million relates to accrued interest) as at 31 March 2023, (£95.2 million (of which £7.4 million relates to accrued interest) at 31 March 2022) the Preference shares are subject to accrued interest at 10% compounded annually and payable immediately prior to an exit or if earlier, by May 2031.

In February 2023, the Group secured a further £175.0 million Incremental Acquisition and Capex facility. This was undrawn at the year end. In April 2023, £80.0 million was drawn (leaving £95.0 million currently unutilised) to fund the Adept acquisition along with the issue of a further £18.6 million preference shares and £10.2 million of additional equity. The debt facilities have a leverage covenant which is tested quarterly. There is no forecast breach of covenant in either the base case or downside forecasts. The Group has a well diversified customer base and a strong recurring revenue stream. The Directors performed a review which included a severe but plausible forecast assuming minimal growth, high cost inflation and flexing Sonia interest rates. They are confident that the business has the ability to generate sufficient liquidity to meet its needs and consequently are adopting the going concern basis in preparing the financial statements.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Directors' statement of compliance with duty to promote the success of the Group

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way they would consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to: the likely consequences of its decisions in the long-term.

SECTION 172(1) STATEMENT

The directors' overarching duty is to promote the success of the Group for the benefit of its shareholders, with consideration of stakeholders' interests as set out in the Section 172. The board regards a well-governed business as essential for the successful delivery of its principal activity.

The directors are aware of their duty under section 172 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

The likely consequences of any decision in the long term:

Significant decisions regarding financing, investment or acquisitions are discussed and documented by the Thetis Topco Limited Board alongside consideration of the short and longer-term implications.

The interest of the Group's employees:

There is regular and open consultation with employees to ensure everyone is empowered and supported in their individual roles and regular appraisal and monitoring of employee performance is undertaken. All principal Group decisions which potentially impact employee interests in the short and long term are regularly communicated and explained. The Group has recently employed a Head of Communications to develop communication strategies further as the business grows. Valuing diversity is part of our Core Values and everyone is welcome at our table.

The need to foster the Group's business relationships with suppliers, customers and others:

As demonstrated by our Core Values, "We are easy to do business with" and "Customer success is our success", our customers come first. This mantra is behind every decision we make, every conversation we have, and every service we provide. We understand that long-lasting, positive relationships with all our external stakeholders, including customers, suppliers and lenders are crucial. This is validated by our supplier accreditations, our ability to raise funds for future growth and our track record of achieving consistently high NPS scores.

The impact of the Group's operations on the community and the environment:

One of our Core Values is "We value diversity and are committed to social and environmental responsibilities". We are dedicated to building a better, fairer, and greener business every single day. Our "Great Place to Work" team organise charity fundraising activities and our focus on the environment has been rewarded with an Ecovadis Gold award.

The desirability of the Group maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Group:

The Directors of the Group uphold the highest standards of integrity, professionalism and conduct and always act in good faith for the continued success of the Group and for the benefit of its members as a whole. All stakeholders are treated in a fair and balanced fashion.

The Group's ultimate parent Company and controlling party is Macquarie Group Limited. The board of Thetis Topco Limited manages the Group's operations on country wide basis. From the perspective of the Group

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

board, as a result of the group governance structure, the matters that it is responsible for considering under section 172 have been considered to an appropriate extent by the Group board in relation both to the Group and to this entity.

Future developments

The Group is well placed to continue its ambitious growth strategy. It has secured significant Capex and Acquisition facilities (£95.0 million currently unutilised), accompanied by an increased Revolving Cashflow Facility of £20.0 million (currently unutilised) to manage the working capital needs of the growing business.

The acquisition plan is well advanced with a further 2 acquisitions completed, being Adept Technology Group plc ("Adept") in April 2023, and Advantage Technologies Limited ("Advantage") in August 2023, for a combined consideration of £50 million. Further prospects are in the pipeline, which remains strong.

Organic growth both from new customer additions and development of existing accounts into new service offerings continues.

Outlook

The Unified Communications market offers attractive growth prospects, both organically and by strategic acquisition as the overall market for these services continues to grow strongly. There is a proliferation of smaller players that encourages an exciting acquisition strategy and is well placed with its products and suppliers to deliver organic growth. The rapid integration into an established platform of the acquisitions made to date demonstrates the ability to leverage existing infrastructure and controls, so as to benefit from added scale from future acquisitions and underpin higher organic growth rates.

The acquisition of Adept in April 2023 strengthens the Group's position as one of the UK's most renowned Managed Service Providers, adding scale and significantly boosting its presence in the Education sector.

The business model has proved to be resilient with strong recurring revenue streams. The Board remains confident that the strategies adopted will bring success and looks forward to the continued development and growth in the results for the year ahead.

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



Venetia Lois Cooper
Director

Date: 25 August 2023

THETIS TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the Group in the period under review was that of telecommunications and the sale of related products. The group also holds investments in the rest of the group companies which operate in the telecommunications market.

Results and dividends

The profit for the year, after taxation amounted to £46.3 million (*14 months to 31 March 2022 - loss £32.2 million*).

No dividends were proposed or paid.

Directors

The directors who served during the year and to the time of signing the financial statements were:

William Thomas Dawson
Venetia Lois Cooper (appointed 26 April 2022)
Hugo Alexander Strachan (appointed 7 February 2023)
Adam Joel Joseph
Nicholas Decourcy Patrick
Stewart James Motler
Philip Howard Grannum
Andrew Charles Ashton (resigned 14 April 2022)

Environmental matters

Impact on the environment is a major consideration and policies and procedures for the company have been and continue to be drawn up to minimise our impact on the environment. The Strategic Report contains further detail, including the Company's Gold status awarded in the Ecovadis report.

Future developments

Details of future developments are included in the Strategic Report.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Engagement with employees

The Group places considerable value in the involvement of its employees and keeps them informed on matters affecting them as employees and on factors affecting performance. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Employee engagement groups and events are actively promoted within the Group and a new Human Resources system has been implemented and a Head of Communications appointed to further enhance communication as the Group continues to grow.

The Group also recognises the need to invest in staff training and continues to utilise their online training platform, "Wavenet University". The Group are committed to developing new talent, and continue to develop and invest in an apprenticeship scheme.

Disabled Employees

The Group is committed to giving full and fair consideration to applications for employment to the Group made by disabled persons, and for continuing support and training of employees of the company who have become disabled persons during their employment, and otherwise for the training, career development and promotion of disabled persons employed by the company. This commitment is reiterated in the Group's Staff Handbook.

Engagement with suppliers, customers and others

Our customers are key stakeholders for our business and across the organisation, our team from Account Managers to trained Support Staff and Engineers engage closely with them. Customer satisfaction and trust are incredibly important to us, so we are proud to have excellent NPS scores and Trustpilot reviews.

The Group recognises its commitment to partnership with suppliers and has therefore signed up to the Prompt Payment Code (PPC) administered by the Office of the Small Business Commissioner (OSBC).

Wavenet is a managed service provider and has excellent and long-standing partnerships with top technology providers. Wavenet is a Microsoft Solutions Partner, HPE Gold Partner, Extreme Networks Diamond Partner and holds Platinum Partner status with Mitel and Avaya. Mitel have awarded our business the Mitel Public Sector 2022 Partner Award.

Qualifying third party indemnity provisions

During the year, and up to the date of approval of the financial statements, the Group had in place a third party indemnity provision for the benefit of all the directors of the Group, subject to the conditions set out in Section 234 of the Companies Act 2006.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption for the year are:

Emissions		Kilowatt hours (kWh)	Carbon Dioxide Equivalent (tCO₂e) Tonnes
Scope 1	Gas kWh Emissions from combustion of gas tCO ₂ e	109,279	20
	Emissions from mobile combustion tCO ₂ e		38
Scope 2	Electricity kWh Emissions from purchased electricity tCO ₂ e	297,736	61
Scope 3	Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel tCO ₂ e		152
Total Emissions			271
Carbon Emissions by revenue (tCO₂e/£m)			2

The above figures have been compiled on a financial control basis for Thetis Topco Limited. They have been calculated using the GHG protocol and calculation tool. The inputs to the tool have been taken from supplier bills and the Group's internal expense system (SAP Concur) which tracks business miles.

The conversion factors for energy consumption and travel are based on the latest conversion factors on the UK government website:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>

Wavenet's carbon reduction targets are set out in the following sections.

Wavenet projects that our combined Scope 1 and Scope 2 carbon emissions will decrease to below 37 tCO₂e by 2050.

Wavenet are also committed to improving the measurement of Scope 3 emissions and reducing them to achieve Net Zero by 2050.

A number of environmental management measures and projects have already been completed or are underway. These include:

- Data centre hardware replaced with more efficient and scalable technology
- Recycling facilities and processes in place at all large sites
- Wavenet's product catalogue increasingly focuses on solutions that allow businesses to become more

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

- environmentally friendly through the use of more energy-efficient technology and the reduction of hardware
- Wavenet is working towards accreditation to the ISO14001 Environmental Management System to improve the business' environmental performance
- Electric car scheme open to employees
- Cycle to Work scheme open to all employees
- Wavenet has adopted a hybrid working policy at all facilities, allowing staff to work from home for at least part of the week to reduce the need to travel.

Wavenet has also achieved Ecovadis accreditation, assessing controls around our impact on the environment, labour and human rights, ethics and sustainable procurement. The accreditation has increased to Gold level (2022: Silver), and Wavenet scores at the 97th percentile (2022: 74th percentile) out of all Ecovadis accredited organisations.

A sustainability team with active members across the business meet quarterly to discuss ongoing and new ideas around sustainability at Wavenet.

The Group's strategy to reduce greenhouse gas emissions is to transition all company vehicles to electric or hybrid over the next 5 years. The Group is reviewing suppliers, and where economical will migrate to suppliers where the majority of their energy production is renewable. The Group is reviewing its energy efficiency in all of its offices and will implement recommendations to increase their energy efficiency in line with the work they are undertaking with ESG partner, Ecovadis.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

Post year end, on 11 April 2023, Thetis Bidco Limited (a subsidiary of Thetis Topco Limited) completed the take-private acquisition of "Adept", being Adept Technology Group Limited and its associated subsidiaries. Adept is a UK-based provider of managed technology and communications services, with a specialism in delivering solutions to the public sector and education. The acquisition adds significant scale to the existing Wavenet core business.

On 3 August 2023 Wavenet Limited acquired Advantage Technologies Limited, a provider of IT and network support solutions, structured cabling and audio-visual services.

In February 2023, the Group secured a further £175.0 million Acquisition and Capex facility. This was undrawn at the year end. In April 2023, £80.0 million was drawn (leaving £95.0 million currently unutilised) to fund the Adept acquisition along with the issue of a further £18.6 million preference shares and £10.2 million of additional equity.

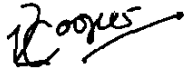
Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board on 25 August 2023 and signed on its behalf.



Venetia Lois Cooper
Director

THETIS TOPCO LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Thetis Topco Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Consolidated Balance Sheet and Company Balance Sheet as at 31 March 2023; Consolidated Statement of Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- enquiry of management and those charged with governance around actual and potential litigation and claims and known or suspected instances of fraud;
- enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Richard Kay (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
25 August 2023

THETIS TOPCO LIMITED

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	12 months to 31 March 2023 £000	14 months to 31 March 2022 £000
Turnover	4	130,962	77,821
Cost of sales		(69,452)	(43,421)
Gross profit		61,510	34,400
Administrative expenses		(77,129)	(48,385)
Exceptional administrative expenses	5	(3,222)	(3,197)
Other operating income	6	-	252
Operating loss	7	(18,841)	(16,930)
Interest receivable and similar income	11	2	-
Interest payable and similar expenses	12	(27,353)	(15,133)
Loss before tax		(46,192)	(32,063)
Tax on loss	13	(64)	(171)
Loss for the financial year/period		(46,256)	(32,234)
Accumulated losses at the beginning of the year/period		(32,234)	-
Loss for the year/period attributable to the owners of the parent		(46,256)	(32,234)
Accumulated losses at the end of the year		(78,490)	(32,234)

The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

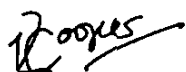
	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	14	240,866	232,444
Tangible assets	15	5,552	4,779
		<u>246,418</u>	<u>237,223</u>
Current assets			
Stocks	17	2,388	1,083
Debtors: amounts falling due after more than one year	18	906	383
Debtors: amounts falling due within one year	18	32,759	19,101
Cash at bank and in hand	19	7,425	5,237
		<u>43,478</u>	<u>25,804</u>
Creditors: amounts falling due within one year	20	(37,077)	(24,453)
Net current assets		<u>6,401</u>	<u>1,351</u>
Total assets less current liabilities		<u>252,819</u>	<u>238,574</u>
Creditors: amounts falling due after more than one year	21	(319,963)	(263,638)
Provisions for liabilities			
Deferred tax	25	(837)	(293)
		<u>(837)</u>	<u>(293)</u>
Net liabilities		<u>(67,981)</u>	<u>(25,357)</u>

THETIS TOPCO LIMITED
REGISTERED NUMBER: 13167752

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Capital and reserves			
Called up share capital	26	187	178
Share premium account	27	9,467	6,300
Share based payment reserve	27	855	399
Profit and loss account	27	(78,490)	(32,234)
Total equity		<u>(67,981)</u>	<u>(25,357)</u>

The financial statements on pages 19 to 63 were approved and authorised for issue by the board and were signed on its behalf on 25 August 2023.



Venetia Lois Cooper
Director

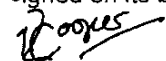
The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED
REGISTERED NUMBER: 13167752

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	16	88,648	72,399
		<u>88,648</u>	<u>72,399</u>
Current assets			
Debtors: amounts falling due within one year	18	23,334	23,542
		<u>23,334</u>	<u>23,542</u>
Creditors: amounts falling due within one year	20	(157)	(74)
Net current assets		<u>23,177</u>	<u>23,468</u>
Total assets less current liabilities		<u>111,825</u>	<u>95,867</u>
Creditors: amounts falling due after more than one year	21	(118,385)	(95,155)
Net (liabilities)/assets		<u>(6,560)</u>	<u>712</u>
Capital and reserves			
Called up share capital	26	187	178
Share premium account	27	9,467	6,300
Share based payment reserve	27	855	399
Profit and loss account brought forward		(6,165)	-
Loss for the year		(10,904)	(6,165)
Profit and loss account carried forward		<u>(17,069)</u>	<u>(6,165)</u>
Total equity		<u>(6,560)</u>	<u>712</u>

The financial statements on pages 19 to 63 were approved and authorised for issue by the board and were signed on its behalf on 25 August 2023.



Venetia Lois Cooper
Director

The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2022	178	6,300	399	(32,234)	(25,357)
Comprehensive loss for the year					
Loss for the year	-	-	-	(46,256)	(46,256)
Total comprehensive expense for the year	-	-	-	(46,256)	(46,256)
Contributions by and distributions to owners					
Shares issued during the year	9	3,167	-	-	3,176
Credit relating to equity settled share based payments	-	-	456	-	456
Total transactions with owners	9	3,167	456	-	3,632
At 31 March 2023	187	9,467	855	(78,490)	(67,981)

The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 29 January 2021	-	-	-	-	-
Comprehensive expense for the period					
Loss for the period	-	-	-	(32,234)	(32,234)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,234)</u>	<u>(32,234)</u>
Contributions by and distributions to owners					
Shares issued during the period	178	6,300	-	-	6,478
Credit relating to equity settled share based payments	-	-	399	-	399
Total transactions with owners	<u>178</u>	<u>6,300</u>	<u>399</u>	<u>-</u>	<u>6,877</u>
At 31 March 2022	<u>178</u>	<u>6,300</u>	<u>399</u>	<u>(32,234)</u>	<u>(25,357)</u>

The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2022	178	6,300	399	(6,165)	712
Comprehensive expense for the period					
Loss for the year	-	-	-	(10,904)	(10,904)
Total comprehensive expense for the year	-	-	-	(10,904)	(10,904)
Contributions by and distributions to owners					
Shares issued during the year	9	3,167	-	-	3,176
Credit relating to equity settled share based payments	-	-	456	-	456
Total transactions with owners	9	3,167	456	-	3,632
At 31 March 2023	187	9,467	855	(17,069)	(6,560)

The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 29 January 2021	-	-	-	-	-
Comprehensive income for the period					
Loss for the period	-	-	-	(6,165)	(6,165)
Total comprehensive income for the period	-	-	-	(6,165)	(6,165)
Contributions by and distributions to owners					
Shares issued during the period	178	6,300	-	-	6,478
Credit relating to equity share based payments	-	-	399	-	399
Total transactions with owners	178	6,300	399	-	6,877
At 31 March 2022	178	6,300	399	(6,165)	712

The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Loss for the financial year	(46,256)	(32,234)
Adjustments for:		
Amortisation of intangible assets	40,764	25,491
Depreciation of tangible assets	1,600	1,827
Loss/(Profit) on disposal of tangible assets	125	(9)
Interest payable	27,353	15,133
Interest receivable	(2)	-
Taxation charge	64	171
(Increase) in stocks	(840)	(24)
(Increase) in debtors	(3,494)	(1,003)
(Decrease) in creditors	(1,232)	(842)
Corporation tax paid	(608)	(1,120)
Loss on disposal of intangible assets	-	8
Share based payment expense	456	399
Amortisation of debt cost	509	459
Net cash generated from operating activities	18,439	8,256
Cash flows from investing activities		
Purchase of intangible fixed assets	(910)	(375)
Purchase of tangible fixed assets	(1,393)	(1,333)
Sale of tangible fixed assets	14	14
Purchase of subsidiaries net of cash acquired	(49,823)	(95,667)
Net cash used in investing activities	(52,112)	(97,361)
Cash flows from financing activities		
Issue of ordinary shares	3,176	1,478
Issue of preference shares	12,617	72,110
Repayment of loans	-	(230,979)
Other new loans	37,200	265,425
Interest paid	(16,631)	(7,730)
Loan fees	(475)	(5,668)
Repayment of finance leases	(26)	(267)
Hire purchase interest paid	-	(27)
Net cash generated from financing activities	35,861	94,342
Net increase in cash and cash equivalents	2,188	5,237

THETIS TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023	<i>2022</i>
	£000	<i>£000</i>
Cash and cash equivalents at beginning of year	5,237	-
Cash and cash equivalents at the end of year	7,425	<i>5,237</i>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,425	<i>5,237</i>
	7,425	<i>5,237</i>

The notes on pages 29 to 63 form part of these financial statements.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Thetis Topco Limited (the "Company") is a private company, limited by shares, incorporated in the United Kingdom under Companies Act 2006 and is registered in England and Wales. Along with its subsidiaries (the "Group") form the Thetis Topco Group. The address of the company's registered office is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD.

The principal activity of the group in the period under review was that of telecommunications and the sale of related products. The Company holds investments in the rest of the group companies which operate in the telecommunications market.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income in these financial statements.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Company and the parent Company would be identical;
- No Statement of Cash Flows has been presented for the parent Company;

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Income from the date on which control is obtained.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.3 Going concern

The Directors have considered the going concern basis in the preparation of the financial statements by reviewing detailed business forecasts and scenarios, including cash flow and borrowing facility headroom for the forthcoming years and have concluded that there are no material going concern risks. The key base going concern forecast assumptions are revenue growth of 4% with stable gross margin and inflationary increases in overheads and wages. The Directors have also stress tested these going concern assumptions and prepared a severe but plausible downside case which assumes a 10% decline in revenue.

The Group is financed at 31 March 2023 by a combination of facilities, including external lender facilities and preference shares. Senior facilities totalling £206.1 million as at 31 March 2023 (£173.4 million at 31 March 2022) are repayable on 15 June 2028. In April 2022, a £10.0 million Revolving Commitment Facility until November 2027 was also secured within the same facility; this has subsequently been increased to £20.0 million to accommodate growth (the facility is currently fully available).

Amounts owed due to Thetis Topco Preference shares are £118.4 million (of which £18.0 million relates to accrued interest) as at 31 March 2023, (£95.2 million (of which £7.4 million relates to accrued interest) at 31 March 2022) the Preference shares are subject to accrued interest at 10% compounded annually and payable immediately prior to an exit or if earlier, by May 2031.

In February 2023, the Group secured a further £175.0 million Incremental Acquisition and Capex facility. This was undrawn at the year end. In April 2023, £80.0 million was drawn (leaving £95.0 million currently unutilised) to fund the Adept acquisition along with the issue of a further £18.6 million preference shares and £10.2 million of additional equity. The debt facilities have a leverage covenant which is tested quarterly. There is no forecast breach of covenant in either the base case or downside forecasts. The Group has a well diversified customer base and a strong recurring revenue stream. The Directors performed a review which included a severe but plausible forecast assuming minimal growth, high cost inflation and flexing Sonia interest rates. They are confident that the business has the ability to generate sufficient liquidity to meet its needs and consequently are adopting the going concern basis in preparing the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the provision of services or support contracts is recognised over the period that the services are provided to our customers being the life of each contract. Installation fees are recognised at the time that the service is installed.

Revenue arising from the sale of goods is recognised upon delivery. Revenue from the installation of communications solutions and engineering services is recognised once the solution or project has been completed for our customers.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Leased assets: The Company and group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Other operating income

Other operating income in 2022 related to support received as part of the Government's Coronavirus Job Retention Scheme.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Share based payments

The group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest. This is the appropriate treatment as Wavenet Limited does not have an obligation to settle the award and Thetis Topco Limited is compensating its subsidiaries' employees with no recharge to its subsidiaries. Social security costs accrued for each period are included in the Statement of Comprehensive income.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The group and company has no cash-settled arrangements.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Current or deferred taxation assets and liabilities are not discounted.

2.13 Exceptional items

Exceptional items are material transactions individually or in aggregate relating to restructuring activities (e.g. office closures, redundancies and re-branding) and integration costs for acquired entities (e.g. integration headcount and novation costs for integrating suppliers).

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are items that are material either because of their size or nature and are considered to be non-recurring.

These items are presented within the line items to which they relate best and are reported separately as exceptional items.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software development	-	3	years
Goodwill	-	7	years
Customer database	-	7	years

Assets are reviewed for impairment if factors indicate the carrying amount maybe impaired.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value, less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	33% straight line
Plant and machinery	-	20% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	20% 25% and 33% straight line
Computer equipment	-	20% 25% and 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company and Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company and Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.21 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of the FRS 102 in respect of financial instruments.

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.21 Financial instruments (continued)

Preference shares which result in fixed returns to the holder, or are mandatorily redeemable, are classified as liabilities. These dividends on preference shares are recognised in the profit and loss as an interest expense.

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

Useful life of goodwill (note 14)

The useful life of goodwill has been assessed on an individual acquisition basis, and determined to be 7 years for each. This is reviewed periodically to ensure there are no indicators that the useful life has changed.

A 1 year change would lead to an additional charge of £7.2 million each year.

Contingent consideration assessment (see note 30)

Contingent consideration relates to the acquisition of Fidus Information Security Limited. The earn-out is linked to post acquisition profitability, is capped at £13.8 million and at present there is no provision made for future amounts payable, as currently the level of attributable EBITDA does not hit the levels required to trigger the earn out.

Recoverability of intangible assets and tangible assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

As acquisitions are hived into the main trading company, the directors consider that up to that point acquisitions are separate CGU's, but following hive up the acquired business merges into the overall Wavenet CGU.

The directors use assumptions in preparing five year cash flow forecast projections, to determine the value in use of each CGU. The key assumptions are EBITDA growth of 5% per annum until 2028, a long term growth rate of 2% and a pre tax discount rate of 11.5%. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to be less than its book value.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 18 for the net carrying amount of the debtors and associated impairment provision, no reasonably possible change could lead to a material to the provision.

Recoverability of investments in subsidiaries (Company)

Investments are assessed at each balance sheet date to determine whether there is any indication that the investments are impaired. Where there is any indication of impairment, the carrying value of the investment is tested for impairment. As acquisitions are hived into the main trading company, the directors consider that up to that point acquisitions are separate CGU's, but following hive up the acquired business merges into the overall Wavenet CGU.

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Judgments in applying accounting policies (continued)

The directors use assumptions in preparing five year cash flow forecast projections, to determine the value in use of each CGU. The key assumptions are EBITDA growth of 5% per annum until 2028, a long term growth rate of 2% and a pre tax discount rate of 11.5%. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to be less than its book value.

4. Turnover

An analysis of turnover by class of business is as follows:

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Network & Connectivity	35,019	21,720
IT, Security & Technology	31,048	10,694
IP Telephony & Hosted Voice	19,346	18,002
Unified Communication & Voice	16,085	11,589
Contact Centre Solutions	12,410	6,877
Mobile	7,692	4,371
Engineering & Professional Services	4,586	3,725
Teamslink & Collaboration	2,663	176
Other	2,113	667
	130,962	77,821

Analysis of turnover by country of destination:

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
United Kingdom	130,962	77,821
	130,962	77,821

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

5. Exceptional administrative expenses

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Redundancy costs	377	735
Professional and arrangement fees	1,342	1,517
Restructuring costs	1,503	945
	<u>3,222</u>	<u>3,197</u>

Exceptional costs relate to acquisitions, restructuring and subsequent hive up of these organisations into the Group.

6. Other operating income

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Coronavirus Job Retention Scheme income	-	252
	<u>-</u>	<u>252</u>

7. Operating loss

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

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Exchange differences	30	38
Operating lease rentals	1,055	1,087
(Profit)/loss on disposal of tangible fixed assets	125	(9)
Loss on disposal of intangible assets	-	8
Depreciation (Note 15)	1,600	1,827
Amortisation (Note 14)	40,764	25,491
Share based payment	456	399
Amortisation of debt issue costs	509	459
	<u>509</u>	<u>459</u>

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	285	320
Fees payable to the Company and Group's auditors and their associates in respect of:		
Paid by this group	285	240
Paid by Macquarie (Ultimate Parent Company)	-	80

No non-audit services were performed (2022: none)

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Employees

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

	Group 12 months to 31 March 2023 £000	<i>Group 14 months to 31 March 2022 £000</i>	Company 12 months to 31 March 2023 £000	<i>Company 14 months to 31 March 2022 £000</i>
Wages and salaries	22,993	14,452	-	-
Social security costs	2,681	1,842	-	-
Other pension costs	1,399	785	-	-
	27,073	17,079	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	12 months 31 March 2023 No.	<i>14 months 31 March 2022 No.</i>
Directors	6	3
Management and Administration	263	130
Technical and Customer Services	400	183
	669	316

The Company has no employees other than the directors, who did not receive any remuneration (2022 - *£NIL*)

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Directors' remuneration

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Directors' emoluments	1,035	961
Group contributions to defined contribution pension schemes	16	2
	1,051	963

During the year retirement benefits were accruing to 5 directors (*14 months ended 31 March 2022* - 2 directors) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £0.2 million (*14 months to 31 March 2022* - £0.3 million)

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £ 0.01 million (*14 months to 31 March 2022* -£NIL).

11. Interest receivable and similar income

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Other interest receivable	2	-
	2	-

12. Interest payable and similar expenses

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Loan interest payable	16,628	7,730
Interest on preference shares	10,614	7,376
Finance leases and hire purchase contracts	107	27
Other interest payable	4	-
	27,353	15,133

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Tax on loss

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Corporation tax		
Current tax on profits for the year	176	432
Adjustments in respect of previous periods	(674)	(609)
	<u>(498)</u>	<u>(177)</u>
Total current tax	<u>(498)</u>	<u>(177)</u>
Deferred tax		
Origination and reversal of timing differences	523	37
Changes to prior period	39	311
Total deferred tax	<u>562</u>	<u>348</u>
Taxation charge on loss on ordinary activities	<u>64</u>	<u>171</u>

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Tax on loss (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than *(2022 - higher than)* the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	12 months 31 March 2023 £000	<i>14 months 31 March 2022 £000</i>
Loss before tax	(46,192)	<i>(32,063)</i>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(8,776)	<i>(6,092)</i>
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	7,691	<i>2,597</i>
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,612	<i>3,840</i>
Adjustments to tax charge in respect of prior periods	(635)	<i>(298)</i>
Unrecognised deferred tax	88	<i>112</i>
Changes in tax rate	84	<i>12</i>
Total tax charge for the year/period	64	<i>171</i>

Factors that may affect future tax charges

As enacted by the government on 24 May 2021, the corporation tax rate will be increased from 19% to 25% with effect from 1 April 2023. Accordingly, this rate will be used to measure any deferred tax assets and liabilities.

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Intangible assets

Group

	Software development £000	Customer database £000	Goodwill £000	Total £000
Cost				
At 1 April 2022	375	2,508	255,052	257,935
Additions	611	303	48,173	49,087
On acquisition of subsidiaries	99	-	-	99
At 31 March 2023	<u>1,085</u>	<u>2,811</u>	<u>303,225</u>	<u>307,121</u>
Accumulated amortisation				
At 1 April 2022	365	64	25,062	25,491
Charge for the year on owned assets	223	58	40,483	40,764
At 31 March 2023	<u>588</u>	<u>122</u>	<u>65,545</u>	<u>66,255</u>
Net book value				
At 31 March 2023	<u>497</u>	<u>2,689</u>	<u>237,680</u>	<u>240,866</u>
At 31 March 2022	<u>10</u>	<u>2,444</u>	<u>229,990</u>	<u>232,444</u>

Software Development is made up of individually immaterial items.

Goodwill of £161.9 million relating to the acquisition of Wavenet has a remaining amortisation period of 5 years.

Goodwill of £93.2 million relating to the acquisition of Excell, NTS and ISL has a remaining amortisation period of 5.5 years.

Goodwill additions relate to the acquisition of OGL and Fidus (see note 29).

Opening balances have been represented.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Tangible fixed assets

Group

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 April 2022	98	2,980	17	599	2,905	6,599
Additions	-	-	-	222	1,171	1,393
Acquisition of subsidiary	624	5	29	205	256	1,119
Disposals	(28)	-	(10)	(12)	(89)	(139)
At 31 March 2023	694	2,985	36	1,014	4,243	8,972
Depreciation						
At 1 April 2022	36	726	-	253	805	1,820
Charge for the year on owned assets	115	353	4	257	871	1,600
At 31 March 2023	151	1,079	4	510	1,676	3,420
Net book value						
At 31 March 2023	543	1,906	32	504	2,567	5,552
At 31 March 2022	62	2,254	17	346	2,100	4,779

Opening balances have been represented.

The net book value of land and buildings may be further analysed as follows:

	2023 £000	2022 £000
Short leasehold	543	62
	543	62

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2022	72,399
Additions	16,249
At 31 March 2023	<u>88,648</u>

The directors consider recoverability based on a forecast of the underlying trading operators and key assumptions.

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Thetis Midco Limited *	13169124	Intermediate holding company	Ordinary	100%
Thetis Parentco Limited *	13150629	Intermediate holding company	Ordinary	100%
Thetis Bidco Limited	13152295	Intermediate holding company	Ordinary	100%
Wavenet Group Holdings Limited *	11486047	Intermediate holding company	Ordinary	100%
Robin Topco Limited *	10289095	Intermediate holding company	Ordinary	100%
Robin Midco Limited *	10289677	Intermediate holding company	Ordinary	100%
Wavenet (Holdings) Limited *	09056366	Intermediate holding company	Ordinary	100%
Robin Bidco Limited *	10290340	Intermediate holding company	Ordinary	100%
Wavenet Limited	03919664	Telecommunications	Ordinary	100%
OGL Computer Support Holdings Limited *	14109912	Intermediate holding company	Ordinary	100%
OGL Computer Support Limited *	02798681	IT Support	Ordinary	100%
Cyberguard Technologies Limited *	02798685	Cybersecurity	Ordinary	100%
Fidus Information Security Limited *	10684689	Cybersecurity	Ordinary	100%
Qubic Group Limited *	04010368	Dormant company	Ordinary	100%
APR Telecoms (Maintenance) Limited *	03250247	Dormant company	Ordinary	100%
NTS Communications LLP *	OC370637	Dormant company	Voting	100%
Internal Systems Limited*	02988533	Dormant company	Ordinary	100%
Smart Hosted Solutions Limited *	07949577	Dormant company	Ordinary	100%
Townley Network Solutions Limited *	05318259	Dormant company	Ordinary	100%
Townley Network Solutions (UK) LLP *	OC332571	Dormant company	Voting	100%
Comms Management Limited *	05445964	Dormant company	Ordinary	100%
Farrington Business Group Limited *	08714175	Dormant company	Ordinary	100%
Pyranet UK Limited *	05329567	Dormant company	Ordinary	100%
Excell Holdings Limited *	10834331	Dormant company	Ordinary	100%
Excell Midco Limited *	12277694	Dormant company	Ordinary	100%
The Excell Group Limited *	03678027	Dormant company	Ordinary	100%
Macseven Consultants Limited *	06740557	Dormant company	Ordinary	100%

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Excell Network Solutions Limited *	03757024	Dormant company	Ordinary	100%
TTG (Southern) Limited *	05061907	Dormant company	Ordinary	100%
Excell (South East) Limited *	06313441	Dormant company	Ordinary	100%
Excell UT Limited *	07550125	Dormant company	Ordinary	100%
Resource Utilities Limited *	08812523	Dormant company	Ordinary	100%
Excell Business Systems Limited *	03554106	Dormant company	Ordinary	100%
Excell Business Systems (Midlands) Limited *	05820367	Dormant company	Ordinary	100%
Real leasing solutions Limited *	06334248	Dormant company	Ordinary	100%
City Voice and Data Limited *	07082857	Dormant company	Ordinary	100%
City AVS Limited *	09127639	Dormant company	Ordinary	100%
Taylor Brown Recruitment Limited *	06287736	Dormant company	Ordinary	100%
EBS Technical Limited *	03554105	Dormant company	Ordinary	100%
Excell Business Systems (Mid) Limited *	04297226	Dormant company	Ordinary	100%
Excell Converged Solutions Limited *	04589520	Dormant company	Ordinary	100%
Excell IP Solutions Limited *	04096546	Dormant company	Ordinary	100%
Excell Managed Services Limited *	07065873	Dormant company	Ordinary	100%
Excell South West Limited *	06828619	Dormant company	Ordinary	100%
UT Networks Limited *	06353168	Dormant company	Ordinary	100%

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. Investments (continued)

Subsidiary undertakings (continued)

The registered office for Thetis Midco Limited, Thetis Parentco Limited and Thetis Bidco Limited is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD.

The registered office for all other companies is One Central Boulevard, Blythe Valley Business Park, Shirley, Solihull, B90 8BG.

The following companies were struck off during the year:

Taylor Brown Recruitment Limited - dissolved 7 June 2022
EBS Technical Limited- dissolved 7 June 2022
Excell Business Systems (Mid) Limited - dissolved 7 June 2022
Excell Converged Solutions Limited - dissolved 7 June 2022
Excel IP Solutions Limited - dissolved 7 June 2022
Excell Managed Services Limited - dissolved 7 June 2022
Excell South West Limited - dissolved 7 June 2022
Smart Hosted Solutions Limited - dissolved 5 July 2022
Comms Management Limited - dissolved 5 July 2022
Farrington Business Group Limited - dissolved 5 July 2022
Pyranet UK Limited - dissolved 5 July 2022
Qubic Group Limited - dissolved 5 July 2022
UT Networks Limited - dissolved 5 July 2022
Townley Network Solutions (UK) LLP - dissolved 9 August 2022
City AVS Limited - dissolved 9 August 2022
Townley Network Solutions Limited - dissolved 27 December 2022
Robin Midco Limited - dissolved 27 December 2022
Robin Topco Limited - dissolved 27 December 2022
Wavenet Holdings Limited - dissolved 27 December 2022
Wavenet Group Holdings Limited - dissolved 27 December 2022
NTS Communications LLP - dissolved 7 February 2023
Internal Systems Limited - dissolved 7 February 2023
APR Telecoms (Maintenance) Limited - dissolved 7 February 2023

All UK registered subsidiaries labelled with a "*" are exempt from audit and have taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 31 March 2023. These companies are subsidiary undertakings and are 100% owned by Thetis Topco Limited. Thetis Topco Limited will guarantee the debts and liabilities of this subsidiary listed at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

THETIS TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Stocks

	Group 2023 £000	<i>Group 2022 £000</i>
Work in progress (goods to be sold)	610	521
Finished goods and goods for resale	1,778	562
	2,388	1,083

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Due after more than one year				
Prepayments and accrued income	906	383	-	-
	906	383	-	-
Due within one year				
Trade debtors	18,932	10,538	-	-
Amounts owed by group undertakings	-	-	23,334	23,502
Other debtors	5,464	607	-	-
Prepayments and accrued income	8,363	7,956	-	-
Deferred taxation	-	-	-	40
	32,759	19,101	23,334	23,542

Trade debtors are stated after provision for impairment of £0.6 million (2022 - £0.4 million).

Amounts owed by group undertakings are unsecured, interest free, and carry no fixed terms of repayment, therefore are repayable on demand.

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

19. Cash and cash equivalents

	Group 2023 £000	<i>Group 2022 £000</i>
Cash at bank and in hand	7,425	5,237
	<u>7,425</u>	<u>5,237</u>

20. Creditors: Amounts falling due within one year

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Other loans	4,500	-	-	-
Trade creditors	9,797	8,130	-	-
Corporation tax	136	-	12	12
Other taxation and social security	3,011	2,397	-	-
Obligations under finance lease and hire purchase contracts	153	108	-	-
Other creditors	1,822	1,599	82	-
Accruals and deferred income	17,658	12,219	63	62
	<u>37,077</u>	<u>24,453</u>	<u>157</u>	<u>74</u>

Included within accruals and deferred income is £8.4 million of deferred income (31 March 2022: £6.9 million).

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. Creditors: Amounts falling due after more than one year

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Other loans	200,975	168,216	-	-
Net obligations under finance leases and hire purchase contracts	412	267	-	-
Accruals and deferred income	191	-	-	-
Preference shares	118,385	95,155	118,385	95,155
	319,963	263,638	118,385	95,155

Interest on other loans is accrued at a margin of 6.5% at 31 March 2023, plus SONIA per annum. Interest is payable periodically and upon redemption of the loans. The loans are repayable in full on the earlier of an exit event or on 15 June 2028. The loans are secured by way of a first fixed and floating charge over the assets of the group. The loans held in creditors are net of fees £5.1million (31 March 2022: £5.2 million). Net debt costs amortised as an expense in the year is £0.5 million (31 March 2022: £0.5 million)

Preference shares of £100.4 million (31 March 2022: £87.8 million) are subject to accrued interest at 10% compounded annually and payable immediately prior to an exit or if earlier, by May 2031. The shares have no redemption entitlement. On a winding-up, the holders are entitled to in specie the whole or any part of the assets of the Company and the liquidator may, for that purpose, value any assets and determine how the division shall be carried out between the holders. The holders have no voting rights.

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

22. Loans

Analysis of the maturity of loans is given below.

	Group 2023 £000	<i>Group 2022 £000</i>
Amounts falling due within one year		
Other loans	4,500	-
Amounts falling due after more than 5 years		
Other loans	200,975	168,216
	200,975	168,216
	205,475	168,216

Interest on other loans is accrued at a margin of 6.5% (at 31 March 2023) plus SONIA per annum. Interest is payable periodically and upon redemption of the loans. The loans are repayable in full on the earlier of an exit event or on 15 June 2028. The loans are secured by way of a first fixed and floating charge over the assets of the group.

During the year, the group extended its borrowing facilities through drawdown of £32.7 million of debt (gross of associated debt issue costs of £0.5 million).

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £000	<i>Group 2022 £000</i>
Within one year	153	108
Between 1-5 years	412	267
	565	375

THETIS TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Financial instruments

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Financial assets				
Financial assets measured at fair value through profit or loss	24,396	<i>11,145</i>	23,334	<i>23,502</i>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	339,191	<i>275,872</i>	118,479	<i>95,167</i>

Financial assets measured at amortised cost include trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost include bank loans, trade creditors, amounts owed to group undertakings, other creditors, finance leases, preference shares and other loans.

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25. Deferred taxation

Group

	2023 £000
At beginning of year	(293)
Charged to profit or loss	(562)
Arising on business combinations	18
At end of year	(837)

Company

	2023 £000
At beginning of year	40
Charged to profit or loss	(40)
At end of year	-

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Accelerated capital allowances	(1,073)	(860)	-	40
Tax losses carried forward	70	524	-	-
Short term temporary differences	166	43	-	-
	(837)	<i>(293)</i>	-	<i>40</i>

26. Called up share capital

	2023 £000	<i>2022 £000</i>
Allotted, called up and fully paid		
1,609,436 (2022 - 1,516,429) Ordinary A shares of £0.10 each	161	152
242,647 (2022 - 242,647) Ordinary B shares of £0.10 each	24	24
19,996 (2022 - 19,996) Deferred shares of £0.10 each	2	2
	187	<i>178</i>

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26. Called up share capital (continued)

During the year the company issued 93,007 A Ordinary shares at a nominal value of £0.10 for consideration of £3.2 million.

The A Ordinary share carries one voting right whereas the B Ordinary shares and Deferred shares carry no voting right.

Both A Ordinary and B Ordinary rank pari-passu with regards to dividend payments. Deferred shares do not carry and dividend rights.

27. Reserves

Share premium account

The share premium account includes any premiums received on issue of share capital.

Share based payment reserve

The share based payment reserve has been re-categorised from capital contribution reserve in the prior year. The share based payment reserve is made up of the accrued costs incurred relating to share based payments detailed in note 28.

Profit and loss account

The profit and loss account includes all current profit and losses.

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28. Share based payments

The Group operates a key-employee share scheme.

Certain Senior Managers are invited to participate in the "Sweet Equity" incentive which is a pool of a limited number of shares, set aside by Macquarie and the other shareholders, as a long-term incentive for key individuals in the business. The Sweet Equity shares issued to the Senior Managers are held in an employee benefit trust ("EBT") whereby the EBT is the registered holder of the Sweet Equity shares but the Managers remain the beneficial owners. The Sweet Equity shares are subject to leaver provisions and vesting.

Scheme details:

The participation of the B shares in the overall equity performance of the company is subject to an economic ratchet ("ratchet") which works in two stages. The initial stage was subject to an "initial refinancing" which triggered the issue of the B shares on 16 June 2021. Following the refinancing the issue of 242,647 B shares was authorised and could not represent more than 15.0% of the Ordinary shares. The average price per B share at grant date is £1.56, generating an overall equity-settled share based option valuation of £1,603,334. The vesting period for the share scheme is based on an assumed 4 years from the grant date.

	Weighted average exercise price (pence) 2023	Number 2023	<i>Weighted average exercise price (pence) 2022</i>	<i>Number 2022</i>
Outstanding at the beginning of the year	156	242,647	0	-
Granted during the year	0	-	156	242,647
Outstanding at the end of the year	156	242,647	156	242,647

	2023 £000	2022 £000
Equity-settled schemes	855	399
	855	399

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29. Business combinations

On 15 August 2022, the group acquired 100% of the OGL Group (OGL Support Holdings Limited and its subsidiaries) for a consideration of £45.4m. The principal activity is IT support and cybersecurity.

On 1 February 2023, the group acquired 100% of Fidus Information Security Limited, for a consideration of £4.9m. The principal activity is cybersecurity.

Acquisition of OGL Group

Recognised amounts of identifiable assets acquired and liabilities assumed

	Provisional Fair value £000
Fixed Assets	
Tangible	1,040
Intangible	95
	1,135
Current Assets	
Stocks	464
Debtors	8,702
Cash at bank and in hand	369
	10,670
Total Assets	
Creditors	
Due within one year	(9,282)
Deferred taxation	29
	1,417
Total identifiable net assets	1,417
Goodwill	43,972
	45,389
Total purchase consideration	45,389
Consideration	
	£000
Cash	44,201
Directly attributable costs	1,188
	45,389
Total purchase consideration	45,389

THETIS TOPCO LIMITED

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FOR THE YEAR ENDED 31 MARCH 2023

29. Business combinations (continued)

Acquisition of Fidus Information Security Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Provisional Fair value £000
Fixed Assets	
Tangible	68
Intangible	4
	72
Current Assets	
Debtors	933
Cash at bank and in hand	47
	1,052
Total Assets	
Creditors	
Due within one year	(392)
Deferred taxation	(11)
	649
Total identifiable net assets	
	4,201
	4,850
Consideration	
	£000
Cash	4,697
Directly attributable costs	153
	4,850
Total purchase consideration	
	4,850

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30. Contingent liabilities

In February 2023, the group acquired Fidus Information Security Limited. There is an earn out attached to this acquisition. Which is capped at £3.0 million in year 1 and £10.8 million in year 2 with a maximum earn out payable of £13.8 million. This is linked to post acquisition profitability and at present there is no provision made for future amounts payable, as currently the level of attributable EBITDA does not hit the levels required to trigger the earn out.

31. Capital commitments

The group and company have no capital or other commitments.

32. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1.4 million (2022 - £0.8 million). Contributions totalling £0.2 million (2022 - £0.1 million) were payable to the fund at the reporting date and are included in creditors.

33. Commitments under operating leases

At 31 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Not later than 1 year	739	-	887	-
Later than 1 year and not later than 5 years	1,478	-	1,522	-
Later than 5 years	-	-	245	-
	2,217	-	2,654	-

34. Related party transactions

The company has taken the advantage of the exemption in FRS 102 from the requirement to disclose transactions and balances with wholly owned group companies and with key management personnel.

During the year the group sold £4.1 million (2022 - £0.5 million) of services to and purchased £1.9 million (2022 - £0.5 million) of services from Workspace Management Limited, a company with a minority interest in the company. At the period-end £1.4 million (2022 - £0.3 million) was outstanding and included within debtors. The receivable is unsecured, due in 30 days and no guarantees have been received. At the period-end £0.2 million (2022 - £0.5 million) was owing and included within creditors. The payable is unsecured and due within 30 days.

During the year the group purchased £0.3 million (31 March 2022: £0.2 million) of services from MPRC Europe Limited, a company with a majority interest in the company. At the year end £nil (31 March 2022: £nil) was outstanding.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

35. Post balance sheet events

Post period end, on 11 April 2023, Thetis Bidco Limited (a subsidiary of Thetis Topco Limited) acquired "Adept", being Adept Technology Group Limited and it's associated subsidiaries. Adept is a managed *services and telecommunications provider*.

On 3 August 2023 Wavenet Limited acquired Advantage Technologies Limited, a provider of IT and network support solutions, structured cabling and audio-visual services.

Post period end, the Group secured a further £175.0 million acquisition and Capex facility and issued a further £18.6 million preference shares and £10.2 million of additional equity.

36. Controlling party

The ultimate controlling party and ultimate parent company is Macquarie Group Limited, a company incorporated in Australia, the consolidated financial statements are available on their corporate website: www.macquarie.com

The largest parent in which the results of the company are consolidated is that headed by Macquarie Group Limited. The consolidated financial statements are available on their corporate website; www.macquarie.com

The smallest parent in which the results of the company are consolidated is that headed by Thetis Topco Limited. The consolidated financial statements are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

37. Immediate parent company

The immediate parent company is MPRC Europe Limited.