Financial Statements
Commify Limited

For the year ended 31 December 2022

Registered number: 10354796

Company Information

Directors	T G Boucher P E J Burton R J Hanscott N D L Jordan D S Malone V Manani T M Rahder H D Robinson (resigned 28 April 2023) C P Stewart (appointed 28 April 2023)
Registered number	10354796
Registered office	20 Wollaton Street Nottingham Nottinghamshire NG1 5FW United Kingdom
Trading address	20 Wollaton Street Nottingham Nottinghamshire NG1 5FW United Kingdom
Independent auditor	Ernst & Young LLP 1 Colmore Square Birmingham West Midlands B4 6HQ United Kingdom

Contents

Commify Limited

Strategic Report
For the year ended 31 December 2022

Introduction

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

Principal Activities

The principal activity of Commify Limited ('the Company') is that of a head office management and intermediate holding company.

Business Review

During the year ended 31 December 2022, Commify Limited made an operating loss of €6,622k (2021: loss of €3,691k). Commify Limited is a non-trading entity that manages the head office, strategy and direction of the Commify Topco Limited group ('the Group'), and also holds a proportion of the Group's third-party loans. As a result, expenses in the Profit and Loss Account include interest charges and other costs associated with third party debt, exchange differences on re-translation of the closing loan balances, as well as administration costs and transfer pricing recharges to other group entities. Exchange differences resulted in a gain of €4,017k in the current year (2021: loss of €4,765k).

The loss for the year was €15,377k (2021 restated: loss of €16,821k).

Principal risks and uncertainties

The Company's principal financial instruments primarily comprise third party loans, balances due from its subsidiary undertakings, and balances due to parent companies. The main purpose of these financial instruments is to finance the Group's operations. As a result, the Company's principal risks and uncertainties relate to movements in interest rates, foreign exchange rates, and the recoverability of amounts owed by other group companies.

In order to reduce the risks in relation to movements in interest rates, during the year the Company has hedged approximately two thirds of its variable interest rate exposure. SONIA and SOFR hedges commenced on 30 September 2022 and a EURIBOR hedge commenced on 31 March 2023. This gives the Company certainty over the majority of its variable interest cashflows for a period that runs to 12 months before the end of the hedged facilities. This period was chosen as – at the point of entering into the hedges – there is an expectation of improved rates beyond this period, but this expectation will be kept under review.

Financial key performance indicators

Due to the Company's role as a holding company, no key performance indicators are used in the monitoring of the Company's performance.

S172(1) statement

The Directors are well aware of their duty under s172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, and in doing so, to have a regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers, and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly towards all stakeholders of the Company.

The Board determines the strategic objectives and policies of the Company to best support the delivery of long-term value, providing overall strategic direction within an appropriate framework of controls, delegated authority, and rewards.

The Board is collectively responsible for the success of the Company. Stakeholder interests and the matters listed above are factored into Board discussion and decisions, as described below:

Stakeholders and Principal Decisions Statements

The statements noted below relate to the Group, rather than the Company. They are included here as they relate to subsidiaries of the Company, and as these actions strengthen the position of the subsidiaries – and thus benefit the Company as their owner.

Stakeholders Statement

Stakeholder	*Strategic importance*	*How the Board engages with stakeholders and summarises its obligations*
Workforce	Our people are key to our business We want our people to feel engaged and empowered to deliver great outcomes for the Group's customers We want our people to feel part of a community, with opportunities to socialise, enjoy themselves at work and grow as individuals	Although Covid-19 restrictions had abated in the countries we operate in, during January 2022 we carried out a 'Return to Work' survey with staff. As a result we implemented a permanent hybrid working policy in all locations. We also continued our programme of staff surveys with response rates of over 80% and a positive employee Net Promoter Score (NPS). A key action resulting from the surveys was a renewed focus on internal communications. We increased the frequency of on-site visits by executive leaders and gathered the senior management team together in the Autumn for a strategic review. These initiatives, plus access to senior management through chat channels and the office visits referred to above, ensure that the entire global workforce can voice concerns and ask questions directly to leadership. Throughout 2022, Commify also maintained its programme of numerous informal social interactions and events.
Shareholders & Lenders	Our shareholders and lenders provide access to capital which is essential to deliver the Group's strategic goals	The Group has three primary debt lenders, organised as a syndicate. The Board continued to engage formally with this syndicate through the provision of monthly financial reports, and the annual review meeting. During 2022 the CFO oversaw 1. the drawdown of additional facilities to enable the Group's acquisition of CDYNE Services in the USA and Bulk SMS (trading as Voodoo) in the UK; and 2. the implementation of three interest rate swaps (Euro, Sterling and US Dollar) that provide cover for two thirds of drawn debt as at December 2022, thus increasing certainty over the majority of the Group's interest commitments until September 2024 The Board is committed to adhering to the terms of the Facilities Agreement. Monitoring of these obligations continued to be a priority during 2022. In particular, significant effort was expended in scenario modelling to ensure that an appropriate balance is struck in 2023 and 2024 between investment in platform development, acquisitions, and ensuring debt obligations will be met at a time when interest rates and the general economic climate remain uncertain
Government	Ensuring compliance with local legislation and government guidance is an important element of Commify's operational controls	The Board continues to delegate authority to executive management to engage with governments and agencies in the Group's operating territories as required. Local management ensured adherence with governmental advice in respect of employee safety, post pandemic office opening and any other changes in legislative conditions.

Principal Decisions Statement

Principal decisions taken in 2022	*Stakeholder & Long-Term Considerations*
Detailed strategic review / 5 year plan	In Q2 2022, the Board and Executive management team updated our five-year business plan for the Group. The overall strategy remains unchanged:- - to invest in driving organic growth - to invest in our future messaging platforms - to continue to upgrade customer experience by migrating from acquired platforms and brands - to continue our programme of inorganic growth In Q4, against a backdrop of inflation, recession and increased interest rates in many of the territories that the Group operates in, the plan was revisited and it was agreed that the investment in future platforms and hence migrations from acquired platforms would move at a slower pace in 2023 than original envisaged.
Acquiring the trade and assets of CDYNE Services LLC and Bulk SMS Ltd (Voodoo)	The Board were very pleased to welcome the CDYNE and Voodoo teams to the Group in 2022. These acquisitions have:- - enabled the Group's entry into the large, high growth, exciting new market of North America - resulted in the acquisition of a high growth, high quality UK brand These acquisitions, made in April and May, were heavily scrutinised by the Board. Not only did the Board want to ensure that Commify had the capacity financially and operationally to absorb acquisitions of this scale, we also needed to be sure that the businesses being acquired would demonstrate robust trading resilience and would not materially increase the Group's overall risk profile. The Board and advisors reviewed historic and recent trading data, alongside their existing knowledge of industry sectors impacted by Covid-19 and other growth trends, penetration testing results, and commercial insight with customers. In addition, legal, financial, tax and technical due diligence was undertaken before the Board decided that the acquisitions would be value creating for stakeholders.

This report was approved by the board of Directors on 23 June 2023. Signed on behalf of the board of Directors:

Richard Hanscott

R J Hanscott
Director

Directors' Report
For the year ended 31 December 2022

The Directors present their report and the audited Financial Statements for the year ended 31 December 2022.

Directors

The Directors who served during the year were:

T G Boucher
P E J Burton
R J Hanscott
N D L Jordan
D S Malone
V Manani
T M Rahder
H D Robinson (resigned 28 April 2023)
C P Stewart (appointed 28 April 2023)

Dividends

No dividends were paid in the current or prior year, and no final dividend is proposed (2021: nil).

Going concern

The financial statements show a loss for the year. However, this is reflection of the purpose of the entity within the wider group. The Company has significant external and inter-company debt, but also has inter-company loan receivables and the ability to draw on funds from other group companies as required.

As a result of the above, and as:

- the Company receives a letter of support from Commify Topco Limited;
- the management of the Group is on an integrated basis; and
- the Directors of the Company are part of an integrated management team and have insight into the results of the Group

the assessment of going concern for the Company is supported by the assessment of going concern for the Group as a whole.

As part of the Directors' assessment of the Company's ability to continue as a going concern, a parental support letter has been received from Commify Topco Limited confirming that they will support the Company in meeting its liabilities as and when they fall due to the extent that money is not otherwise available to meet such liabilities for a period up to 30 June 2024. The Directors have also considered the going concern assessment undertaken at the Group level.

The Directors have reviewed the Group's forecasts and cash flow projections for the period up to 30 June 2024 which included stress testing of the Group's financial projections for severe but plausible downside scenarios. The financial projections included the assessment on the impact on profitability, working capital and liquidity within the Group and the ability to provide funds to the Company as needed. In the most severe but plausible scenario forecasted, the Group would still have sufficient profitability to meet its bank covenant requirements and would retain sufficient liquidity to fund operations.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Company is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for at least one year following the date of signing of these accounts. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Events since the Balance Sheet date

As at the date of signing these accounts there have been no events since the balance sheet date that require disclosure in these accounts.

Political donations

No political donations were made during the year (2021: nil).

Directors' Report (continued)

For the year ended 31 December 2022

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic report, Directors' report, and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance of the Company;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, and Directors' Report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Disclosure of information to the auditors

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that 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's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

The auditor, Ernst and Young LLP, has expressed willingness to be re-appointed.

This report was approved by the board of Directors on 23 June 2023.

Signed on behalf of the board of Directors:

Richard Hanscott

R J Hanscott
Director

Independent Auditor's Report to the Members of Commify Limited

For the year ended 31 December 2022

Opinion

We have audited the financial statements of Commify Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" ('FRS101') (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Commify Limited (continued)

For the year ended 31 December 2022

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework FRS 101, Companies Act 2006 and the relevant tax compliance regulations in the regions in which the company operates.
- We understood how the company is complying with those frameworks by making enquiries of management and those charged with governance. We corroborated those enquiries through our review of Board minutes and noted that there was no contradictory evidence.

Independent Auditor's Report to the Members of Commify Limited (continued)

For the year ended 31 December 2022

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the risk assessment performed by management, understanding the controls in place to mitigate fraud and considering which areas may be most susceptible to the risk of management override. We also performed risk assessment analytical procedures and identified sources and types of journal entries in the company's financial processes. Any fraud risk factors identified were evaluated to identify risk of material misstatement due to fraud as well as the presumptive risk of material misstatement due to fraud in respect of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved using data analytic approaches to identify any unusual journal entries, and obtaining evidence that those journals are authorised, supported by appropriate documentation and have been accounted for appropriately. We also made enquiries of those charged with governance and those outside of the finance function as to whether there was any actual or suspected fraud. These procedures were designed to provide reasonable assurance that the company financial statements were free from material misstatement due to fraud.

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

Use of our report

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

Ernst & Young LLP

James Golder (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

23 June 2023

Commify Limited

Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 €'000	Year ended 31 December 2021 restated (note 26) €'000
Other operating income		204	194
Administrative expenses			
Amortisation of Intangible Assets	11	(281)	(279)
Acquisition costs and other exceptional items	5	(4,455)	(1,410)
Other administrative expenses		(2,090)	(2,196)
Total administrative expenses		(6,826)	(3,885)
Operating loss		**(6,622)**	**(3,691)**
Finance income	7	4,568	4,085
Finance costs	8	(18,879)	(15,373)
Foreign currency translation adjustments		4,017	(4,765)
Loss before taxation	6	**(16,916)**	**(19,744)**
Tax on loss	10	1,539	2,923
Loss for the year		**(15,377)**	**(16,821)**
Statement of comprehensive income			
Net loss for the year		**(15,377)**	**(16,621)**
Exchange differences on cash flow hedges accounted for in the foreign exchange translation reserve		2	-
Gain in respect of cash flow hedges accounted for in the cash flow hedging reserve		77	-
Deferred tax in respect of cash flow hedges accounted for in the cash flow hedging reserve		(20)	-
Other comprehensive income		**59**	**-**
Total comprehensive loss		**(15,318)**	**(16,821)**

This Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

All results are attributable to the owners of the parent company.

The notes on pages 12 to 30 form part of these financial statements.

Commify Limited

Balance Sheet

As at 31 December 2022

	Note	2022 €'000	2021 restated (note 26) €'000
Non-current assets			
Intangible assets	11	106	386
Investments	12	36,904	26,906
Derivative finance assets	16	115	-
Trade and other debtors	14	39,120	-
Other financial assets	13	20,704	18,483
		96,949	45,775
Current assets			
Trade and other debtors	14	9,466	37,731
Cash and short term deposits	15	578	71
		10,044	37,802
Total assets		**106,993**	**83,577**
Non-current liabilities			
Loans and borrowings	18	(181,728)	(146,648)
Derivative financial liabilities	16	(32)	-
Total non-current liabilities		(181,760)	(146,648)
Current liabilities			
Loans and borrowings	18	(2,611)	(1,195)
Trade and other payables	17	(59,934)	(57,925)
Total current liabilities		(62,545)	(59,120)
Total liabilities		**(244,305)**	**(205,768)**
Net liabilities		**(137,312)**	**(122,191)**
Capital and reserves			
Called up share capital	21	776	776
Capital contribution reserve		647	450
Cash flow hedging reserve	16	57	-
Foreign exchange translation reserve		2	-
Profit and loss account		(138,794)	(123,417)
Total equity		**(137,312)**	**(122,191)**

All equity is attributable to owners of the parent company.

The notes on page 12 to 30 form part of these financial statements. The financial statements were approved by the board of Directors on 23 June 2023.

Signed on behalf of the board of Directors:

Richard Hanscott

R J Hanscott
Director
Company registration no: 10354796

Commify Limited

Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of Commify Limited					
	Called-up share capital €'000	Capital contribution reserve €'000	Cash flow hedging reserve €'000	Foreign exchange translation reserve	Profit and loss account €'000	Total €'000
As at 1 January 2021 (restated)	776	310	-	-	(106,596)	(105,510)
Net loss for the year (restated per note 26)	-	-	-	-	(16,821)	(16,821)
Total comprehensive loss for the year (restated)	-	-	-	-	(16,821)	(16,821)
Capital contribution	-	140	-	-	-	140
Total transactions with owners	-	140	-	-	-	140
At 31 December 2021 (restated per note 26)	776	450	-	-	(123,417)	(122,191)
Net loss for the year	-	-	-	-	(15,377)	(15,377)
Other Comprehensive income	-	-	57	2	-	59
Total comprehensive loss for the year	-	-	**57**	**2**	**(15,377)**	**(15,318)**
Capital contribution	-	197	-	-	-	197
Total transactions with owners	-	197	-	-	-	197
At 31 December 2022	**776**	**647**	57	2	**(138,794)**	**(137,312)**

Called-up share capital represents the nominal value of shares that have been issued.

Capital contribution reserves were created as a result of capital contributions due to the issue of share options in Commify Topco Limited to company employees.

Cash flow hedging reserves were created as a result of the Company entering into floating-to-fixed interest rate swaps in order to manage part of its cash-flow interest rate risk. Please see note 16 for more information. Foreign exchange translation reserves relate to exchange differences on these interest rate swaps.

The Profit and Loss Account includes all current and prior year retained profits and losses.

1 General information

Commify Limited is a private company limited by shares and incorporated in England and Wales. The registered office is 20 Wollaton Street, Nottingham, NG1 5FW.

The principal activity of Commify Limited is that of a head office management and intermediate holding company.

2 Basis of preparation

The financial statements of Commify Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced disclosure Framework' ('FRS 101').

The financial statements contain information about the Company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The reason for this is that the Company is a wholly owned subsidiary of Commify Topco Limited, a company incorporated in the United Kingdom, and is included in that company's consolidated financial statements. Consequently, the Company by virtue of section 400 of the Companies Act 2006, is exempt from the preparation of its own consolidated financial statements.

The functional currency of the Company is euros and these financial statements are presented in euros, rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    - paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statements of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B-D (additional comparative information);
    - 111 (cash flow statement information); and
    - 134 – 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirements for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirement in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates would be recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies set out below have been applied consistently to all periods included in these financial.

New and amended standards and interpretations

There are no amendments or interpretations that came into effect for the first time in 2022 that have had a material impact on the financial statements of the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

2 Basis of preparation (continued)

Going concern

The financial statements show a loss for the year. However, this is reflection of the purpose of the entity within the wider group. The Company has significant external and inter-company debt, but also has inter-company loan receivables and the ability to draw on funds from other group companies as required.

As a result of the above, and as:

- the Company receives a letter of support from Commify Topco Limited;
- the management of the Group is on an integrated basis; and
- the Directors of the Company are part of an integrated management team and have insight into the results of the Group

the assessment of going concern for the Company is supported by the assessment of going concern for the Group as a whole.

As part of the Directors' assessment of the Company's ability to continue as a going concern, a parental support letter has been received from Commify Topco Limited confirming that they will support the Company in meeting its liabilities as and when they fall due to the extent that money is not otherwise available to meet such liabilities for a period up to 30 June 2024. The Directors have also considered the going concern assessment undertaken at the Group level.

The Directors have reviewed the Group's forecasts and cash flow projections for the period up to 30 June 2024 which included stress testing of the Group's financial projections for severe but plausible downside scenarios. The financial projections included the assessment on the impact on profitability, working capital and liquidity within the Group and the ability to provide funds to the Company as needed. In the most severe but plausible scenario forecasted, the Group would still have sufficient profitability to meet its bank covenant requirements and would retain sufficient liquidity to fund operations.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Company is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for at least one year following the date of signing of these accounts. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Prior year restatement

Following a review of accounting in respect of the 12% Preference shares issued by the Company adjustments were required to the prior year results and position. The impact of this adjustment it to remove a double counted interest charge and liability in respect of preference shares owned in the Company. The impact on the Statement of Comprehensive Income was a reduction in loss of €1,980k, the impact on opening reserves was a credit of €6,319k, and there was a reduction in net liabilities of €8,299k. Please see note 26.

3 Significant accounting policies

3.1 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the financial statements. The investments are reviewed for indicators of impairment at each reporting date and, in the event of any impairment being identified, the losses are recognised immediately in the Statement of Comprehensive Income, as are any reversals of previous impairment losses.

3.2 Foreign currency

(a) Functional and presentational currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Statements are presented in 'Euros' (€), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

3.3 Employee benefits - Defined contribution pension schemes

Pensions to employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if an underpayment or prepayment has occurred and are included in current liabilities.

3.4 Exceptional items

Exceptional items are material items which arise from unusual and non-recurring events. They are disclosed in aggregate on the Statement of Comprehensive Income where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. See note 5 for the items disclosed in the current and prior year.

3.5 Taxation

Income tax comprises both the income tax payable, based on taxable profits for the year, and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or, the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive in come or directly in equity respectively.

3.6 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on these assets on a straight-line basis over the estimated useful economic life of each asset. Material residual value estimates and useful economic lives are updated as required and at least annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3 Significant accounting policies (continued)

3.7 Preference Shares

When redeemable preference shares are issued, the component that creates a financial liability of the Company is presented as a liability in the Balance Sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on redemption. The corresponding dividends relating to the preference shares are charged as an interest expense in the Statement of Comprehensive Income.

The Company's 12% redeemable preference shares have been accounted for as a financial liability.

3.8 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

3.9 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a debtor is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the debtor can be measured reliably.

3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities are added to their fair value, as appropriate. Transaction costs directly attributable to the acquisition of financials assets held at amortised cost are capitalised.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets held by the Company are classified as amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

The Company's financial assets at amortised cost includes investments in subsidiaries, cash and cash equivalents, amounts owed by group companies, Other debtors.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the disclosures for significant assumptions (see note 4).

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables or loans and borrowings, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings, and amounts owed to other group companies.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Payables, loans and borrowings

After initial recognition, payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. No variable lease elements have been identified.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The rate implicit in the lease could not be readily determined and as such the incremental borrowing rate has been applied for all leases.

The incremental borrowing rate is the rate that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate for each lease was calculated by adjusting the Company's incremental borrowing rate for the applicable conditions of each lease.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. As such lease payments are allocated between the liability and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.10 Financial instruments (continued)

Derivative financial instruments

Fair value measurement

IFRS 13 emphasises that fair value is a market-based measurement, not an entity-specific measurement. Therefore, fair value measurements under IFRS 13 are determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, IFRS 13 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs utilise quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

3.11 Derivatives and hedging activities

The Company enters into floating to fixed interest rate hedges to manage its exposure to interest rate risks. These derivatives are initially recognised at fair value at the date which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether or not the derivative is designated for hedge accounting.

Derivatives embedded in non-derivative host contracts that are not financial assets are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and when the host contracts are not measured at fair value though profit or loss.

Hedge accounting

The Company designates its derivatives as hedging instruments for a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on an ongoing basis, the Company documents whether a hedging relationship meets the hedge effectiveness requirements under IFRS 9 and whether there continues to be an economic relationship between the hedged item and the hedging instrument.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately within the Profit and Loss Account.

Amounts previously recognised in other comprehensive are reclassified to earnings in the periods when the hedged item is recognised in profit or loss. These earnings are included within the same line of the Statement of Comprehensive Income as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

3 Significant accounting policies (continued)

3.11 Derivatives and hedging activities (continued)

Cash flow hedges (continued)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. Any gain or loss recognised in the cash flow hedge reserve remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.12 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below £3,600). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.13 Share-based payments

Estimating fair values for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

The Company only has equity-settled transactions with non-market-based vesting conditions and as such the fair value of share-based payment transactions is determined using the Black-Scholes model. The 5 inputs to the model are share price, exercise price, expected life of the share option or appreciation right, risk free rate, and volatility.

4 Significant accounting judgements and estimates

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

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

Judgements:

Share-based payments

Estimating fair values for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

The Company only has equity-settled transactions with non-market-based vesting conditions and as such the fair value of share-based payment transactions is determined using the Black-Scholes model. The 5 inputs to the model are share price, exercise price, expected life of the share option or appreciation right, risk free rate, and volatility.

Alternative Performance Measures

The non IFRS performance measures used in the Strategic Report, and the classification of the costs detailed in note 5 as exceptional or non-recurring, is a matter of judgement. As such, a reconciliation of the non IFRS measure used to those in the Statement of Comprehensive Income is presented, and care is taken to ensure that the measures and classifications used are the same as those used by the board, owners and senior management to judge the performance of the business.

4 Significant accounting judgements and estimates (continued)

Estimates:

Recoverability of intercompany debtors and preference share receivables:

Intercompany debtors and preference share receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. For intercompany debt, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is utilised.

Impairment of Non-current assets

The Company considers whether intangible assets and investments are impaired. Where an indication of impairment is identified, the Company estimates the recoverable value of the assets through estimation of future cash flows. This includes an estimation of an appropriate discount rate.

The macro-economic environment and climate emergency were both considered as part of the review for indicators of impairment and, to the extent possible, the expected impacts were fed into the estimated future cash flows used to calculate recoverable values. No impairment was identified from these reviews.

5 Acquisition Costs and Other Exceptional Items

During the current and prior year, the Company recognised non-recurring costs in relation to:

- Costs relating to the acquisition of subsidiaries by the Group
- a potential new majority investment in the Group's equity by external investors
- The subsequent work undertaken to integrate these acquisitions into the Group
- Restructuring of the executive management team
- Costs in relation to one off cyber security enhancement work (prior year only)
- Staff restructuring costs

The table below quantifies the above items:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Costs relating to the acquisition of subsidiaries by the Group (note A)	1,390	770
Costs relating to a potential new majority investment in the Group's equity (note B)	2,882	-
Costs relating to the integration of the Group (note C)	136	144
One-off costs in relation to changes to the executive management structure (note D)	8	108
One off cyber security enhancement cost (note E)	-	269
One-off staff restructuring costs (note F)	39	119
Acquisition costs and other exceptional items	**4,455**	**1,410**

Note A – Acquisition of subsidiaries

External costs, mainly in relation to due diligence and legal services in relation to completed, aborted and potential future acquisitions.

Note B – Potential new majority investment in the Group's equity

One off costs, mainly in relation to professional services, incurred in preparing information to support a potential financial investment in the Group by a third party.

Note C – Integration

Costs relating to the integration of previously acquired entities into the Group's systems, processes and controls. This includes work relating to finance integrations, legal changes and brand rationalisations.

5 Acquisition Costs and Other Exceptional Items (continued)

Note D – Executive management structure

One off costs in relation to changes to the structure of the Group's leadership team. Including one-off costs in relation to leavers, as well as any one-off costs in relation to new members of the leadership team.

Note E – Cyber security

Costs in relation to one off cyber security enhancement work

Note E – Staff restructuring

Payments to staff, and related legal costs, in relation to the restructuring of the Group's operations

6 Loss before taxation

The Loss before taxation is stated after:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Auditor's remuneration:		
Fees payable to the Company's auditor and its associates for:		
- Audit of the Company's annual accounts	25	20
Foreign exchange (gains) / losses	(4,017)	4,765

7 Finance income

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Interest receivable from group companies	2,341	2,105
Preference Share interest	2,218	1,980
Income in respect of cashflow hedge ineffectiveness	9	-
	4,568	**4,085**

8 Finance costs

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 restated (note 26) €'000
Preference share interest payable	2,218	1,980
Interest payable to group companies	3,073	4,217
Interest payable on bank loans and overdrafts	12,032	7,913
Amortisation of capitalised finance costs	1,101	947
Bank interest payable	22	3
Commitment fees	258	313
Interest payable in respect of cash flow hedges	145	-
Other finance costs	30	-
	18,879	**15,373**

The prior year numbers have been restated to separate out commitment fees. Previously these were report within other finance costs.

9 Directors' and employees' remuneration

Employee benefits expense

Staff costs during the year were as follows:	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Wages and salaries	1,862	1,832
Social security costs	246	253
Other people costs	110	48
	2,218	**2,133**

The average number of Directors paid a salary by the Company during the year was 7 (2021: 7) and these were the only employees of the Company.

Another group company operates a stakeholder defined contribution pension scheme for the benefit of the employees and Directors. The expense recognised in the current year in relation to these contributions was €46k (2021: €42k). The accrual for unpaid contributions is held within the entity which operates the scheme.

Directors' remuneration is recharged from another group company. The cost then falls into the scope of the Company's Transfer pricing arrangements and is subsequently recharged to other entities in the Commify Topco Limited group.

Directors' remuneration

Remuneration in respect of Directors was as follows:	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Remuneration	1,633	1,777
Pension contributions to money purchase pension schemes	39	25
	1.672	**1,802**

During the year, three Directors (2021: three) participated in money purchase pension schemes. The remuneration of the highest paid director was €373k (2021: €431k). There were no pension contributions in respect of this director (2021: none).

Key Management personnel

The Company considers the key management of the business to be the Directors of Commify Topco Limited. The total cost of key management personnel (including related employment taxes) to the Company for 2022 was €1,203k (2021: €1,289k).

10 Tax on loss

The tax charge is based on the profit for the year and represents:	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
<u>Current income tax:</u>		
Group relief receivable	(2,141)	(2,918)
Adjustments in respect of prior periods	622	-
<u>Deferred taxation:</u>		
Origination and reversal of temporary differences	(20)	(6)
Effect of rate change on opening balances	-	1
Tax credit	**(1,539)**	**(2,923)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

10 Tax on loss (continued)

The tax credit assessed for the year is lower than (2021: lower than) than the standard rate of corporation tax in the United Kingdom at 19% (2021: 19%). The differences are explained as follows:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 restated €'000
Loss before tax	**(16,916)**	**(21,724)**
Loss multiplied by standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	(3,214)	(4,128)
Expenses not deductible for tax purposes	805	526
Income not taxable for tax purposes	(84)	(376)
Adjustments in respect of prior periods	622	-
Group relief surrendered	2,141	2,918
Receipt for group relief	(2,141)	(2,918)
Impact of not recognising deferred tax on losses	332	1,055
Net tax credit for the year	**(1,539)**	**(2,923)**

A change to the main UK corporation tax rate, announced in the Budget on 3 March 2021 to increase the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021. There has been no impact in the current year (2021: €1k) as a result of the remeasurement of UK deferred tax to 25%.

The prior year reconciliation has been restated to split out the group relief being surrendered and the associated receipt. Previously these two numbers were offset.

11 Intangible fixed assets

	Software & Licenses €'000
Cost	
At 1 January 2022	875
Additions	-
At 31 December 2022	**875**
Accumulated amortisation	
At 1 January 2022	489
Charge for the year	280
At 31 December 2022	**769**
Carrying value	
At 31 December 2021	386
At 31 December 2022	**106**

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

12 Investments

	2022 €'000	2021 €'000
At 1 January	26,906	24,854
Additions	9,998	2,052
Net book amount at 31 December	**36,904**	**26,906**

Current year additions consist of €9,791k in relation to the acquisition of Commify USA Holdings LLC, €10k in relation to the incorporation of Commify Esendex S.R.L. and €197k (2021: €48k) in respect of share-based payments awarded by the Company's parent to employees of indirect subsidiaries. The prior year also includes €1,912k in relation to the acquisition of Spryng B.V.

At 31 December 2022 the investments in which the Company holds any class of share capital were:

	Type of shares	Proportion held	Nature of business	Registered office
Directly owned subsidiaries				
Commify Italia S.r.l.	Ordinary	100%	Provision of business communication services	Via Alessandro Manzoni 38, 20121 Milano
Commify UK Limited	Ordinary	100%	Provision of business communication services	20 Wollaton Street, Nottingham, NG1 5FW, England
Commify Germany GmbH	Ordinary	100%	Provision of business communication services	Radeberger Strasse 1, 01099 Dresden, Germany
Commify Netherlands Holdings B.V.	Ordinary	100%	Holding company	Hannie Dankbaarpassage 18, 1053 CG Amsterdam, Netherlands
Commify Esendex S.R.L.**	Ordinary	100%	Provision of engineering services to group entities	Strada G-RAL Ernest Broșteanu 31, Bucharest, Romania
Commify USA Holdings LLC ***	Ordinary	100%	Holding company	Capitol Services Inc, 108 Lakeland Avenue, Dover, DE 19901

Indirectly owned subsidiaries	**Type of shares**	**Proportion held**	**Nature of business**	**Registered Office**
Collstream Limited	Ordinary	100%	Dormant company	20 Wollaton Street, Nottingham, NG1 5FW, England
Esendex Australia Pty Limited	Ordinary	100%	Provision of business communication services	RSM, Level 21, 55 Collin Street, Melbourne VIC 3000, Australia
Commify Iberia S.L	Ordinary	100%	Provision of business communication services	Avenida Diagonal 453, 2º-1ª, Barcelona 08036, Spain
Commify France S.a.S.u *	Ordinary	100%	Provision of business communication services	28, Avenue de Maurin, 34000 Montpellier, France
Spyrng B.V.	Ordinary	100%	Provision of business communication services	Hannie Dankbaarpassage 18, 1053 CG Amsterdam, Netherlands
CDYNE Services LLC ***	Ordinary	100%	Provision of business communication services	505 Independence Parkway, Chesapeake, VA 23320
Mobile Messaging Group Ltd ****	Ordinary	100%	Dormant company	20 Wollaton Street, Nottingham, NG1 5FW, England
Bulk SMS Ltd ****	Ordinary	100%	Dormant company	

Indirectly owned equity investments	**Type of shares**	**Proportion held**	**Nature of business**	**Registered Office**
The Digital Box S.p.A.	Ordinary	8%	Mobile marketing	Largo San Francesco 5, CAP 70024, Gravina, Puglia, Italy

12 Investments (continued)

* On 30 June 2022, Commify France S.a.S.u and Mobile PRO S.a.S.u, merged and the resulting entity was named Commify France S.a.S.u.

** On 10 February 2022, the Company incorporated Commify Esendex S.R.L. Commify Esendex S.R.L. is domiciled in Romania.

*** On 9 March 2022, the Company incorporated Commify USA Holdings LLC to facilitate the acquisition of CDYNE Services LLC, which was acquired on 4 April 2022. Both companies are domiciled in the USA.

**** On 4 May 2022, the Company acquired 100% of the share capital of Mobile Messaging Group Ltd and Bulk SMS Ltd. Both companies are domiciled in the UK. . Bulk SMS Ltd was a dormant company at 31 December 2022 but actively traded during the year.

13 Other financial assets

	2022 €'000	2021 €'000
Preference share capital and accrued interest	20,704	18,483

14 Trade and other debtors

Non-current:	2022 €'000	2021 €'000
Amounts owed by direct subsidiaries	38,816	-
Amounts owed by indirect parents	304	-
	39,120	**-**

Current:	2022 €'000	2021 €'000
Amounts owed by direct subsidiaries	8,014	35,034
Amounts owed by indirect subsidiaries	514	2,158
Other debtors and prepayments	938	539
	9,466	**37,731**

Amounts owed by group companies are unsecured and repayable on demand. Intercompany balances attract interest in line with intercompany agreements. In 2022 intercompany agreements were updated to align interest rates and interest rates ranged from 5% to 6.5%.

Intercompany debtor balances have been classified as non-current unless there is an expectation that they will be settled within 12 months of the year-end date.

15 Cash and short-term deposits

	2022 €'000	2021 €'000
Cash at banks and on hand	578	71
	578	**71**

Cash and short term deposits consist only of cash at bank and in hand.

16 Derivative financial instruments

Derivative financial assets	**2022**	**2021**
Derivatives designated as hedging instruments	**€'000**	**€'000**
Interest rate swaps – cash flow hedges	115	-
	115	-

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the Balance sheet.

Derivative financial liabilities	**2022**	**2021**
Derivatives designated as hedging instruments	**€'000**	**€'000**
Interest rate swaps – cash flow hedges	(32)	-
	(32)	-

The Company has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The Company has entered into hedge relationships where the critical terms of the hedging instrument and the hedged item match. Therefore, for the prospective assessment of effectiveness, a qualitative assessment is performed and the hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

Cash flow interest rate swaps

The Company manages part of its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. The Company raises long-term borrowings at floating rates and during the year has entered into floating to fixed interest rate swaps to reduce the related interest rate volatility. All swaps entered into have a maturity date of 30 September 2024.

At 31 December 2022, the applicable floating rates were EURIBOR, SONIA and SOFR. Gains and losses on interest rate swap contracts recognised within equity (in the cash flow hedging reserve) as at 31 December 2022 will be released to the Statement of Comprehensive Income as the related interest expense is recognised.

The ineffective portion of the swaps has been recognised in Finance income and amounts to a gain of €9k (2021: €nil).

17 Trade and other payables

	2022	**2021 restated (note 26)**
	€'000	**€'000**
Amounts falling due within one year		
Trade creditors	394	685
Amounts owed to indirect parents	148	139
Amounts owed to direct parent	19,333	17,994
Amounts owed to direct subsidiaries	36,914	37,357
Amounts owed to indirect subsidiaries	1,068	1,210
Accruals and other creditors	2,077	540
	59,730	**57,925**

Trade creditors are unsecured and are usually paid within 30 days of recognition.

Amounts owed to group companies are unsecured and repayable on demand. Intercompany balances attract interest in line with intercompany agreements, with interest being charged at 6.25%.

The carrying amounts of trade and other payables are the same as their fair values, due to their short-term nature.

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

18 Loans and borrowings

	2022 €'000	2021 €'000
Amounts falling due within one year		
Third party loans and accrued interest (note 19)	3,799	2,147
Capitalised finance costs	(1,188)	(952)
	2,611	**1,195**
Amounts falling due after one year		
Third party loans and accrued interest (note 19)	164,236	131,736
Capitalised finance costs	(3,209)	(3,571)
Preference shares and accrued interest	20,701	18,483
	181,728	**146,648**

The preference shares and accrued interest are due to be repaid on the earlier of 12 June 2027, the sale of the entire issued share capital of the Company, or the listing of any of the Company's shares on a recognised stock exchange. The interest accrues up to the point that they are redeemed, at which point it becomes payable. As such the maturity date of both the preference share capital and interest is in more than five years. Interest on preference shares accrues at a rate of 12%.

The repayment profile of the third-party loans is disclosed in Note 19. The third-party loans are due to be repaid in two tranches, on 12 September 2025 and 12 September 2026. They include a financial covenant that measures the ratio of EBITDA (as defined in the banking facilities agreement) to net debt. This is formally tested each calendar quarter, and the Company has met the covenant requirement in every quarter to date.

As detailed in note 16, the Company entered into cash flow hedging contracts in the year in order to limit its interest rate exposure on approximately two thirds of its variable SONIA and SOFR debt. The Company has also committed to commencing a EURIBOR hedge on 31 March 23 to hedge two thirds of its interest exposure.

19 Borrowings

Third party loans repayable, included within Loans and borrowings, are analysed as follows:

	2022	2021 restated
Third party loans and accrued interest:	**€'000**	**€'000**
Within one year	3,799	2,147
Between one to two years	-	-
Between two to five years	164,236	131,736
In more than five years	-	-
	168,035	**133,883**
Capitalised finance costs	(4,397)	(4,523)
	163,638	**129,360**

The 2021 ageing disclosure has been updated following a review of underlying calculations.

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

20 Deferred taxation

Deferred taxation recognised at 25% (2021:25%) in the Financial Statements relates to intangibles fixed asset temporary differences and hedging instruments.

Movements in the deferred tax liability during the year were:

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
At the start of the year	-	(5)
Amounts (charged)/credited against the provision	(20)	5
Amounts (charged)/credited in Other Comprehensive Income	20	-
At 31 December	**-**	**-**

Deferred tax assets of €883k (2021: €430k) in respect of tax losses and disallowed interest carried forward of €1,445k (2021: €1,582k) have not been recognised as they are not expected to be utilised in the foreseeable future. All unrecognised deferred tax assets can be carried forwards indefinitely.

21 Share capital

	2022 €'000	2021 €'000
Allotted, called up and fully paid:		
776,067 A Ordinary shares of €1 each	776	776
	776	**776**

All shares owned by the Company carry equal rights. There were no share movements during the current or prior year. There was no limit of the number of A ordinary shares which can be allotted in the current or prior year.

22 Transactions with related parties

The Company has taken advantage of the exemption in IAS 24 'Related party disclosures' not to disclose transactions with wholly owned group entities whose voting rights are held within the Group, and which are included in the Consolidated Financial Statements of Commify Topco Limited. Copies of these Consolidated Financial Statements can be obtained from the Registered Office of Commify Topco Limited.

23 Contingent assets and liabilities

As at the year-end, the Company had contingent liabilities of €158k (2021: €nil) that will become payable in the event that the entire issued share capital of the Company is sold to a third party before 20 June 2024.

24 Events since the Balance sheet date

As at the date of signing these accounts there have been no events since the balance sheet date that require disclosure in these accounts.

25 Ultimate Parent Undertaking and Controlling party

The immediate parent company is Falcon Equityco 2 Limited, a company registered in England and Wales.

The largest group for which Consolidated Accounts are prepared is that headed by Commify Topco Limited, a company registered in England and Wales.

A number of limited partnerships which are managed by HgCapital LLP (holding through nominee companies) held a significant interest in the ordinary shares of Commify Topco Limited at 31 December 2022. The Directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital LLP has an ownership of more than 20% of the issued share capital of Commify Topco Limited and there are no further controlling parties.

26 Restatement of Prior Year results and position

Following a review of accounting in respect of the 12% Preference shares issued by the Company adjustments were required to the prior year results and position. The impact of this adjustment it to remove a double counted interest charge and liability in respect of those preference shares. The impact on the Statement of Comprehensive Income was a reduction in loss of €1,980k, the impact on opening reserves was a credit of €6,319k, and there was a reduction in net liabilities of €8,299k.

For the period ended 31 December 2021:

Statement of Comprehensive Income:

	Reported €'000	Credit interest payable €'000	Restated €'000
Other operating income	194	-	194
Administrative expenses			
Amortisation of Intangible Assets	(279)	-	(279)
Acquisition costs and other exceptional items	(1,410)	-	(1,410)
Other administrative expenses	(2,196)	-	(2,196)
Total administrative expenses	**(3,885)**	**-**	**(3,885)**
Finance income	4,085	-	4,085
Finance costs	(17,353)	1,980	(15,373)
Foreign currency translation adjustments	(4,765)	-	(4,765)
Loss before taxation	**(21,724)**	**-**	**(19,744)**
Tax on loss	2,923	-	2,923
Loss for the year and total comprehensive loss	**(18,801)**	**1,980**	**(16,821)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

26 Restatement of Prior Year results and position (continued)

As at 31 December 2021:

Balance Sheet:

	Reported €'000	Credit interest payable €'000	Restated €'000
Non-current assets			
Intangible assets	386	-	386
Investments	26,906	-	26,906
Other financial assets	18,483	-	18,483
	45,775	-	45,775
Current assets			
Trade and other debtors	37,731	-	37,731
Cash and cash equivalents	71	-	71
	37,802	-	37,802
Total assets	83,577	-	83,577
Non-current liabilities			
Loans and borrowings	(146,648)	-	(146,648)
Deferred tax liability	-	-	-
Total non-current liabilities	(146,648)	-	(146,648)
Current liabilities			
Loans and borrowings	(1,195)	-	(1,195)
Trade and other payables	(66,224)	8,299	(57,925)
Total current liabilities	(67,419)	8,299	(59,120)
Total liabilities	(214,067)	8,299	(205,768)
Net liabilities	(130,490)	8,299	(122,191)
Capital and reserves			
Called up share capital	776	-	776
Capital contribution reserve	450	-	450
Profit and loss account	(131,716)	8,299	(123,417)
Total equity	(130,490)	8,299	(122,191)