Financial Statements
Falcon Equityco 1 Limited

For the year ended 31 December 2020

Registered number: 10776370

Company Information

Directors	T G Boucher N D L Jordan R J Hanscott (appointed 13 January 2020) H D Robinson P E J Burton
Registered number	10776370
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

Falcon Equityco 1 Limited

Strategic Report

For the year ended 31 December 2020

The Directors present their strategic report and the financial statements for the year ended 31 December 2020.

Principal Activity

The principal activity of the Company is that of an intermediate holding company.

Business Review

During the year to 31 December 2020, the Company made a loss of €1,501k (2019: loss of €974k). Falcon Equityco 1 Limited is a non-trading entity and holds the shareholder loans of the Commify Topco Limited group ("the Group"). These shareholder loans are used to support the Group's acquisition activity, and as such additional amounts may be drawn down when new acquisitions are made.

Expenses in the Profit and Loss Account relate to interest charges associated with shareholder loan balances, and these charges are the main reason for the loss recognised each year.

The company lists a proportion of its Shareholder loans on the International Stock Exchange in the Channel Islands. The company's listed Shareholder loans at 31 December 2020 were; €2,858,423 of 12 percent Series A Unsecured Investor PIK Notes 2027 (2019: €2,858,423), €988,076 of 12 percent Series A Unsecured Management PIK Notes 2027 (2019: €988,076), and €2,913,955 of Investor Funding Notes (2019: €2,913,955).

Principal risks and uncertainties

The Company's principal financial instruments comprise balances due from its subsidiary companies and balances due to shareholders. The main purpose of these financial instruments is to finance the Group's operations. As the majority of the financial instruments are at fixed interest rates, the company's only significant risk or uncertainty relates to the recoverability of amounts owed by other Group companies. The likelihood of default on these loans is considered to be remote, but the impact on the Company would be significant, hence the inclusion of this risk in this report.

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 need to foster the Company's business relationships with suppliers 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 discussions and decisions, as described below.

Principal Decisions Statement

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

Principal decisions taken in 2020	*Stakeholder & Long-Term Considerations*
Response to Covid-19	The Covid-19 pandemic and the Group's response dominated the Board's agenda from March to July. Whilst the pandemic had no direct short-term impact on the Company, there was a risk that the impact on its subsidiaries could ultimately affect the Company's ability to repay its debts. As such, the Group as a whole focused on employee welfare, customer service and commitments to lenders. With high uncertainty as to the response of six different markets to lockdown, the Group focussed on cash preservation strategies and scenario modelling. By May, when it was evident that the Group operating model was robust and continued customer demand for services was strong, the focus shifted to longer term cost right sizing, planning for growth, employee welfare and customer insight. By August, cost reduction measures had been implemented and in addition to continued employee welfare focus and monitoring trading and cash in the light of second lockdowns the Group resumed its normal cycle of three year planning and budgeting. Of particular note were the decisions taken in respect of:- - Customers; where, despite having suffered input cost increases, the Group agreed to postpone price increases in several industries and markets it was felt had been deeply impacted by Covid-19, and in some cases agreed extended payment terms for customers adversely impacted by the pandemic - Remote working; which proved successful, both from an employee safety and cost reduction perspective, and has led to the permanent closure of four smaller office locations - Cash conservation; which has made permanent improvements in working capital management processes - Cost reduction; which has removed non-core activity, allowing the Group to focus on fewer more value adding activities and removed some overhead - Increased communication with lenders and shareholders; which not only reduced uncertainty in the short term, but also strengthened longer term trust and relationships - Accessing government cost reduction and cash management schemes across multiple territories, which in the early period of uncertainly ensured the Group's cash reserves were bolstered and that lender obligations would be met.
Improving the Organisation	In January 2020, the Board welcomed the new Group CEO, Richard Hanscott who was also appointed a director of the Company.
Reduction of legal entities with the Group	The Board continued a programme to reduce the number of legal entities in the Group during 2020. The impact on stakeholders was considered as part of the decision-making process and the Board believe the following benefits have ensued: - Reduction of administration creating a significant saving in annual spend with third parties and a simplification of audit and taxation activities.

Strategic Report (continued)

For the year ended 31 December 2020

Stakeholders' Statement

Stakeholder	*Strategic importance*	*How the Board engages with stakeholders and summarises its obligations*
Lenders	*Lenders provide access to capital which is essential to deliver the Group's strategic goals*	Loan notes are held by both management and Hg Capital Mercury Nominees Ltd. Hg Capital is represented on the Board by one nominated Director. Management shareholders either sit on the Board as Executive Directors or engage through a Management Representative.

This report was approved by the board of directors on 30 July 2021.

Signed on behalf of the board of directors:

DocuSigned by:

Hayden Robinson

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H D Robinson
Director

Directors' Report

For the year ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors

The Directors who served during the year were:

T G Boucher
N D L Jordan
R J Hanscott (appointed 13 January 2020)
H D Robinson
P E J Burton

Dividends

No dividends were paid in the current or prior year.

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 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 has been performed on a Group rather than individual entity basis.

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 of at least 12 months from the date of approval of these financial statements. The directors have also considered the going concern assessment undertaken at the Group level which included assessment of the impact of COVID-19.

The directors have reviewed the Group's forecasts and cash flow projections for the period up to 30 September 2022 which included stress testing of the Group's financial projections for severe but plausible downside scenarios and performing a reverse stress test. 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. The reverse stress break point reduces volumes well beyond the Group's expectations and is materially below the current trading conditions.

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 the foreseeable future. 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 of these financial statements 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 current or prior year.

Directors' Report (continued)

For the year ended 31 December 2020

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations. Principal risks and uncertainties are discussed in the Strategic report.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework', and applicable law. 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 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;
- state whether applicable United Kingdom Accounting Standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance; 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 30 July 2021.

Signed on behalf of the board of directors:

DocuSigned by:
Hayden Robinson
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H D Robinson
Director

Independent Auditor's Report to the Members of Falcon Equityco 1 Limited

For the year ended 31 December 2020

Opinion

We have audited the financial statements of Falcon Equityco 1 Limited (the 'company') for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, 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 (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 2020 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 as applied to listed entities 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.

Falcon Equityco 1 Limited has €2,858,423 of 12 percent Series A Unsecured Investor PIK Notes 2027, €988,076 of 12 percent Series A Unsecured Management PIK Notes 2027, and €2,913,955 of Investor Funding Notes listed on the International Stock Exchange in the Channel Islands.

The company has made a loss in both the current and the previous year due to the terms of the intercompany loans in which Falcon Equityco 1 Limited is a lender to other members of the Commify Topco Limited (ultimate parent company) group (the 'group'). Falcon Equityco 2 Limited, a 100% owned subsidiary of Falcon Equityco 1 Limited, holds external debt which is subject to covenant requirements.

The company prepares its financial statements on a going concern basis as the directors consider there to be no plausible scenario during the period to 30 September 2022 which could result in the company being unable to service its debt repayment costs.

In arriving at this conclusion, the directors have received and considered a parental letter of support from Commify Topco Limited confirming that it 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 the period to 31 December 2022. The directors have assessed the forecast liquidity requirements for the Group and its ability to meet its covenant requirements. The covenant requires a rolling 12-month measure of EBITDA to be a multiple of net debt, measured quarterly.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Understanding and walking through management's process for and controls related to assessing going concern including discussion with management to ensure all key factors were taken into account.

- Read and considered the directors' going concern assessment for the group covering the period through to 30 September 2022, including their assessment of the risks and impact of COVID-19, to understand the key assumptions upon which it was based and testing the model integrity for clerical accuracy.

- We assessed the liquidity of the group, including both its current cash resources and the availability of further facilities, should they be required, in order to meet the debt service payments falling due over the going concern period. We confirmed the availability of the group's debt facilities (including revolving credit facility) by comparing to the underlying agreements;

- We inspected the debt facilities agreement to confirm the basis of the covenant calculation and assessed whether the EBTIDA has been correctly calculated in accordance with the definition of EBTIDA provided in the facility;

- We tested the forecast covenant compliance and liquidity availability as follows;
  - We obtained management's financial forecast for the period to 30 September 2022, which was formed using the 2021 budget as a basis and presented to the board in April 2021 and checked its arithmetical accuracy;
  - We tested the underlying assumptions and data upon which the budget and forecast were based (including revenue, gross margin and EBITDA) to ensure their reasonableness;
  - We obtained the stress testing performed in the director's going concern assessment. We checked the calculations for accuracy and evaluated the underlying assumptions related to revenue declines, gross margin and cost saving mitigations by territory;
  - We recalculated the results of the sensitivity testing performed by management to determine the impact of reasonably possibly fluctuations in key assumptions on the group's available liquidity and covenant compliance;
  - For mitigations modelled we assessed whether management had the ability to effect these in the time period modelled and compared the forecast savings to those realised in the year to 31 December 2020;
  - We compared the forecast to the current trading performance to June 2021 by inspecting the management accounts, in addition to making inquiries of management to identify issues with current trading, debtor recoverability and service mix changes across the group; and
  - We performed reverse stress testing to establish the level of change in revenue and adjusted EBITDA necessary to cause a financial covenant breach or for the group to exhaust its cash reserves, and considered the likelihood of such a change together with the controllable mitigating options available to management.

- Reviewed the letter of support provided by Commify Topco Limited, noting they were willing and able to provide support, as needed, for the period through 30 September 2022, and through the procedures above, assessed whether they were in a position to offer that support.

- Inquired of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern and compared their response to economic forecasts.

- Reviewed the going concern disclosures in the financial statements in order to assess whether they are appropriate and in conformity with the relevant standards.

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 from when the financial statements are authorised for issue through to 30 September 2022. Going concern has also been determined to be a key audit matter.

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.

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Independent Auditor's Report to the Members of Falcon Equityco 1 Limited (continued)

For the year ended 31 December 2020

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. As set out above, going concern has been identified as a key audit matter.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be €148,000 (2019: €140,000), which is 0.5% (2019: 0.5%) of gross assets. The company acts as a financing company for the group and we believe that gross assets is the most important KPI of the users of the financial statements.

We set our materiality on draft financial statements at the year end and did not have reason to update this during the audit.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our materiality, being €111,000 (2019: €105,000). We have set performance materiality at this percentage due to there being no indicators of a higher risk of misstatement.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the directors that we would report to them all uncorrected audit differences in excess of €7,400 (2019: €7,000), which is set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 5, 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 there is 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 Falcon Equityco 1 Limited (continued)

For the year ended 31 December 2020

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 material misstatements in respect of 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 company 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 and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

- We understood how Falcon Equityco 1 Limited is complying with those frameworks by understanding of the financial reporting process, detailed review of the financial statements and making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquires and review through checking to the requirements of the reporting framework.

Independent Auditor's Report to the Members of Falcon Equityco 1 Limited (continued)

For the year ended 31 December 2020

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud. We understood the programmes and controls that the Company, as part of the wider group, has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on journals posted by the key management personnel including directors of the company and journals indicating large unusual transactions based on our understanding of the business and enquiries of management obtaining evidence to support the validity of the transactions. Our procedures were designed to provide reasonable assurance that the financial statements were free from material misstatement.

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.

DocuSigned by:
Ernst & Young LLP
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Adrian Roberts (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
30 July 2021

Falcon Equityco 1 Limited

Profit and Loss Account

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 €'000	Year ended 31 December 2019 €'000
Interest receivable	6	1,053	4,371
Interest payable	7	(2,452)	(5,345)
Loss before taxation	5	**(1,399)**	**(974)**
Tax on loss	9	(102)	-
Loss for the year		**(1,501)**	**(974)**

This Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

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

There are no other comprehensive gains or losses for the year (2019: €nil).

The notes on pages 14 to 22 form part of these financial statements

Falcon Equityco 1 Limited

Balance Sheet
As at 31 December 2020

	Note	2020 €'000	2019 €'000
Non-current assets			
Investments	10	11,270	10,960
Current assets			
Trade and other debtors	11	18,397	17,343
Total assets		**29,667**	**28,303**
Non-current liabilities			
Loans and borrowings	12	(23,159)	(20,706)
Total Non-current liabilities		(23,159)	(20,706)
Current liabilities			
Corporation tax liability		(102)	-
Total current liabilities		(102)	-
Total liabilities		**(23,261)**	**(20,706)**
Net assets		**6,406**	**7,597**
Capital and reserves			
Called up share capital	13	10,960	10,960
Other reserves		310	-
Profit and loss account		(4,864)	(3,363)
Total equity		**6,406**	**7,597**

All equity is attributable to owners of the parent company.

The notes on page 14 to 22 form part of these financial statements. The financial statements were approved by the board of directors on 30 July 2021.

Signed on behalf of the board of directors:

DocuSigned by:
Hayden Robinson
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H D Robinson
Director
Company registration no: 10776370

Falcon Equityco 1 Limited

Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of Falcon Equityco 1 Limited			
	Called-up share capital €'000	Capital contribution reserves €'000	Profit and loss account €'000	Total €'000
At 31 December 2018	10,960	-	(2,389)	8,571
Net loss for the year	-	-	(974)	(974)
Total comprehensive loss for the year	-	-	(974)	(974)
At 31 December 2019	10,960	-	(3,363)	7,597
Net loss for the year	-	-	(1,501)	(1,501)
Total comprehensive loss for the year	-	-	(1,501)	(1,501)
Capital contribution	-	310	-	310
Total transactions from owners	-	310	-	310
At 31 December 2020	**10,960**	**310**	**(4,864)**	**6,406**

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

Capital contribution reserves are created as a result of the issue of share options and shares by the company's direct parent, Commify Topco Limited.

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

1 General information

Falcon Equityco 1 Limited is a private company limited by shares incorporated in England and Wales. The registered office is 20 Wollaton Street, Nottingham, NG1 5FW.

The principal activity of the Company is that of an intermediate holding company.

2 Basis of preparation

The financial statements of Falcon Equityco 1 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

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 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 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 has been performed on a Group rather than individual entity basis.

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 Group 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 of at least 12 months from the date of approval of these financial statements. The directors have also considered the going concern assessment undertaken at the Group level which included assessment of the impact of COVID-19.

The directors have reviewed the Group's forecasts and cash flow projections for the period up to 30 September 2022 which included stress testing of the Group's financial projections for severe but plausible downside scenarios and performing a reverse stress test. 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. The reverse stress break point reduces volumes well beyond the Group's expectations and is materially below the current trading conditions.

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 the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

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 Profit and Loss Account, 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 Profit and Loss Account.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

3 Significant accounting policies (continued)

3.3 Taxation

Income tax comprises the income tax payable, based on taxable profits for the period.

The current tax payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Profit and Loss Account 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 of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

3.4 Impairment of assets

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. A reversal of an impairment losses recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.5 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.

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)

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

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. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost are for amounts owed by Group companies.

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

Disclosures of significant assumptions relating to impairment of financial assets are also provided in Note **Error! Reference source not found.**.

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. The Company is using the practical expedient available within IFRS 9 and only considering the lifetime losses of trade receivables which do not have a significant financing component. 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).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, amounts due to Group companies, and shareholder loans.

Subsequent measurement

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

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

Loans and borrowings

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss 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 Profit and Loss Account.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, 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 Profit and Loss Account.

4 Significant accounting judgements and estimates

In the application of the companies of the 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.

Estimates:

Impairment of intercompany debtors:

Intercompany debtors 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. To ascertain the lifetime expected credit loss; Management estimates the relevant Group future discounted cashflows and Group distribution options available, and this is to determine whether the intercompany debtor balances is recoverable. The review incorporated an assessment of the impact of COVID-19 and the provision was considered appropriate.

5 Loss before taxation

The fee for the audit of these Financial Statements of €9k (2019: €3k) has been borne by another Group entity.

6 Finance income

	Year ended 31 December 2020 €'000	Year ended 31 December 2019 €'000
Interest receivable from Group companies	1,053	4,371
	1,053	**4,371**

The Company settled a portion of its intercompany loans in the prior year, causing a reduction in the interest receivable in the current year when compared to the prior year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

7 Finance costs

	Year ended 31 December 2020 €'000	Year ended 31 December 2019 €'000
Interest payable on other loans	2,452	5,345
	2,452	**5,345**

The Company settled a portion of its owner loans in the prior year, causing a reduction in the interest charge in the current year when compared to the prior year.

8 Directors' and employees' remuneration

The Company had no employees for the current and prior year other than directors. The Directors were remunerated through other Group companies. The costs are not recharged as the time needed to discharge their responsibilities to the Company is not significant.

9 Tax on loss

The tax credit assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%). The differences are explained as follows:

	Year ended 31 December 2020 €'000	Year ended 31 December 2019 €'000
Loss before tax	(1,399)	(974)
Loss multiplied by standard rate of corporation tax in the United Kingdom of 19%	(266)	(185)
Group relief claimed	(200)	(561)
Adjustments to tax charge in respect of previous periods	102	-
Non-deductible interest	466	746
Tax charge for the year	**102**	**-**

In the current year the Company has €2,982k of losses carried forwards (2019: €nil) in relation to unpaid interest for which no deferred tax asset is recognised. No deferred tax asset is recognised as this interest is not expected to be utilised in the foreseeable future. All unrecognised deferred tax assets can be carried forwards indefinitely.

The UK corporation tax rate was to reduce to 17% (from 1 April 2020) as substantially enacted by Finance Bill 2016 on 15 September 2017. However, as substantially enacted on 17 March 2020 under the Provisional Collection of Taxes Act 1968, this reduction in corporation tax rate to 17% has been reversed. Therefore, the rate will remain at 19%.

As announced at the 3 March 2021 Budget, legislation will be introduced in Finance Bill 2021 to increase the UK corporation tax rate to 25% for the financial year beginning 1 April 2023.

10 Investments

	2020 €'000	2019 €'000
At 1 January	10,960	10,960
Additions	310	-
Net book amount at 31 December	**11,270**	**10,960**

Falcon Equityco 1 Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

10 Investments (continued)

The Company has increased its investment in the current year due to a capital contribution to its direct subsidiary, Falcon Equityco 2 Limited.

At 31 December 2020 the investments in which the Company holds any class of share capital are:

	Type of shares	Proportion held	Nature of business	Registered office
Directly owned subsidiary				
Falcon Equityco 2 Limited	Ordinary	100%	Holding company	20 Wollaton Street, Nottingham, NG1 5FW, England

Indirectly owned subsidiaries	Type of shares	Proportion held	Nature of business	Registered Office
Commify Limited	Ordinary	100%	Holding company	20 Wollaton Street, Nottingham, NG1 5FW, England
Commify UK Limited	Ordinary	100%	Provision of business communication services	
Connection Software Limited*	Ordinary	100%	Dormant company	
Collstream Limited	Ordinary	100%	Dormant company	
TA and MB Limited	Ordinary	100%	Provision of business communication services	
TextAnywhere Limited*	Ordinary	100%	Dormant company	
TextWorld Limited*	Ordinary	100%	Dormant company	
S.C.L Consultants Limited*	Ordinary	100%	Dormant company	
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 Germany GmbH	Ordinary	100%	Provision of business communication services	Radeberger Strasse 1, 01099 Dresden, Germany
Commify Italia S.r.l.	Ordinary	100%	Provision of business communication services	Via Alessandro Manzoni 38, 20121 Milano
Commify France S.a.S.u	Ordinary	100%	Provision of business communication services	28, Avenue de Maurin, 34000 Montpellier, France
Mobile PRO S.a.S..u	Ordinary	100%	Provision of business communication services	84 rue de Lodi, 13006 Marselle, France

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

* Certain UK Group companies have entered into voluntary liquidation as part of the rationalisation of the Commify Topco Limited Group. These companies have not yet been removed from Companies House and so still have been included in the list of investments of the company.

During the year, as part of the rationalisation, a number of UK holding companies were liquidated. The companies were; Falcon Bidco Limited, Falcon Holdco Limited, Esendex Topco Limited, Esendex Midco Limited, Esendex Bidco Limited, Esendex Holdings Limited.

On 31 October 2020 Commify Germany GmbH and TextAnywhere GmbH were merged, and the resulting entity was named Commify Germany GmbH.

On 24 December 2020 Mobyt Italy Holdco S.p.A, Mobyt Italy Midco S.p.A, Mobyt Italy Bidco S.p.A and Commify Italia S.p.A were merged, and the resulting entity was named Commify Italia S.r.l.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

11 Trade and other debtors

	2020 €'000	2019 €'000
Amounts owed by direct subsidiary	18,222	17,035
Amounts owed by direct parent	175	308
	18,397	**17,343**

Amounts owed by Group companies are unsecured and repayable on demand. Intercompany balances attract interest in line with intercompany agreements, with interest being charged at multiple rates ranging from 4.75% to 12%.

12 Loans and borrowings

	2020 €'000	2019 €'000
Amounts falling due after one year		
Shareholder loans and accrued interest	23,159	20,706
	23,159	**20,706**

The Shareholder loans 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 on the loan notes accrues up to the point that they are redeemed, at which point it becomes payable. Interest accrues at a rate of 12%.

13 Share capital

	2020 €'000	2019 €'000
Allotted, called up and fully paid:		
10,960,397 A Ordinary shares of €1 each	10,960	10,960
	10,960	**10,960**

All shares owned by the Company carry equal rights and there were no share movements during 2020 or 2019.

14 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 the Consolidated Financial Statements can be obtained from the Registered Office.

15 Contingent assets and liabilities

The Company has no Contingent assets or liabilities as at 31 December 2020 (2019: €nil).

16 Events since the Balance Sheet date

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

17 Ultimate Parent Undertaking and Controlling party

The immediate parent Company is Commify Topco 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 2020. 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.