

WL One Holdco Limited – Year ended 30th April 2018

WL One Holdco Limited

Report for the year ended 30th April 2018

Company number: 09415388

*These are the parent company accounts for
Cloud 9 Mobile Communications Limited.
The exemption from audit clause is
included on page 21.*

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Company information

Directors

Oliver Robert Stewart Tucker

Philip Thomas Cole

Richard Miller

Company secretary

Richard Miller

Company number

09415388

Registered office

Horizon

Honey Lane

Hurley

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United Kingdom

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

3 Forbury Place

23 Forbury Road

Reading

Berkshire

RG1 3JH

United Kingdom

Strategic report

For the year ended 30th April 2018

The directors present their strategic report on the group for the year ending 30th April 2018.

Business Review

WL One Holdco Limited was incorporated on 30th January 2015. WL One Holdco Limited does not trade with customers and is a parent holding company in the group structure. The immediate parent undertaking at the year end was Project One Holding Limited, and the directors considered the controlling parties to have been CVC Growth Partners LP, CVC Growth Partners Co-investment LP and CVC Growth Partners Associates LP. On the 25th July 2018 CVC Growth Partners LP, CVC Growth Partners Co-investment LP and CVC Growth Partners Associates LP sold their controlling interest in the Wireless Logic group to funds managed by Montagu Private Equity LLP. At this point the ultimate parent undertaking became Blue Topco Limited and the directors consider the controlling parties to be funds managed by Montagu Private Equity.

Wireless Logic is a leading Machine-to-Machine (“M2M”) and Internet of Things (“IOT”) managed services platform provider. The business provides cloud based management and monitoring platforms for M2M and IOT assets across multiple international mobile network and satellite operators.

We are Europe’s leading M2M and IOT managed services provider, delivering a one-stop solution combining secure infrastructure, resilient software platforms and multiple network connectivity. In partnership with major mobile and satellite networks, we provide best-in-class managed services to end user clients as well as solution and application providers – from global blue chip organisations to small and medium enterprises.

Fundamental to our success is our ability to develop and deliver tailored PaaS and IaaS solutions, designed to meet the needs of an ever more demanding and evolving market where reliability, cost-effectiveness, SLAs and sector knowledge are vital. Wireless Logic is globally recognised within the M2M and IOT sectors as well as being a preferred partner to many of the world’s Mobile Network Operators (MNOs). We continue to push the boundaries as the market evolves – providing managed services, connectivity and related solutions to millions of devices.

The consolidated group results for the year ended 30th April 2018 shows turnover exceeded £55.2m (year ended 30th April 2017 £45.6m) up over 21% and EBITDA before exceptional items was £18.6m (year ended 30th April 2017 £16.2m) up 14.8%. Operating profit for the year was up 25% at £10.1m (year ended 30th April 2017 £8.1m).

Strategy

The strategy of the group is focussed on growing the business geographically and continuing to broaden the services it offers to customers.

Geographically, as at 30th April 2018, the group had operating subsidiaries in France, Germany, Spain and Denmark and served the needs of customers across 40 countries.

In terms of services, SIMPro offers customers a unique and differentiated feature rich platform to enable them to manage their assets across multiple networks. We continue to add further additional services to SIMPro in order to meet the growing needs of our customer base. The long-term strategy of the group is to be the leading global M2M and IOT managed services platform provider.

Strategic report (continued)

Objectives

The business objectives for the year ended 30th April 2018 included

- increasing EBITDA before exceptional costs by 14% – this objective was achieved, with growth at 14.6%
- continuing to develop the group internationally including growing subscriptions managed out of Denmark, France, Germany and Spain by more than 20% – subscriptions in these territories grew by more than 30% and revenues outside the UK grew by more than 50%,
- to look actively, but selectively, at acquisition opportunities – we acquired Bluemango Technologies Limited in May 2017 and Mdex AG in March 2018.

As well as exceeding our objectives, the Wireless Logic group continues to be recognised by Megabyte as one of the leading technology companies in the UK.

Business model

Our business model is built around the core strategic themes of supporting our global customers, innovation and delivering profitable growth.

We benefit from a subscription based revenue stream which provides a high degree of visibility of future performance. We continue to invest in the infrastructure that enables us to deliver robust and reliable services to end users, who often use what we provide to support activities that are mission critical within their own businesses. We also invest significant amounts into the intangible assets within the business, including the technical and intellectual property behind the platforms and solutions we offer.

Future outlook

The future outlook for the industry and the company remains extremely positive. Analysis and forecasts of the M2M and IOT markets, by external industry experts, show continued rapid growth, as the end uses to which the technology is put, continue to expand. Furthermore, the applications to which M2M and IOT technologies are being applied, continue to become more sophisticated, and more data intensive. This increases the need for both the resilient private infrastructure and the platforms we offer, to enable customers to manage their growing estate of devices.

Strategic report (continued)

Principal risks and uncertainties

The principal risks facing the business and details of how we mitigate these risks are set out below.

- **Supplier relationships** – Our relationships with the leading mobile network operators are important to our on-going success. We are an important channel and route to market for them and we mitigate the risk of these relationships being damaged through close and frequent contact.
- **Technology** – The M2M and IOT markets are largely based around the use of SIM card technology. *Whilst this technology may change, the need for machines to be connected is forecast to increase significantly.* Any technology risks are mitigated through the use of our flexible platforms which enable us to accommodate changes in the technology underlying M2M and IOT connectivity, and the fact that we are bearer service agnostic. The acquisition of Bluemango Technologies Limited continues to build on and enhances our class leading technology.
- **Customers** – The business has a customer base across a large number of industries. No single customer accounts for more than 5.0% of the gross profit. Furthermore, the contracted subscription nature of our revenue provides a high degree of visibility of income.
- **Interest rate exposure** – The business is funded by a combination of debt from third party banking institutions and shareholder loans and equity. The third-party banking institutional debt is provided through a combination of unitranche and revolving credit facilities. Interest is charged on these at *LIBOR plus a fixed margin.* *The group has mitigated the risk of rising interest rates, giving rise to significant increases in interest charges by entering into an interest rate capping instrument that covers the majority of the third-party bank institution debt.* At the year end there was temporarily no cap agreement in place, in anticipation of a change of ownership and subsequent restructuring of the group finances. Interest rates on debt provided by shareholders are fixed and don't therefore fluctuate with LIBOR, eliminating any risk of increased interest charges on this element of debt funding.

Exceptional items

Exceptional operating costs incurred during the period related principally to mergers and acquisitions. Further details of these costs are disclosed in note 6.

Key Performance indicators

Management adopts a number of indicators to measure and monitor the overall performance of the group of which WL One Holdco Limited is a part. These include:

- average monthly revenue per subscriber which showed a positive trend,
- group EBITDA which increased to £18.6m (£16.2m 2017) in the year,
- group gross margin which was broadly maintained, at 50.0% (50.6% 2017) and
- group cash conversion, which was over 110% (close to 85% in 2017).

Strategic report (continued)

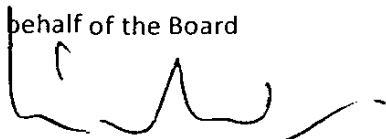
Key Performance Indicators (continued)

A budget is set each year and monthly performance, including the key performance indicators above, are monitored against budget. For the year ended 30th April 2018, the group exceeded budget and performed strongly against every key performance indicator. In addition, the company looks closely at non-financial key performance indicators, such as staff and customer satisfaction. During the course of the year the company introduced a number of initiatives focussed on staff development including broadening the range of employee benefits.

Corporate and Social Responsibility

Throughout the year the group supported a number of initiatives including charitable work undertaken by staff. Our employment policies are reviewed regularly and designed to enable the management team to identify and respond to issues that are important to the group's employees, as well as to recruit and develop a diverse and talented group of people. We consider and report on the environmental impact of the group's activities but, as a largely services based business, we don't have any manufacturing or logistics operations that are energy intensive.

On behalf of the Board



Oliver Tucker
CEO

10 December 2018

Directors' report

For the year ended 30th April 2018

The directors present their report together with the audited financial statements of the group for the year ended 30th April 2018.

Principal activities

The principal activities of the group are providing managed services in the Machine to Machine ("M2M") and Internet of Things ("IOT") sectors. The subsidiary undertakings principally affecting the profit and net assets of the group in the year are listed in note 12.

The directors are pleased to present this set of results and believe the future outlook (details of which can be found in the strategic report) for the industry, and the company, remains positive.

The directors would like to thank all our customers, suppliers, partners and employees for their support in the year.

The results for the year ending 30th April 2018 and financial position of the company are shown in the annexed financial statements.

Exceptional operating expenses of £1,172k (2017: £585k) were reported in the year. The exceptional costs relate primarily to merger and acquisition activity and the re-financing of the group's bank debt.

Research and Development

Research and Development expenditure includes the costs of the group's development staff and external contracts for specialist developers, designing and updating the platforms. The amount capitalised in the year ending 30th April 2018 was £1,244k. The Board monitors the progress of major development projects, both during product development and after launch. Further analysis of development expenditure and amortisation of development costs can be found in note 14.

Going concern

The financial statements have been prepared on the going concern basis. The directors have reviewed the group's forecast cash position and continued covenant compliance. In addition to this, the directors have received confirmation that the investment vehicle used by Montagu Private Equity will not seek repayment, for a period of at least 12 months from the date on which these accounts are signed, of the investment made as part of its acquisition of the group in July 2018. The directors have concluded that, based on the above, the company will continue to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of the approval of these financial statements.

Directors' report (continued)

Financial Risk Management

The group's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, interest rate cash flow risk, credit risk and liquidity risk. The group has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the group.

Foreign exchange risk

The group is exposed to movements in foreign exchange rates as a result of transactions with customers and suppliers outside the UK. The group manages the foreign exchange rate risk associated with the whole group.

Interest rate risk

The business is funded by a combination of debt from third party banks, shareholder loans and equity. The group has mitigated the risk of rising interest rates by entering into an interest rate capping instrument. At the year end there was temporarily no cap agreement in place, in anticipation of a change of ownership and subsequent restructuring of the group finances. Interest rates on debt provided by shareholders are fixed and don't therefore fluctuate with LIBOR, eliminating any risk of increased interest charges on this element of debt funding.

Credit risk

In order to manage credit risk with customers, the directors set credit limits based on a combination of trading, payment history, market knowledge and third party credit references. Credit limits are reviewed on a regular basis in conjunction with customer's debt ageing and collection history.

Liquidity risk

The company manages its liquidity position with the objective of maintaining the ability to fund commitments and repay liabilities in accordance with their required terms. The financing of operations is managed at a group level.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements unless otherwise stated were:

Oliver Robert Stewart Tucker

Philip Thomas Cole

Richard Miller

Aaron Joseph Dupuis – resigned 25th July 2018

John Dawson Clark – resigned 25th July 2018

James Ernest Ousley – resigned 25th July 2018

Employees

Our objective is to create a supportive culture in which all employees can develop their skills, advance their careers and maximise their potential. Performance reviews are completed annually to identify development and training needs for each employee. We reward employees based on their performance, potential and contribution to the success of the business.

Directors' report (continued)

Future developments

The strategy of the group remains focussed on growth. We'll continue to achieve this through significant *organic growth and, where acquisitions add value to group, these will also be explored*. The group has offices across continental Europe and is able to offer services to customers across the globe. The group has expanded its operations through the acquisitions of Bluemango Technologies Limited in May 2017 and Mdex AG in March 2018. Acquisitions will continue to be considered in the future but we remain highly selective.

We continuously invest in our SIMPro platform, as well as in the team that supports and develops this, to ensure we offer market leading services to our customers. As set out in the Strategic Review, the directors believe the future outlook for the industry and the business remain extremely positive.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law *the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union*. 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 group and parent company and, of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial *position of the group and parent company and enable them to ensure that the financial statements comply* with the Companies Act 2006.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



Oliver Tucker

Director

WL One Holdco Limited Registered number 09415388

10 December 2018

Independent auditors' report to the members of WL One Holdco Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- WL One Holdco Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30th April 2018 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report for the year ended 30th April 2018 (the "Annual Report"), which comprise: the group and company statements of financial position as at 30th April 2018; the group statement of comprehensive income, the group statement of cash flows, and the group and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent auditors' report to the members of WL One Holdco Limited (continued)

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30th April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

Independent auditors' report to the members of WL One Holdco Limited (continued)

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.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Katherine Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
10 December 2018

Consolidated Statement of Comprehensive Income for the year ended 30th April 2018

		Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
	Note		
Revenue	5	55,268	45,630
Cost of sales		(27,662)	(22,522)
Gross profit		27,606	23,108
Distribution costs		(67)	(40)
Administrative expenses		(8,938)	(6,836)
Amortisation	14	(7,923)	(7,292)
Depreciation	13	(488)	(280)
Exceptional operating costs	6	(1,172)	(585)
Total administrative expenses		(18,521)	(14,993)
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) before exceptional operating costs		18,601	16,232
Other income	7	1,082	0
Operating profit	8	10,100	8,075
Finance income	10	11	3
Finance costs	10	(22,666)	(21,022)
Net finance costs	10	(22,655)	(21,019)
Loss before income tax		(12,555)	(12,944)
Income tax (expense) / credit	11	(2,082)	1,599
Loss for the year		(14,637)	(11,345)
Other comprehensive income		(39)	(1,089)
Total comprehensive expense for the year		(14,676)	(12,434)

All activities relate to ordinary operations.

The notes on pages 21 to 46 are an integral part of these consolidated financial statements.


The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The loss for the parent company for the year was £1,938 (year ended 30th April 2017: £12,182).

Consolidated balance sheet as at 30th April 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Investments	12	28	18
Property, plant and equipment	13	1,919	929
Intangible assets	14	67,437	68,177
Goodwill	15	121,308	116,283
		190,692	185,407
Current assets			
Inventories	17	385	192
Trade and other receivables	18	11,901	10,343
Cash and cash equivalents	19	19,209	9,228
Current income tax asset		-	133
		31,495	19,896
Total assets		222,187	205,303
Current liabilities			
Trade and other payables	20	(13,138)	(9,016)
Current income tax liabilities		(3,190)	-
		(16,328)	(9,016)
Non-current liabilities			
Trade and other payables – amount falling due after more than one year	21	(239,293)	(215,023)
Deferred income tax liabilities	23	(11,567)	(11,589)
		(250,860)	(226,612)
Total Liabilities		(267,188)	(235,628)
Net Liabilities		(45,001)	(30,325)
Equity			
Ordinary shares	25	1	1
Share premium	25	1,027	1,027
Accumulated losses		(46,029)	(31,353)
Total Equity		(45,001)	(30,325)

The notes on pages 21 to 46 are an integral part of these financial statements.

The financial statements on pages 15 to 46 were authorised for issue by the board of directors and were signed on its behalf by:



Richard Miller
Director

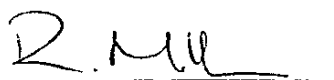
WL One Holdco Limited, Registered number 09415388
10 December 2018

Company balance sheet as at 30th April 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Investments	12	954	954
		954	954
Current assets			
Trade and other receivables	18	138	138
Cash and cash equivalents	19	66	68
		204	206
Trade and other payables - amounts falling due within one year	20	(147)	(147)
Net current (liabilities)/assets		57	59
Total assets less current liabilities		1,011	1,013
Net assets		1,011	1,013
Equity			
Ordinary shares	25	1	1
Share Premium	25	1,027	1,027
Accumulated losses		(17)	(15)
Total equity		1,011	1,013

The notes on pages 21 to 46 are an integral part of these financial statements.

The financial statements on pages 15 to 46 were authorised for issue by the board of directors and were signed on its behalf by:



Richard Miller
Director

WL One Holdco Limited, Registered number 09415388
10 December 2018

Consolidated statement of changes in equity for the year ended 30th April 2018

	Note	Ordinary shares £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1st May 2016	25	1	1,027	(18,919)	(17,891)
Loss for the year		-	-	(11,345)	(11,345)
Other comprehensive income for the year:					
Foreign currency loss		-	-	(1,089)	(1,089)
Total comprehensive expense for the year		-	-	(12,434)	(12,434)
Dividends		-	-	-	-
Total transactions with owners recognised directly in equity		-	-	-	-
Balance as at 30th April 2017	25	1	1,027	(31,353)	(30,325)
Loss for the year		-	-	(14,637)	(14,637)
Other comprehensive income for the year:					
Foreign currency loss		-	-	(39)	(39)
Total comprehensive expense for the year		-	-	(14,676)	(14,676)
Dividends		-	-	-	-
Total transactions with owners recognised directly in equity		-	-	-	-
Balance as at 30th April 2018	25	1	1,027	(46,029)	(45,001)

The notes on pages 21 to 46 are an integral part of these consolidated financial statements.

Company statement of changes in equity for the year ended 30th April 2018

	Note	Ordinary shares £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1st May 2016	25	1	1,027	(3)	1,025
Loss for the year		-	-	(12)	(12)
Other comprehensive income for the year		-	-	-	-
Total comprehensive expense for the year		-	-	(12)	(12)
Balance as at 30th April 2017	25	1	1,027	(15)	1,013
Loss for the year		-	-	(2)	(2)
Other comprehensive income for the year		-	-	-	-
Total comprehensive expense for the year		-	-	(2)	(2)
Balance as at 30th April 2018	25	1	1,027	(17)	1,011

The notes on pages 21 to 46 are an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 30th April 2018

		Year ended 30th April 2018	Year ended 30th April 2017
	Note	£'000	£'000
Cashflows from operating activities			
Cash generated from operations	24	18,666	13,322
Interest paid		(4,313)	(6,500)
Income tax paid		(48)	(431)
Net cash generated from operating activities		14,305	6,391
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	26	(7,627)	(811)
Payment of deferred consideration in relation to Sim Service A/S		(935)	(1,110)
Payment of deferred consideration in relation to Nucleus Networks		(250)	-
Purchase of property, plant and equipment	13	(378)	(612)
Proceeds from sale of property, plant and equipment	13	-	22
Purchase of intangible assets	14	(2,358)	(1,604)
Loans repaid to related parties		(15,000)	-
Interest received	10	11	3
Net cash generated from/(used in) investing activities		(26,537)	(4,112)
Cash flows from financing activities			
Refinancing costs		(2,335)	-
Acquisition of shares	12	10	-
Proceeds from borrowings	22	90,000	-
Repayment of borrowings	22	(65,655)	-
Net cash (used in)/generated from financing activities		22,020	0
Net increase in cash and cash equivalents		9,788	2,279
Exchange gains on cash and cash equivalents		193	88
Cash and cash equivalents at beginning of year		9,228	6,861
Cash and cash equivalents at end of year	19	19,209	9,228

The notes to pages 21 to 46 are an integral part of these consolidated financial statements.

The company has elected not to show a separate cashflow under IFRS as the numbers are incorporated within the consolidated group cashflow.

Notes to the financial statements for the year ended 30th April 2018

1 General information

The company's principal activity is to act as an intermediate holding company and does not trade with third parties. The group, of which the company is part, is principally engaged in the provision of managed services as a Machine to Machine ("M2M") and Internet of Things ("IOT") platform provider.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Horizon, Honey Lane, Hurley, Maidenhead, Berkshire, SL6 6RJ.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of both WL One Holdco Limited and the group have been prepared in accordance with International Financial Reporting Standard (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at the fair value through the profit and loss account.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimated are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Exemption from audit by parent guarantee

Under Section 479A of the Companies Act 2006, exemptions from an audit of the accounts for the financial year ending 30th April 2018 have been taken by the subsidiary companies stated below:

Company Name	Registered Number
PDJ (Shelf 1) Limited	07033866
Mtwom B Limited	07736150
Mtwom 1 Limited	07734719
Nucleus Networks Limited	06588701
Bluemango Technologies Limited	05923984
Cloud9 Communications Limited	07153956
Cloud9 Mobile Communications Limited	05474679
Cloud9 Mobile (SIMS) Limited	09234724

Under Section 479C of the Companies Act 2006, WL One Holdco Limited, being the parent undertaking of the above companies has given a statutory guarantee of all the outstanding liabilities to which the companies are subject at 30th April 2018.

Notes to the financial statements for the year ended 30th April 2018 (continued)

2 Summary of significant accounting policies (continued)

2.1.2 Changes in accounting policy and disclosures

A number of new standards and amendments to standards and interpretations have been issued and have not been adopted early or applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the group or parent company, except the following, set out below:

IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and established three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income and fair value through the profit and loss account. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of any financial asset. Investments in equity instruments are required to be measured at fair value through the profit and loss account with the irrevocable option at inception to present changes in fair value in Other Comprehensive Income.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through the profit and loss account. The standard is effective for accounting periods beginning on or after 1st January 2018. Early adoption is permitted, subject to EU endorsement. Whilst the full impact of IFRS 9 has not yet been assessed, the work done to date suggests that it will have limited impact on the group's reported results.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting information useful to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1st January 2018 and earlier application is permitted, subject to EU endorsement. Whilst the full impact of IFRS 15 has not yet been assessed, the work done to date suggests that it will have limited impact on the group's reported results.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and established principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1st January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. Whilst the full impact of IFRS 16 has not yet been assessed, the work done to date suggests that it will have limited impact on the group's reported results.

Notes to the financial statements for the year ended 30th April 2018 (continued)

2 Summary of significant accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have reviewed the group's forecast cash position and continued covenant compliance. In addition to this, the directors have received confirmation that the investment vehicle used by Montagu Private Equity will not seek repayment, for a period of at least 12 months from the date on which these accounts are signed, of the investment made as part of its acquisition of the group in July 2018. The directors have concluded that, based on the above, the company will continue to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of the approval of these financial statements.

2.3 Consolidation

Acquisitions are accounted for by applying the acquisition methodology. The cost of an acquisition is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed and equity instruments issued by the group in exchange for control of the acquired entity. The identifiable assets, liabilities and contingent liabilities of the acquired entity are measured at fair value at the acquisition date. Acquisition related costs are recognised in the profit or loss account as incurred. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill in the balance sheet.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

2.4 Foreign currency translation

(a) Functional and presentation 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 consolidated financial statements are presented in 'Pounds Sterling' (£), which is the group's presentation 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 settlement of such transactions and from the translation at year end exchange rates items are re-measured. Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'.

(c) Group companies

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expenses items are translated at average exchange rates for the period. All resulting exchange differences are recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Realised and unrealised exchanged differences arising are recognised in 'other comprehensive income'.

Notes to the financial statements for the year ended 30th April 2018 (continued)

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is calculated to write down the cost of the assets over their estimated useful lives, using the straight-line method, on the following basis;

Land	0% per annum
Property	4% per annum
Leasehold improvements	33% per annum
Fixtures and fittings	33% per annum
IT equipment	33% per annum
Vehicles	20% per annum

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Any gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the Statement of Comprehensive Income.

2.6 Intangible assets

Goodwill arising on consolidation, as defined in the policy for business combinations, is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses. Impairment testing is carried out at least annually, or more frequently if there is an indication that the asset may be impaired, by references to the discounted future cash flows of the cash generating unit to which the goodwill is attributed. Any impairment loss recognised is never written back. On disposal, the attributable amount of goodwill is included in the calculation of gain or loss disposal.

The intangible asset of "Customer relationships" arises as part of the acquisition and the amortisation is calculated to write down the value by equal annual instalments over the period of 12 years.

Trade name and proprietary software also arise as part of the acquisition and the amortisation is calculated to write down the value by equal annual instalments over the period of 15 years.

Subscriber acquisition assets relate to acquisitions of customer bases from third parties which are valued at cost. Amortisation is calculated to write down the cost of customer connections by equal annual instalments over the initial contract period, being 3 years.

Development costs are capitalised only if they meet all the criteria set out in IAS 38 for capitalising such costs. The costs directly attributable to development are capitalised and then amortised on a straight-line basis, over the expected useful life which is typically 3 years.

Computer software comprises computer software licenses purchased from third parties and capitalised based on the costs incurred to acquire and bring into use the specified software. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful life from the date the software is available for use, typically 3 years.

Notes to the financial statements for the year ended 30th April 2018 (continued)

2 Summary of significant accounting policies (continued)

2.7 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 Derivative financial instruments and hedging activities

The group had a single financial instrument, being an interest rate cap agreement. This agreement did not qualify for hedge accounting under IAS 39 and no fair value statement is required given the nature of the cap arrangement. At the year end there was temporarily no cap agreement in place, in anticipation of a change of ownership and subsequent restructuring of the group's finances.

2.9 Investment in subsidiary

The investment in the subsidiary undertaking is recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

2.11 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements for the year ended 30th April 2018 (continued)

2 Summary of significant accounting policies (continued)

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes, levied by the same taxation authority, on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements for the year ended 30th April 2018 (continued)

2 Summary of significant accounting policies (continued)

2.17 Revenue recognition

Revenue for goods and services supplied in the normal course of business is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales taxes. The group's revenue is generated from sales directly to customers and is recognised in the accounting period in which the services are consumed, at the contractually agreed terms applicable to the sale.

2.18 Interest income

Interest income is recognised using the effective interest method. If any loan and receivable was impaired, the group would reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

2.19 Lease contracts

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

2.20 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are substantial items of income or expense that have been shown separately due to the significance of their nature or amount.

3 Financial risk management

3.1 Group financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest risk) and credit risk. The group's overall risk management programme focuses on the mitigation of unpredictability. The group uses an interest rate cap to limit certain risk exposure.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Danish Krone and Euros. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. The group benefits from a natural hedge in that in both Denmark and Continental Europe it has both revenues and costs in local currency. Furthermore, the acquisition in Denmark is funded by borrowing in the same currency as the income stream acquired.

Notes to the financial statements for the year ended 30th April 2018 (continued)

3 Financial risk management (continued)

(ii) Cash flow interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates exposes the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The group manages its cash flow interest rate risk through an interest rate cap agreement.

(iii) Credit risk

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances where each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard contracts are offered. Credit risk arises from cash and cash equivalents and outstanding receivables. See note 18 for further disclosure on credit risk.

3.2 Capital management

The group's objectives when managing capital and borrowings include safeguarding the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital and borrowing on the basis of the leverage ratio. During the year ending 30th April 2018, the group's strategy was to target a closing leverage ratio of less than 4.25x, which is significantly lower than the level required under our banking covenants. On 30th April 2018 the leverage ratio was:

	Year ended 30 th April 2018 £'000	Year ended 30 th April 2017 £'000
Total borrowings (note 22)	97,034	72,374
Less: Cash and cash equivalents (note 19)	(19,209)	(9,228)
Net debt	77,825	63,146
EBITDA – see note below	19,136	16,449
Leverage ratio	4.07	3.83

The EBITDA used in the calculation above is based on the 12 months ending 30th April 2018 and follows the covenant EBITDA definition in the facilities agreement which differs from the standard definition of EBITDA resulting in the figure above of £19,136k being £535k higher than that shown in the Statement of Comprehensive Income (£18,601k).

4 Critical accounting estimates and judgements

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of investments in subsidiaries – parent company only

Impairment reviews of investments in subsidiaries are undertaken if there is an impairment trigger in accordance with IAS 36. A provision is made for impairment should this arise from the impairment review.

Notes to the financial statements for the year ended 30th April 2018 (continued)

4 Critical accounting estimates and judgements (continued)

(b) Estimated impairment of goodwill and other intangible assets

The group tests at the end of every accounting period whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 15).

(c) Useful economic lives of intangibles

The annual amortisation charges on intangibles assets is based on the estimated useful economic lives of the assets. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation of the asset. See note 14 for the carrying amount of the intangible assets and note 2.6 for the useful economic lives of each class of assets.

(d) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the nature of the charges, the ageing profile of receivables and historical experience. See note 18 for the net carrying amount of the receivables and associated impairment provision.

(e) Deferred tax

Deferred income tax is recognised on temporary timing differences arising on the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date.

5 Revenue

The group is managed on both a consolidated and individual company basis in terms of reporting to the Chief Executive Officer and the Board for the purposes of assessment of performance. Analysis of revenue by geography:

Group	Year ended 30th April 2018	Year ended 30th April 2017
Geographical source	£'000	£'000
UK	46,011	39,130
France	2,537	1,598
Germany	2,289	735
Spain	1,211	1,001
Denmark	3,220	3,166
	55,268	45,630

Notes to the financial statements for the year ended 30th April 2018 (continued)

6 Exceptional Items

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented with the line items to which they best relate. During the year, the exceptional items as detailed below have been included in administrative expenses in the income statement.

	Year ended 30th April 2018	Year ended 30th April 2017
Group	£'000	£'000
Exceptional operating costs relating to mergers and acquisitions activity	(724)	(585)
Exceptional expenses relating to re-financing	(392)	-
Exceptional expenses relating to employee benefit trust	(57)	-
Release of earn out provisions	406	-
Other	(405)	-
	(1,172)	(585)

The exceptional costs relating to mergers and acquisitions during the year ended 30th April 2018 include costs relating to a number of potential acquisitions explored during this year. Significant costs include professional fees in relation to due diligence and legal fees.

7 Other income

The group anticipates recovering £1.0m from those who provided the group with advice in relation to the deductibility of interest on shareholder loans where a prior year liability to HMRC for £1.3m has been provided for. The £1.0m receivable is recorded within Other Debtors, in addition to £82k of R&D tax credits in Cloud9.

8 Operating profit

Operating profit has been arrived at after charging:

	Year ended 30th April 2018	Year ended 30th April 2017
Group	£'000	£'000
Exceptional operating costs (note 6)	1,172	585
Depreciation of tangible fixed assets (note 13)		
- Owned assets	488	280
Amortisation of intangible assets (note 14)	7,923	7,292
Marketing costs	269	151
Operating lease charges	245	184
Foreign exchange losses or (gains)	209	(155)
Fees payable to company's auditors and its associates for the audit of parent company and consolidated financial statements	30	20
Fees payable to company's auditors and its associates for other services:		
- The audit of company's subsidiaries	103	158
- Other assurance related services	5	25
- Tax advisory services	95	5

Notes to the financial statements for the year ended 30th April 2018 (continued)

9 Employees and directors

The average monthly number of persons (including executive directors) employed by the group for the year was:

Employees

	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Group Salaries		
Wages and salaries	4,852	3,643
Social security costs	612	451
Staff costs	5,464	4,094
	2018	2017
Group By department	No.	No.
Sales	70	47
Technical	48	22
Finance	14	10
	132	79

Directors

The directors' emoluments were as follows:

	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Total aggregate emoluments	488	474

Highest paid director

The highest paid directors' emoluments were as follows:

	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Aggregate emoluments	178	170

Further information regarding key management can be found under note 29, related party transactions.

Notes to the financial statements for the year ended 30th April 2018 (continued)

10 Interest income and expense

Finance income

	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Bank interest income	11	3
Total finance income	11	3

Finance expense

	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Interest payable on bank borrowings	(1,154)	(696)
Interest paid on bank borrowings	(3,638)	(4,152)
Interest payable on parent group borrowings	(14,961)	(15,262)
Amortisation of debt related transaction costs	(2,493)	(797)
Exchange loss on borrowings	(315)	-
Amortisation of interest rate capping agreement	(105)	(115)
Total finance expense	(22,666)	(21,022)

The amortisation of debt related transaction costs includes an element of transaction costs which were capitalised in 2015 and had not yet been amortised in 2018, when new facilities replaced those drawn in 2015.

Net finance cost

	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Interest income	11	3
Interest expense	(22,666)	(21,022)
Total finance cost	(22,655)	(21,019)

Included in interest expense is an amount of £2.2m in relation to a correction of the historic interest accrued on the amounts owed to group undertakings. In accordance with IAS 8, no restatement of the prior year numbers has been considered necessary.

11 Income tax expense

Tax expense included in profit or loss

Group	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Current tax:		
Current tax on losses for the year	2,119	1,367
Adjustment in respect of prior years	1,278	(1,341)
Total current tax	3,397	26
Deferred tax (note 23)		
Origination and reversal of temporary differences	(1,122)	(891)
Adjustment in respect of previous periods	(193)	-
Impact of change in the UK tax rate	-	(734)
Total deferred tax	(1,315)	(1,625)
Income tax expense/(credit)	2,082	(1,599)

Notes to the financial statements for the year ended 30th April 2018 (continued)

11 Income tax expense (continued)

The group has provided £1.3m in relation to a potential prior year liability to HMRC in respect of interest deductibility on shareholder loans. The group has also recorded a receivable for £1.0m in respect of this issue as it expects to recover the costs from those who provided the group with advice in relation to this issue at the time.

The tax on the group's losses before tax differs from (year ended 30th April 2017: differs from) the theoretical amount that would arise using the standard rate of UK corporation tax of 19% (2017: blended rate of 19.92%) as follows:

	Year ended 30th April 2018 £'000	Year ended 30th April 2017 £'000
Loss before tax	(12,555)	(12,944)
Tax calculated at standard rate of UK corporation tax of 19.0% (2017: 19.92%)	(2,385)	(2,577)
Effects of:		
- Movement in unrecognised deferred tax	636	-
- Overseas tax rates	286	140
- Expenses not deductible for tax purposes	2,340	2,657
- Prior year adjustment	1,085	(1,341)
- Tax rate changes	120	(478)
Tax expense/(credit)	2,082	(1,599)

The standard rate of UK corporation tax applied was 19.0% (year ended 30th April 2017: blended rate of 19.92%).

Factors that may affect future tax charges

With effect from 1st April 2017, the standard rate of corporation tax in the UK reduced from 20% to 19%, therefore 19% has been used in the reconciliation of the tax expense. The rate will reduce further to 17% from 1st April 2020 and this is reflected within these financial statements.

12 Investments

	Group 2018 £'000	Company 2018 £'000
Cost and Net Book Value		
As at 30 th April 2017	18	954
Investment in the year	10	-
As at 30 th April 2018	28	954

During the year Wireless Logic Limited made investments on behalf of the Employee Benefit Trust in WL One Manco Limited.

Notes to the financial statements for the year ended 30th April 2018 (continued)

12 Investments (continued)

The company directly holds 100% of the share capital of the following company.

Company name	Nature of the business	Registered Address	Class	%
WL One Midco 1 Limited	Intermediate holding company	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100

The company indirectly holds share capital in the following companies.

Company name	Nature of the business	Registered Address	Class	%
WL One Midco 2 Limited	Intermediate holding company	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
WL One Bidco Limited	Intermediate holding company	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Mtwom 1 Limited	Intermediate holding company	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Mtwom B Limited	Intermediate holding company	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
PDJ (Shelf 1) Limited	Intermediate holding company	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Deferred Ordinary A Ordinary B	100
Wireless Logic Group Limited	Intermediate holding company	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary Ordinary non-voting	100
Wireless Logic Limited	M2M Managed service provider	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Wireless Logic GmbH	M2M Managed service provider	Am Hochacker 4, 85630 Grasbrunn, Germany	Ordinary	100
Wireless Logic SAS	M2M Managed service provider	Parc de la Duranne, 255 Avenue de Gaililee, 13857 Aix-En-Provence, Cedex3, France	Ordinary	100
Wireless Logic SL	M2M Managed service provider	C/Jose Luise Goioage 32, Oficina 103, 48950 Erandio, Spain	Ordinary	100
Wireless Logic Nordic ApS	Intermediate holding company	Valdemarshaab 11,1., 4600 Koge, Denmark	Ordinary	100
SimService A/S	M2M Managed service provider	Valdemarshaab 11,1., 4600 Koge, Denmark	Ordinary	100
Nucleus Networks Limited	Hardware and services provider	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Bluemango Technologies Limited	IOT Managed service provider	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Cloud9 Communications Limited	IOT Managed service provider	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Cloud9 Mobile Communications Limited	IOT Managed service provider	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Cloud9 Mobile Sims Limited	IOT Managed service provider	Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ	Ordinary	100
Mdex AG	M2M Managed value added services and SMS provider	Bäckerbarg 6, 22889 Tangstedt, Germany	Ordinary	100
IC35 Information, Computer und Solartechnik GmbH	M2M Managed value added service provider	Bäckerbarg 6, 22889 Tangstedt, Germany	Ordinary	100

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Notes to the financial statements for the year ended 30th April 2018 (continued)

13 Property, plant and equipment

Group	Land £'000	Property £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Vehicle £'000	IT equipment £'000	Total £'000
Cost or valuation							
At 1st May 2016	-	-	97	222	43	465	827
Exchange Differences	-	-	-	-	-	3	3
Additions	-	-	-	3	52	557	612
Disposals	-	-	-	-	(22)	-	(22)
At 30th April 2017	-	-	97	225	73	1,025	1,420
On acquisition of Bluemango Technologies Ltd	-	-	-	-	-	8	8
On acquisition of Mdex AG	159	382	-	56	41	459	1,097
Exchange Differences	-	1	-	-	-	(6)	(5)
Additions	-	24	-	-	-	354	378
Disposals	-	-	-	-	-	-	-
At 30th April 2018	159	407	97	281	114	1,840	2,898
Accumulated depreciation							
At 1st May 2016	-	-	41	16	21	133	211
Charge for the period	-	-	12	90	4	174	280
At 30th April 2017	-	-	53	106	25	307	491
Charge for the year	-	8	12	68	14	386	488
Disposals for the year	-	-	-	-	-	-	-
At 30th April 2018	-	8	65	174	39	693	979
Net book amount							
At 30th April 2018	159	399	32	107	75	1,147	1,919
At 30th April 2017	-	-	44	119	48	718	929

Notes to the financial statements for the year ended 30th April 2018 (continued)

14 Intangible assets

Group	Customer Relationships £'000	Trade Name £'000	Software £'000	Subscriber acquisition £'000	Development £'000	Total £'000
Cost						
At 1st May 2016	38,595	6,184	34,921	904	1,147	81,751
On acquisition of Nucleus Networks Limited	529	23	-	-	-	552
Exchange Differences	-	-	-	-	6	6
Additions	-	-	1	827	776	1,604
Disposals	-	-	-	(31)	-	(31)
At 30th April 2017	39,124	6,207	34,922	1,700	1,929	83,882
On acquisition of Bluemango Technologies Ltd	318	145	533	-	40	1,036
On acquisition of Mdex AG	2,794	226	767	-	-	3,787
Exchange Differences	-	-	-	-	2	2
Additions	-	-	427	687	1,244	2,358
Disposals	-	-	-	-	-	-
At 30th April 2018	42,236	6,578	36,649	2,387	3,215	91,065
Accumulated amortisation						
At 1st May 2016	3,955	527	3,155	341	435	8,413
Charge for the year	3,265	428	2,566	441	592	7,292
At 30th April 2017	7,220	955	5,721	782	1,027	15,705
Charge for the year	3,372	486	2,724	606	735	7,923
Disposal for the year	-	-	-	-	-	-
At 30th April 2018	10,592	1,441	8,445	1,388	1,762	23,628
Net book amount						
At 30th April 2018	31,644	5,137	28,204	999	1,453	67,437
At 30th April 2017	31,904	5,252	29,201	918	902	68,177

Intangible assets amortisation is recorded in administrative expenses in the Income Statement.

Notes to the financial statements for the year ended 30th April 2018 (continued)

15 Goodwill

The following is a summary of goodwill:

	1 st May 2017 Opening £'000	Acquisition £'000	30 th April 2018 Closing £'000
On the acquisition of:			
Mtwom 1 Limited	106,461	-	106,461
Sim Service A/S	7,681	-	7,681
Nucleus Networks Limited	2,141	-	2,141
Bluemango Technologies Limited	-	2,947	2,947
Mdex AG	-	2,078	2,078
	116,283	5,025	121,308

During the year the group acquired Bluemango Technologies Limited ("Bluemango") in the UK and Mdex AG in Germany. These businesses add technology and services that compliment what the group offers, supporting the strategic ambitions for the future. Further details relating to these acquisitions can be found in note 26 'Business combinations'.

Impairment testing

In accordance with IAS 38, goodwill has been reviewed for impairment. As in previous years the group have performed value in use calculations, at the Cash Generating Unit level, in order to assess the future cash flows expected to be generated by these assets. In addition to this, the group have further considered Montagu's acquisition of the group post year-end (note 31) which has provided a basis upon which to assess the fair value less costs to sell of the group. The valuation of the business at that date indicates that significant headroom exists and therefore based on the evaluation performed, no impairment is required in the year.

Key assumptions applied in the value in use models are:

- Discount rates;
- Expected revenue growth

Notes to the financial statements for the year ended 30th April 2018 (continued)

16 Financial instruments

The company has no financial instrument measured at fair value through profit or loss account.

	2018	2017
	£'000	£'000
Derivative financial instruments	-	115

Derivative financial instruments

The group had a single financial instrument being an interest rate cap agreement, which expired during the year. The cost of this instrument, which was paid over the life of the agreement, was provided for in full. The asset, representing the value of the agreement, was amortised over the life of the agreement against interest costs on the borrowing to which the cap relates. The agreement covered the majority of the third party unitranche debt provided by financial institutions. This cost of this debt is linked to LIBOR and as such the agreement protects the group against interest costs rising significantly, in the event LIBOR increased. The agreement did not expose the group to any credit risk.

17 Inventories

	2018	2017
Group	£'000	£'000
Finished goods and goods for resale	385	192

The cost of inventories recognised as an expense and included in cost of sales amounted to £869k (2017: £611k). There were inventory write downs during the year of £2k (2017: nil).

The directors believe that there is no significant difference between the net book value and replacement cost of inventories held.

The companies in the group which hold stock are Wireless Logic Limited, Sim Service A/S, Nucleus Networks Limited, Cloud9 Mobile Communications Limited and Mdex AG.

18 Trade and other receivables

	Group	Company	Group	Company
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Trade receivables	8,308	-	8,239	-
Amounts owed by group undertakings	-	135	-	135
Other receivables	1,734	-	225	-
Prepayments and accrued income	1,859	3	1,879	3
	11,901	138	10,343	138

Amounts owed by group undertakings are unsecured and repayable on demand.

Other receivables includes an amount of £1.0m from those who advised the group in relation to the deductibility of interest on shareholder loans, where a prior year tax liability to HMRC for £1.3m has been provided for.

Notes to the financial statements for the year ended 30th April 2018 (continued)

Trade receivables

The credit terms offered to customers vary and will be influenced by size, trading history and credit rating. Our standard payment terms for customers are 14 days (2017: 14 days) from the date of invoice.

Age analysis of trade receivables

	Gross 2018 £'000	Allowance 2018 £'000	Gross 2017 £'000	Allowance 2017 £'000
Group				
Current	5,681	(34)	6,422	(120)
Overdue 1 – 30 days	2,098	(366)	2,608	(1,006)
Overdue 31 – 60 days	690	(235)	770	(681)
Overdue 61 - 90 days	324	(77)	275	(207)
Overdue by more than 91 days	1,632	(1,405)	3,128	(2,950)
	10,425	(2,117)	13,203	(4,964)

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Credit Risk

The exposure to credit risk at the end of the year is representative of the exposure during the year. The group's credit risk is primarily attributable to its trade receivables. All new customers are credit checked using external credit rating agency reports, audited financial accounts (where required) and bank and trade references. Provisions are made against receivables using management judgment, taking into account the time by which the receivable amount is overdue, the customer's previous payment history and the most recent understanding of the customer financial position.

19 Cash and cash equivalents

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Cash at bank and in hand	19,209	66	9,228	68
	19,209	66	9,228	68

Notes to the financial statements for the year ended 30th April 2018 (continued)

20 Trade and other payables – amounts falling within one year

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Trade payables	(4,586)	-	(2,662)	-
Amounts owed to parent group undertakings	(42)	(142)	(32)	(142)
Social security and other taxes	(1,474)	-	(1,927)	-
Accruals and deferred income	(7,036)	(5)	(4,395)	(5)
	(13,138)	(147)	(9,016)	(147)

Included in amounts owed to parent group undertakings is £42k (2017: £32k) due to WL One Manco Limited. The amounts are unsecured and repayable on demand. Both are Jersey based companies and not included in these consolidated accounts.

21 Trade and other payables – amounts falling due after more than one year

	Group 2018 £'000	Group 2017 £'000
Bank facilities	(97,034)	(72,374)
Deferred and contingent consideration	(2,290)	(2,910)
Transaction costs	2,271	2,606
Loan notes owed to parent group undertakings	(142,240)	(142,345)
	(239,293)	(215,023)

The directors consider that the carrying amount of trade payables approximates to their fair value. The deferred consideration included above relates to the earn-out liabilities due to the vendors of Nucleus Networks Limited and Bluemango Technologies Limited. The earn-out liabilities are linked to the future trading performance of Nucleus Networks Limited and Bluemango Limited and the actual amount paid may vary from the provision disclosed above. We have fair valued the contingent consideration liability shown above, using discounted cash flow methodology. The transaction costs represent the capitalised arrangement fees related to the third party debt funding put in place in 2018 as part of the acquisition of the group at that time. The prior year transaction costs related to the previous debt financing and were released to the income statement when the debt was refinanced.

The amounts owed to a group undertaking includes £110,615k of debt that is listed on The International Stock Exchange (TISE), is unsecured, carries interest at a fixed rate of 12% and matures in October 2021. The amount also includes accrued interest of £31,625k.

22 Borrowings

	2018 £'000	2017 £'000
Opening bank facilities	(72,374)	(72,374)
Repayments	65,655	-
Additions	(90,000)	-
Exchange differences	(315)	-
Closing bank facilities	(97,034)	(72,374)

Notes to the financial statements for the year ended 30th April 2018 (continued)

22 Borrowings (continued)

The bank facilities comprised a unitranche term facility and a revolving credit facility both of which carry interest at market rates. The facilities were re-financed in February 2018. They do not have scheduled periodic repayments but do have long-stop date which is 7 years from the date of the new facilities agreement (2017: 4 years). The directors consider that the carrying amount of borrowings approximates to their fair value.

23 Deferred income tax

	2018	2017
Deferred tax	£'000	£'000
At beginning of year	(11,589)	(13,214)
Prior year adjustment	193	-
Temporary differences in respect of property, plant and equipment	18	(33)
Temporary differences in respect of intangible assets	1,104	924
Movement arising from business combinations	(1,293)	-
Effect of changes in tax rates	-	734
At end of year	(11,567)	(11,589)

	2018	2017
Deferred tax liability	£'000	£'000
Deferred tax liability in respect of tangible fixed assets	(47)	(106)
Deferred tax liability in respect of acquired intangible assets	(11,520)	(11,483)
Total deferred tax liability	(11,567)	(11,589)

£10,232k (2017: £10,559k) of the deferred tax liability is due after more than one year.

A potential deferred tax asset of £1,696k has not been recognised in respect of carried forward finance expenses due to uncertainty over their future utilisation.

Notes to the financial statements for the year ended 30th April 2018 (continued)

24 Cash generated from operations

	2018 £'000	2017 £'000
Loss before income tax	(12,555)	(12,937)
Adjustment for:		
- Depreciation (note 13)	488	280
- Amortisation of Software, Subscriber acquisition and Development (note 14)	7,923	7,292
- Inventory movement	(94)	(74)
- Debtors movement	(880)	(1,684)
- Creditors movement	810	(1,296)
- VAT liability movement	(359)	719
- Other income	(1,082)	-
- Interest income	(11)	-
- Interest expense	22,666	21,022
Cash generated from operations	18,666	13,322

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2018 £'000	2017 £'000
Net book amount	-	-
Proceeds from the disposal of property, plant and equipment	-	22
Profit on the disposal of property, plant and equipment	-	22

25 Share capital

Group and company ordinary shares of £0.001 each.

	Number of shares No.	Ordinary Shares £'000	Share Premium £'000	Total £'000
Allotted and fully paid				
As at 1 st May 2017 and 30 th April 2018	1,027,918	1	1,027	1,028

Notes to the financial statements for the year ended 30th April 2018 (continued)

26 Business combinations

On 5th May 2017, the group acquired 100% of the share capital of Bluemango Technologies Limited, a services and hardware supplier for Machine to Machine (“M2M”) and Internet of Things (“IoT”) industry. The total purchase consideration payable of £5,435k comprised an initial payment of £2,435k and a contingent consideration of £3,000k linked to a profit based earn out arrangement. At the time of the acquisition the contingent consideration had a fair value of £524k.

	Carrying Values pre acquisition £'000	Fair Value Adjustment £'000	Fair value £'000
Net assets acquired			
Intangible fixed assets	68	968	1,036
Corporation tax	4	-	4
Property, plant & equipment	8	-	8
Trade and other receivables	404	-	404
Stock	16	-	16
Cash and cash equivalents	79	-	79
Trade and other payables	(1,285)	-	(1,285)
Deferred income	(86)	-	(86)
Deferred tax	-	(164)	(164)
	(792)	804	12
Goodwill			2,947
Total consideration			2,959

	Fair Value at acquisition £'000
Satisfied by	
Cash paid on completion	2,435
Deferred contingent consideration	524
Fair value of consideration	2,959
Goodwill	2,947

	Carrying Values pre acquisition £'000	Fair Value Adjustment £'000	Fair value £'000
Intangible assets acquired as part of the acquisition can be analysed as follows:			
Trade Name	-	145	145
Customer Relationships	-	318	318
Software	28	505	533
Development	40	-	40
	68	968	1,036

Acquisition related costs have been charged to exceptional items in the income statement.

Notes to the financial statements for the year ended 30th April 2018 (continued)

26 Business combinations (continued)

On 5th March 2018, the group acquired 100% of the share capital of Mdex AG, a service and hardware supplier for machine to machine (“M2M”) and Internet of Things (“IOT”) industry based in Germany. The total potential purchase consideration payable of £7,737k (€8,661k) comprised of an initial payment of £7,414k (€8,296k) and a subsequent payment made after the year end of £323k (€365k).

	Carrying Values pre acquisition £'000	Fair Value Adjustment £'000	Fair value £'000
Net assets acquired			
Intangible fixed assets	26	3,761	3,787
Corporation tax	(11)		(11)
Property, plant & equipment	1,112		1,112
Trade and other receivables	973		973
Stock	83		83
Cash and cash equivalents	2,142		2,142
Trade and other payables	(952)		(952)
Deferred income	(347)		(347)
Deferred tax	-	(1,128)	(1,128)
	3,026	2,633	5,659
Goodwill			2,078
Total consideration			7,737
			Fair Value at acquisition £'000
Satisfied by			
Cash paid on completion			7,737
Intangible assets acquired as part of the acquisition can be analysed as follows:	Carrying Values pre acquisition £'000	Fair Value Adjustment £'000	Fair value £'000
Trade Name	-	226	226
Customer Relationships	-	2,794	2,794
Software	26	741	767
	26	3,761	3,787

Acquisition related costs have been charged to exceptional items in the income statement.

Notes to the financial statements for the year ended 30th April 2018 (continued)

27 Capital and other commitments

As at the 30th April 2018 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases expiring as follows.

	2018	2017
	£'000	£'000
Not later than one year	292	252
Later than one year and not later than five years	1,240	1,153
Later than five years	384	845

28 Dividends

No dividends were paid or proposed during the year (2017: £Nil).

29 Related party transactions

WL One Holdco Limited did not make purchases during the year ending 30th April 2018 (2017: £96k) from CVC Capital Partners, and as at 30th April 2018 there was nothing due to CVC Capital Partners.

During the year Wireless Logic Limited made no related party loans. In the year ended 30th April 2017 and 30th April 2016 loans of £50,000 to Simon Trend, £8,203 to Matthew Tate and £27,963 to an Employee Benefit Trust were made. The loans were to enable the recipients to acquire equity in a group company incorporated in Jersey, which is one of two entities which ultimately owned the group of which Wireless Logic Limited is a part. These balances were still outstanding as at 30th April 2018 but were repaid as part of the sale of the Wireless Logic group to Montagu Private Equity LLP in July 2018.

Key management compensation

Key management includes board directors (executive and non-executive), and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	2018	2017
	£'000	£'000
Salaries and other short-term employee benefits	955	867
Total	955	867

The above relates to directors of WL One Holdco Limited.

Notes to the financial statements for the year ended 30th April 2018 (continued)

30 Controlling parties

The immediate parent undertaking is Project One Holding Limited, a company incorporated in Jersey.

During the year and at the year end the directors considered the controlling parties to be CVC Growth Partners LP, CVC Growth Partners Co-investment LP and CVC Growth Partners Associates LP. Following the change in ownership post year end as set out in note 31 the directors consider the controlling party to be funds managed by Montagu Private Equity LLP.

31 Events after the reporting period

On the 25th July 2018 CVC Growth Partners LP, CVC Growth Partners Co-investment LP and CVC Growth Partners Associates LP sold their controlling interest in the Wireless Logic group to funds managed by Montagu Private Equity LLP.