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Monch Bidco Limited

Annual Report and Consolidated Financial Statements

For the Period 22 June 2021 to 31 December 2021

Contents of the Annual Report and Consolidated Financial Statements
For the Period 22 June 2021 to 31 December 2021

Monch Bidco Limited

Company Information
For the Period 22 June 2021 to 31 December 2021

Directors:	R A Coupland M Forrester B M Petzer
Registered office:	Blue Square House Priors Way Maidenhead SL6 2HP United Kingdom
Registered number:	13470545 (England and Wales)
Auditor:	Deloitte LLP 110 Queen St Glasgow G1 3BX United Kingdom
Bankers:	HSBC Bank 69 Pall Mall London SWIY 5EY United Kingdom
Solicitors:	Goodwin Procter (UK) LLP 100 Cheapside London EC2V 6DY United Kingdom

Monch Bidco Limited

Strategic Report
For the Period 22 June 2021 to 31 December 2021

The directors present their Strategic Report for the Group for the period ended 31 December 2021.

On 23 July 2021, Monch Bidco Limited ("the Company") acquired the entire share capital of Pulsant Group Holdings Limited. Pulsant Group Holdings Limited and its subsidiaries have been consolidated in the financial statements of Monch Bidco Limited from the date of acquisition.

Monch Bidco Limited and its subsidiaries ("the Group") ("Pulsant") has continued to invest in data centre and cloud infrastructure capabilities during the period as the market for hybrid IT solutions continues to grow and evolve. There continue to be good opportunities for long term growth as an ever-greater number of companies move an increasing number of applications and workloads from on-premise to hybrid solutions incorporating elements of colocation, private and public cloud.

Principal activities
The principal activity of Monch Bidco Limited is that of a holding company. The principal activity of the Group is the provision of colocation and cloud infrastructure services to mid and large sized organisations across the United Kingdom. The Group owns and operates twelve regional enterprise class data centres in the United Kingdom from which it services an extensive and diverse client base. It also delivers cloud services to customers from third party data centres in the USA and Continental Europe.

Pulsant is a leading provider of technology services to customers from many different business sectors who require a trusted partner to meet their IT infrastructure and connectivity requirements. Pulsant delivers service to organisations across the private, public and charitable sector, from local authorities to enterprise class businesses allowing them to take full advantage of the scalability, flexibility, performance and security that is a key feature of all Pulsant services. This increasingly requires helping to implement and manage hybrid IT environments. The Company derives substantially all of its recurring revenues from:

- Colocation
- Managed cloud (private, multi-tenanted and public)
- Managed networks
- Managed IT services and security

Strategy
Pulsant has continued its strategy of delivering world-class colocation, cloud computing and managed networking services, focused largely on the mid-market in the UK. The continued development and investment in quality data centre and network infrastructure, alongside the development and provisioning of enterprise-grade cloud computing capabilities, has delivered the progress required within the strategy, both in terms of capability and scale. Pulsant is well placed to deliver a strong range of colocation, cloud and infrastructure services to mid to large sized organisations.

With a well established geographic spread of data centres across the UK, Pulsant is well placed to capture emerging requirements for more distributed Edge Computing opportunities as they emerge, with the roll out of fifth generation mobile networks anticipated to be a key enabler to growth.

Pulsant's investment in significantly enhancing its National Core Network to provide high speed, low latency connections between its data centres and cloud platforms, along with the entry into the North West market via the acquisition of a data centre in Manchester are anticipated to further enhanced its ability to address this opportunity as it emerges over the coming years.

The pace of change continues to increase and the importance of being able to offer access to private cloud as well as the hyperscale public cloud offerings, as part of an overall managed cloud solution, continues to grow in importance for our clients. Pulsant continues to invest in its people, their training and technical accreditations to ensure that they can deliver ever more sophisticated hybrid cloud solutions to ensure that its clients get access to the most appropriate cloud solutions. Whether the optimal solution is colocation, private cloud, public cloud, or a combination of these, it will be delivered in an integrated manner with Pulsant providing service and support 24/7/365, and with the necessary network connectivity and security around it.

The focus remains on customers who have a critical dependency on IT, run a sophisticated and integrated IT environment and operate over multiple sites. Pulsant acts as a trusted partner to organisations in managing their IT infrastructure requirements and this increasingly involves Pulsant providing services that support a customer's transformation from an existing on-premise solution to a hybrid IT model.

Strategy - continued

The Pulsant professional services team provides the skills and resources necessary to deliver the migration projects undertaken by our customers as they move from on-premise IT provision to a hybrid model as well as potentially maintaining some IT in-house.

As the market for IT services continues to grow, the option of adopting hybrid private, multi-tenanted and public cloud solutions has added a further level of choice and complexity to the IT buying decisions that organisations face. Pulsant continues to make significant investments in its core data centre and colocation infrastructure; in its own highly secure and high-performance cloud platforms; in network and security systems; in facilitating access to the hyperscale public cloud providers; and in growing and developing the skills of its workforce to ensure that its customers can benefit from a wide range of hosting and connectivity solutions.

Pulsant continues to believe that ownership of its own data centre and private cloud infrastructure and the development of its highly skilled technical and operational teams, underpinned by key accreditations (cloud security, information security, quality management and environmental management), provides its customers with confidence that it will continue to deliver high quality services.

Business review

Operational Highlights:

- Strong cash management continued despite the global pandemic
- No employees were furloughed or made redundant as a result of the pandemic
- Pulsant undertook a significant investment in to a significant investment in a new national network, which the directors believe will enhance the Edge computing strategy. Edge computing is about bringing the processing and analysing of data closer to the point of use without the need to send large volumes of data longer distances to large centralised data centres.
- Pulsant committed to a significant investment in our NextGen Cloud platform that will offer enhanced IaaS & PaaS products,

Key performance indicators

The directors use Key Performance Indicators ("KPIs") to monitor and assess Company performance. The figures in the table below provide the performance of the group for the period ending 31 December 2021. The KPI's are shown for the full year even though Monch Bidco only acquired the Group in July 2021 as the underlying trading entities operated in full throughout the year. The prior year comparatives are provided for clarity and relate to the same core operating business event though it was not owned by Monch Bidco during that period.

The principal financial KPIs are as follows:

KPIs	**2021 £'000**	**2020 £'000**	**Growth %**
Revenue	74,505	79,562	(6.4%)
Gross profit	19,296	19,620	(1.7%)
EBITDA before exceptional items	16,236	18,620	(12.8%)
Management normalisation adjustments*	79	211	(62.6%)
EBITDA before exceptional items on normalised basis	16,315	18,831	(13.4%)

* Non-operational costs incurred in respect of property leases and non-executive director costs together with other non-recurring items.

The directors also monitor the following key performance measures to manage the business:

1) Customer retention and satisfaction
   - Through measuring churn as a percentage of opening contract bank and also through Voice of Customer survey

2) Sales bookings from both existing and new customers
   - By measuring annual order value won in the period

3) Data centre and cloud infrastructure utilisation
   - By measuring utilisation, based on power capacity

4) Employee retention and satisfaction
   - By measuring employee churn as a percentage of opening employee numbers and also regular employee surveys

Outlook

After an upturn in Q4 2020, the additional lockdown in early 2021 due to the pandemic, and the continued impact of COVID-19 throughout 2021 caused a delay in the expected increase in client wins as projects remained on hold due to the on-going uncertainty. The final quarter of 2021 though, did see the pipeline starting to improve both in terms of numbers of opportunities and the value of those opportunities.

The Company is committed to investment in growing the sales force, along with more operational and technical heads designed to aid churn mitigation, improve security and provide greater direction to future technical capability and portfolio development.

The directors continue to monitor the impact of COVID-19 on the business as more information about the pandemic emerges with particular focus on the impact on staff shortages and operational delays. At the time of authorising the financial statements, the directors do not consider COVID-19 will impact the Group's ability to continue to delivery its strategy.

The directors believe that the business model is resilient and that they have the appropriate skills and experience to continue to deliver high quality data centre and cloud computing services to both existing customers as well as new customers. Pulsant has also partnered with Megaport, which will enable the Company to allow its customers to connect to any cloud provider from within its data centres, further enhancing Pulsant's capability to deliver and manage a range of client hosting requirements combining colocation, private cloud and public cloud.

Pulsant aims to grow organically and through acquisitions, where appropriate, in order to deliver both further scale and capabilities. The directors believe that this strategy, along with the Group's regional data centre footprint, will position it well to play an important role in the Edge computing fabric of the future. This is clearly demonstrated by the acquisition of the data centre business from M247 in Manchester at the end of 2021 together with the acquisition of the Amito group in February 2022.

Pulsant has the strong support of its shareholders and banking group to pursue such a strategy.

The environment

The directors are conscious that as a major data centre provider, Pulsant is a large user of power and it works to use power as efficiently as possible. Pulsant seeks to deploy best practice in its data centres wherever possible in order to drive greater power usage efficiency. This provides the twin benefits of minimising the business's carbon footprint and allowing it to deliver more cost-effective services to its customers.

Pulsant only buys green power, and all data centres operate within the climate change agreement (CCA) as it applies to data centre operators. The aim of the CCA is to improve energy stewardship with participants undertaking to meet energy efficiency targets related to a reduction in power usage effectiveness (PUE).

Pulsant has employed a Head of Environment & Sustainability to review and help identify ways to reduce our carbon emissions and our impact on the environment as well as building our Environment and Sustainability strategy and goals.

Pulsant is committed to achieving Net Zero by 2050, and earlier, if possible. The business is already taking action to halve its emissions by 2030 and are connecting with its partners, suppliers, and its people to support this pledge. Pulsant has chosen the Science Based Targets initiative's (SBTI) Net Zero Standard, which covers all emissions, as it believes that this framework offers the most robust and credible approach to targeting and measuring emissions.

Principal risks and uncertainties

Economic and market risks

The business environment and the level of general economic activity in the United Kingdom affect the demand for Pulsant's services. As part of Pulsant's investment strategy, market data is regularly reviewed in order to consider market developments and changes to the competitive landscape. However, other than a material, unexpected change in the use of information technology, the Board anticipates that the demand for colocation and cloud computing services will continue to experience significant growth for the foreseeable future.

The key services offered by Pulsant lend themselves to long-term contracts and annuity revenues that deliver good returns on the capital invested. The Group's client base is well diversified by sector and geography.

Monch Bidco Limited

Strategic Report - continued
For the Period 22 June 2021 to 31 December 2021

Principal risks and uncertainties - continued

COVID-19
The current pandemic has had an impact on businesses and individuals around the world, including Pulsant's employees, customers and suppliers. A specific and dedicated COVID-19 risk committee was established in February 2020 to manage the Group's response to the pandemic. This committee is responsible for monitoring the threat levels and pronouncements from the governments and various health bodies. It is also responsible for implementing risk mitigation strategies to ensure that our employees, customers and suppliers are safe guarded, to ensure that the business can continue to deliver services to its customers and to ensure that supply-chain risk can be managed. It is also responsible for managing the internal and external communication plans.

Competition
The colocation and managed cloud markets are highly competitive with strong growth dynamics. These markets are serviced by both large global organisations and smaller regional players, all competing for market share. The colocation market in particular can be impacted by new capacity being introduced by competitors in any particular region.

The directors believe that Pulsant offers high levels of service, performance and availability, and a broad range of services, backed up by infrastructure, systems and technical expertise, which allows it to compete effectively. This will allow Pulsant to continue to meet the needs of its existing customers as well as win new customers.

Employees
Pulsant is dependent on the skill and experience of its employees to deliver the services that its customers expect. Pulsant aims to recruit and retain suitably skilled and experienced staff by offering competitive salaries, appropriate employee benefits and an engaging work environment. Pulsant also invest in training programmes for employees that ensure that the appropriate skills and accreditations can be maintained in an ever-changing market. Pulsant also invests in well-being programmes for employees with an emphasis on maintaining strong mental health.

Data centre and network operations
The Directors believe that one of the key differentiators for Pulsant is that it delivers services from its own controlled and managed infrastructure, such as its own data centres, cloud platforms and core network.

The 100% availability of its data centres, cloud platforms and core network is fundamental to delivering services to Pulsant's customers. Key data centres, networks and systems have fully resilient fail-over procedures with regular testing of back-up recovery plans.

There is an ongoing preventative maintenance programme to ensure that the data centres are operating as efficiently and effectively as possible. The core network connecting the ten data centres in the UK, the key third party data centres overseas and the Internet, is designed in a resilient manner in order that there are no single points of failure to ensure that the likelihood of network downtime is minimised. This core network is expected to be rolled out to the recently acquired data centres in Manchester and Reading South during 2022.

Pulsant has maintenance contracts in place with key data centre equipment and network hardware and network security suppliers to support the requirement of 100% uptime.

Key suppliers
There are a number of key vendors whose services are critical to Pulsant. Wherever possible and where sensible the business purchases services from multiple vendors in order to ensure resilience. With most vendors, the risk is mitigated as Pulsant is aware of other vendors who could provide the same service or product within a manageable level of disruption. The business procures services from reputable suppliers in order to mitigate the risk of supplier failure and aims to maintain good working relationships with all key suppliers.

The power for all Monch Bidco's data centres is provided by SSE, one of the largest power distributors in the UK, as this currently provides best commercial value for Pulsant, although there are several other providers available if needed. All Pulsant data centres have multiple UPS systems and backup generator facilities as an alternative source of power.

Departure from the European Union
The directors continually consider the impact of the United Kingdom having left the European Union ("Brexit"). The directors have considered the impact of Brexit to its clients, suppliers, employees and the wider market, as well as other matters such as data protection and sovereignty. The directors believe that the Group should be reasonably protected from any adverse effects of Brexit. The Group has not experienced any significant changes or adverse effects since the end of the transition period, though the situation is being constantly monitored.

Streamlined Energy and Carbon Reporting (SECR) Disclosure
The SECR disclosure presents our UK carbon footprint across Scope 1, 2, and to some extent Scope 3 emissions, including voluntary best practices. This report also presents an appropriate intensity metric, the total energy use of electricity, gas, and transport fuel, along with a summary of energy efficiency actions taken during the relevant financial year. The prior year comparatives are provided for clarity and relate to the same core operating business even though it was not owned by Monch Bidco during that period.

	Year 2		**Year 1***	
	Year to 31st December 2021		**Year to 31st December 2020**	
	Location-based approach	**Market-based approach**	**Location-based approach**	**Market-based approach**
Energy consumption used to calculate emissions (kWh)	75,337,664	75,337,664	79,224,954	79,224,954
Emissions from combustion of natural gas (Scope 1) tCO2e	34	34	31	31
Emissions from gas oil consumption (Scope 1) tCO2e	83	83	132	132
Emissions from F-gas (Scope 1) tCO2e	1,312	1,312	504	504
Emissions from combustion of fuel for transport purposes (Scope 1) tCO2e	2	2	2	2
Intensity ratio Scope 1(tCO2e / sales revenue £m)	**19.20**	**19.20**	**8.41**	**8.41**
Emissions from electricity consumption (Scope 2) tCO2e	15,312	48	18,268	46
Intensity ratio Scope 2(tCO2e / sales revenue £m)	**205.53**	**0.64**	**229.61**	**0.58**
Emissions from business travel in rental cars or employee-owned vehicles where company purchases the fuel (Scope 3) tCO2e	41	41	41	41
Intensity ratio Scope 3 - mandatory sources (tCO2e / sales revenue £m)	**0.55**	**0.55**	**0.52**	**0.52**
Emissions from commute (Scope 3) tCO2e	107	107	N/A	N/A
Emissions from transmission and distribution losses (Scope3) tCO2e	1,395	6	N/A	N/A
Total gross tCO2e based on above	**18,286**	**1,633**	**18,978**	**756**
Total Intensity ratio(tCO2e / sales revenue £m)	**245.45**	**21.92**	**238.53**	**9.50**

* 2021 emissions from combustion of natural gas (Scope 1) were updated according to new invoices received, including additional energy consumption.

Streamlined Energy and Carbon Reporting (SECR) Disclosure - continued

Energy Efficiency Action Summary
In 2021, Pulsant has stepped up the level of commitment in relation to energy efficiency and carbon footprint by finalising our 2030 near-term goals under the Science-Based Targets initiative (SBTi), creation of a dedicated environment and sustainability leadership role, and extension to our ISO14001 certification scope to cover all ten data centre sites under our control. We have since expanded our commitment as a signatory to the Business Ambition for 1.5C and committed to Net Zero by 2050.

Pulsant's sustainability commitments include:

- 50% reduction across all scopes by 2030, from a 2019 baseline.**
- Offset 100% of our scope 1 greenhouse gas emissions through certified, good quality projects.
- Maintain supply of 100% renewable electricity. In addition, actively exercise buying power to support sustainable UK grid infrastructure and innovative power technologies.
- Meet or exceed annual Power Usage Effectiveness (PUE) target of 1.3 by 2030.

In relation to comparable Scope 1 & 2 carbon footprint, we have achieved an 11% absolute reduction and 6% reduction of our like-for-like intensity, well-exceeding our 7% absolute reduction target. Overall, the carbon intensity metric has increased slightly due to the voluntary addition of two scope 3 categories, as well as a reduction in revenue.

Improvements in our footprint are attributable to savings of approximately 1500 tCO2e through the improving efficiency of the UK power grid, 1430 tCO2e through reduction of power consumption, and 300 tCO2e through reduced refrigerant losses from air conditioning systems.

However, there have been two discharges of FM200 fire suppressant gas, resulting in an impact of over 1100 tCO2e and accounting for the overall increase in our Scope 1 emissions. Both have been investigated in accordance with our environmental management system. As a result, and in line with the decarbonisation trajectory required to achieve our goals, we have now pledged to eliminate FM200 from our estate by 2030, with an interim target of eliminating 50% by end 2025.

Further energy efficiency actions taken in 2021 include:

- continuing to invest in infrastructure works, including major chiller upgrades at two of our data centres
- realigning temperature and humidity ranges within data halls to reduce cooling power consumption
- upskilling data centre teams to enable optimisation of airflows within data halls
- ensuring that energy and resource efficiency is a key consideration of the design of new products and services
- enhanced focus on engaging our people with sustainability issues

Following easing of COVID-19 lockdown restrictions, Pulsant's hybrid working arrangements commenced in September 2021, allowing our people who would normally be based in offices to return on a 2-day per week basis. Home working continues to allow commuting footprint to be reduced in relation to pre-COVID practices, while balanced with the operational benefits of in-person interactions and supporting our people with office facilities. Business travel has recommenced in moderation, although the increased adoption of video-conferencing is expected to have some permanent reduction in the need for travel. Based on employee feedback, further measures to reduce the footprint of commuting and business mileage are under review in 2022.

** Our scope 3 footprint has been screened across all categories and baselined but is not disclosed as part of this report until the calculation methodology can be independently assured.

Section 172 statement
Section 172 of the Companies Act 2006 imposes a general duty on Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders. Our goal is to drive value for clients, colleagues, and shareholders alike. The Board believes that balancing the interest of stakeholders with our corporate purpose and the desire to maintain high standards of ethical conduct is embedded in the way we do business.

Our purpose is to offer exceptionally high levels of service, performance and availability, and a broad range of services, backed up by world class infrastructure, systems and technical expertise, which sets it apart from the competition.

The Board delegates day-to-day management and decision-making to its Executive Leadership Team, but it maintains oversight of the Group's performance, and reserves to itself specific matters for approval. Then, by receiving regular updates on business performance, activities and objectives, the Board monitors that management is acting in accordance with the agreed strategy. Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Group's long-term success.

Achieving long-term value for our shareholders
Pulsant aims to grow organically and through acquisitions, where appropriate, in order to deliver both further scale and capabilities. The directors believe that this strategy, along with the Group's regional data centre footprint, will position it well to play an important role in the Edge computing fabric of the future. This is clearly demonstrated by the acquisition of the data centre business from M247 in Manchester at the end of 2021 together with the acquisition of the Amito group in the first quarter of 2022.

Investing in people
Pulsant is dependent on the skill and experience of its employees to deliver the services that its customers expect. We engage with our employees clearly communicating strategy and performance through weekly online meetings. We support the development of our employees and invest in training programmes that ensure that the appropriate skills and accreditations can be maintained in an ever-changing market. Pulsant also invests in well-being programmes for employees with an emphasis on maintaining strong mental health. With travel restrictions being lifted during the second half of 2021, the Executive Leadership Team regularly visited the company sites and sought feedback from employees directly and through management. An employee survey is undertaken twice per annum with the results reported to the Board. This information is used by the Board to drive specific actions driven to ensure we continue to have an engaged, motivated and appropriately trained workforce.

Health and safety is a key priority of Pulsant. Each quarter there is a management review of its ISO14001-accredited management system that covers Health & Safety and Environmental matters attended by the Executive Leadership Team and members of the Senior Management Team. Pulsant also has a Risk Committee that meets monthly attended by members of the Executive Leadership Team and Senior Management Teams. Health and Safety and Risk are discussed regularly at Board meetings. The aim of the Committees is to ensure that Pulsant maintains and operates appropriate, adequate and effective policies and systems.

Our clients
The Board has a keen interest in client feedback and encourages the business to maintain multiple channels and methods of communication to engender a useful dialogue. As well as operating transactions NPS surveys at the end of every engagement, each year Pulsant conducts a Voice of the Customer survey, inviting participation from its top customers by value and seeking feedback across several areas such as the ease of transacting with Pulsant, the level of support received and the satisfaction with Pulsant invoicing process. This is then used to help drive a program of change to ensure Pulsant continues to provide best in class products and services.

The environment and our communities
Pulsant is committed to minimising environmental risk and continual improvement of environmental performance and as described elsewhere in this Strategic Report sources 100% renewable electricity for its datacentres and through its ISO14001-accredited management system, Pulsant drives further progress against environmental commitments in relation to emissions, efficiency, value chain, culture and governance.

Section 172 statement - continued

The environment and our communities - continued
Pulsant is a significant local employer both directly and indirectly at its 3 main hubs and seeks to invest in local community projects through the "Give Something Back" initiative giving every member of staff an additional day holiday per annum to undertake charitable work and have been involved in supporting local foodbanks and other local charitable activities.

The Board recognises the importance of contributing to the local community and considers it a vital part of achieving our purpose.

Our suppliers
Pulsant aims to build strong collaborative relationships with its key suppliers, sourcing the best value goods and services for the benefit of its clients. The Board is committed to high standards of ethical business contact. The policies and procedures relevant to business conduct are available to all employees. The Board takes a zero-tolerance approach to bribery and corruption. In 2021, the Board satisfied itself that suppliers' due diligence checks and procedures were sufficiently robust.

Lending banks
Regular and clear reporting is in place that demonstrates Group performance is meeting agreed covenant reporting and providing all required quarterly information submissions. Management and the Directors are in regular communication with the lenders' agent. The current financing was put in place in July 2021.

Future developments
The directors have embarked on a comprehensive strategic programme which will see a focus on the go-to-market strategy, standardisation of the product and service portfolio, improved customer service, enhanced systems and tools and in creating a culture that drives employee satisfaction and success. This strategic programme will require investment in a number of areas that will ultimately provide a strong platform for growth that will allow the business to take advantage of a growing market for our services.

Approved by the board and signed on its behalf by:

DocuSigned by:
Brad Petzer
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....
B M Petzer - director

May 27, 2022
Date: ....

Monch Bidco Limited

Directors' Report
For the Period 22 June 2021 to 31 December 2021

The directors present their Annual Report and audited financial statements for the period ended 31 December 2021.

Future developments
Details of future developments can be found in the Strategic Report on Page 9 and form part of this report by cross reference.

Incorporation
The Company was incorporated on 22 June 2021.

Principal activity
The principal activity of Monch Bidco Limited is as a holding company. The principal activity of the Group was that of providing information technology services.

Dividends
No dividends will be distributed for the period ended 31 December 2021.

Directors
The present directors, who served throughout the period and subsequently, are as follows:

R A Coupland	(Appointed 23 July 2021)
M Forrester	(Appointed 22 June 2021)
B M Petzer	(Appointed 23 July 2021)
S Soder	(Appointed 22 June 2021, Resigned 23 July 2021)

Directors' indemnities
The Company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Charitable donations
The Group made charitable donations of £12,061 during the period.

Employees
A great deal of effort is devoted to providing clear and consistent communication of the Company strategy and plans to enable employees to deliver the strategy. Weekly online meetings are held between management and employees through which management seeks to keep all employees informed of, and involved in, the progress and performance of Pulsant. We actively encourage the involvement of employees in the performance and success of Pulsant through the Company-wide employee bonus scheme.

Pulsant is committed to the personal and professional development of all employees and to ensuring that they have a challenging and rewarding work environment.

Pulsant ensures all employees receive at least the living wage and can work in a safe and pleasant workplace.

Pulsant employees are encouraged to "Give Something Back" by spending a working day away from work supporting a local community initiative or charity.

Equal opportunities
The Group is committed to being an equal opportunity employer and applies fair and equitable employment policies which seek to promote entry into and progression within the Group on a non-discriminatory basis.

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Going concern

The directors, in their consideration of whether the Group and the Company is a going concern, have reviewed the Group's future cash forecasts and revenue projections, which have been prepared on the basis of market knowledge, past experience and current trading conditions. Given the Group's very high levels of recurring revenue and relatively fixed cost base, the directors are confident of achieving the forecast set for the year ending 31 December 2022.

Having run various upside and downside scenarios on the forecast through to December 2023 the directors are confident that the profitability and liquidity of the business is sufficient to demonstrate that the Company is a going concern.

The banking facilities are provided on a group wide basis, and the directors are of the opinion that the Company and the Group's forecasts and revenue projections, taking account of reasonable possible changes in trading performance, show that the Company and the Group should be able to operate within its current facilities. The directors are mindful that the Company and the Group's management team has a strong focus on liquidity and cash flow management and that it is currently financed through term loan facilities expected to mature in 2026.

At the inception of the COVID-19 pandemic a specific and dedicated committee was set up to consider the impact on the business. As well as focusing on the impact on the health of staff, clients and suppliers alike, the committee also considered the impact on the Group's forecasts and funding position. The Group has been able to successfully continue to provide the services expected by its clients and has successfully moved to a new hybrid way of working. An assessment was also made of the likely impact on the Groups' client base. To date, the Group has not seen any real change in payments from clients, evidencing that the Group's services are in many cases business critical services for our clients. The committee also assessed supply chain risk, communicating with all critical suppliers to ensure continuity of supply. To date no material issues have arisen, caused by the pandemic, but the committee has mitigation plans in place if required. The directors continue to monitor the impact of the COVID-19 virus on the business with particular focus on the impact of staff shortages and operating delays caused by supply chain issues. At the time of authorising the financial statements, the directors do not consider COVID-19 to impact the Group's ability to continue as a going concern and consider the Balance Sheet to be appropriately valued.

The directors regularly monitor the cost of power, which has increased significantly over the past six months, and remains very volatile. The business works closely with its energy advisors to mitigate this risk as much as is possible. The business has secured the capacity required for an extended period at a fixed price, and closely monitors the long-term energy markets for the appropriate time to procure further capacity. The business has the ability to pass on the increase cost of power to its customers, as appropriate. The business is also focused on improving the efficiency of its infrastructure, which will mitigate some of the cost pressures that exist.

The directors also closely monitor the impact that the current global microprocessor shortage might have on operations. While delays in procuring new infrastructure have been seen, this is not materially impacting the business and does not affect going concern. Mitigating strategies are being deployed to minimise the impact of this supply chain elongation.

The directors are also closely monitoring the impact that high inflation rates may have on the business. The directors believe that the current inflationary impacts will not affect the going concern conclusion reached.

Having assessed the responses of the directors of Monch Bidco Limited to their enquiries and based on the forecast and projections, the Group's committed debt position and the projected cash generation from trading, the directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

Pulsant's activities expose it to a number of financial risks, including liquidity risk, credit risk, commercial risk and managerial risk. Monch Bidco does not use derivative financial instruments for speculative purposes.

Liquidity risk

The Group manages liquidity risk by closely monitoring cash flow and forecasting cash flow for future periods. The Group's cash flow forecasts are updated regularly to ensure that sufficient funds are available to meet all financial commitments. Adequate cash reserves and banking facilities are maintained to support the future growth of the business.

Financial risk management - continued

Liquidity risk - continued
Power is a significant cost to the business and Pulsant has a contract with an independent energy management Company in order that it can closely monitor the movement in future power prices and hedge its forward position where appropriate. A sub-group of the board acts as an Energy Risk Committee that meets every month (or more regularly if required) to review and determine future power purchasing strategies. The directors provide the energy management Company with limits to the level of exposure to future price rises that the Company is willing to accept. This determines the proportion of future power requirements for which pricing is fixed at any point in time.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of a provision for doubtful receivables. A provision for impairment would be made where there was an identified loss event which, based on previous experience, was evidence of a reduction in the recoverability of the balance due.

Very few customers receive greater than 30 days credit terms and this minimises the impact of any non-payment. The Company closely monitors the payment history of all customers and communicates with a customer very early if payment is not received on the due date. Pulsant reserves the right to terminate service where no payment has been received. The potential credit risk is mitigated by a diversified customer base.

Large scale contracts are only signed with customers whom the directors are satisfied have a satisfactory credit rating.

Commercial risk
Pulsant seeks to mitigate commercial and operational risks through ensuring operational policies are followed, matching service level agreements with customers to service level agreements provided by suppliers, ensuring the credit control function is properly resourced and by ongoing review of changes in the industry.

All new customers' contracts are subject to a sales governance process which requires commercial, operational and financial sign off at different levels dependent on the standardisation of the service that is to be provided, the complexity and the scale.

The sales governance process is delivering efficiencies into the project management and transitioning functions as improved data capture and specification of the customer requirements at the pre-contract stage allows the resource and timescales required to deliver a particular customer project to be properly considered and factored into the contract.

Managerial risk
Pulsant has a highly regarded and experienced management team and all the directors are shareholders who would be financially disadvantaged by leaving the business.

Internal control
The board approves the budget for the following period. The board reviews the monthly management accounts and other key business metrics against the budget and obtains explanations for variances from the budget. The board approves all large-scale capital expenditure. There is a delegation of authority which governs all purchase approvals, bank payments, non-standard customer contracts and pricing models.

Post balance sheet events
On 25 February 2022 Pulsant acquired 51% of the share capital of Amito Topco Limited, giving it control of the Amito group of companies. Pulsant is committed to acquiring the remaining 49% before the end of 2022, with the funds required to complete this transaction already placed in escrow.

The directors are monitoring the ongoing conflict in Ukraine. The business has not experienced a direct impact from the conflict to date and the directors believe that the Company should be reasonably protected from this conflict.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make themselves 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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board and signed on its behalf by:

DocuSigned by:
Brad Petzer
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B M Petzer - Director

May 27, 2022

Date: ....

Directors' Responsibilities Statement
For the Period 22 June 2021 to 31 December 2021

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's to the Members of
Monch Bidco Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Monch Bidco Limited (the 'Parent Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of its loss for the period then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheet;
- the Consolidated and Parent Company Statement of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statement is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Other information
The other information comprises the information included in the annual report , other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, 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 Group's and the Parent 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 Parent 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.

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

Extent to which 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, FRS 102; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud in relation to completeness of deferred income as it is subject to manual intervention and thus subject to judgement and manual calculation. As part of our audit procedures, we selected a sample of invoices from the period immediately preceding and succeeding the year end date, and agreed to the relevant supporting documentation to verify that revenue had been recognised in the correct accounting period. We have also selected sample invoices across all revenue streams preceding to year end, and performed recalculation of revenue recognised based on work already performed to ensure completeness of deferred income as at end of the year.

Report of the Independent Auditor's to the Members of Monch Bidco Limited - continued

Extent to which the audit was considered capable of detecting irregularities, including fraud - continued

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

We have nothing to report in respect of these matters.

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:
David Mitchell
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David Mitchell CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow
United Kingdom

May 27, 2022
Date: ....

Monch Bidco Limited

Consolidated Statement of Comprehensive Income
For the Period 22 June 2021 to 31 December 2021

	Note	Period from 22.06.2021 to 31.12.2021 £'000
Turnover	3	32,394
Cost of sales		(24,536)
Gross profit		7,858
Administrative expenses		(15,918)
Exceptional expenses	5	(14,480)
Total administrative expenses		(30,398)
Operating loss	5	(22,540)
Interest payable and similar expenses	6	(3,588)
Fair value gain on interest rate swaps	18	1,840
Loss before taxation		(24,288)
Tax on loss	7	287
Loss for the financial period		(24,001)
Total comprehensive loss for the period		(24,001)

The results from the current period have been derived from wholly continuing activities. There have been no gains or losses other than those presented above. Accordingly no Statement of Other Comprehensive Income is presented.

Monch Bidco Limited

Consolidated Balance Sheet
As at 31 December 2021

	Note	2021 £'000
Non-current assets		
Intangible assets	10	254,305
Tangible assets	11	23,986
Investments	12	-
Other non-current assets		442
		278,733
Current assets		
Debtors	14	14,151
Cash at bank and in hand		12,885
		27,036
Creditors		
Amounts falling due within one year	15	(12,416)
Net current assets		14,620
Total assets less current liabilities		293,353
Creditors		
Amounts falling due after more than one year	16	(84,461)
Deferred tax liability	19	(30,019)
Deferred income	20	(8,059)
Net assets		170,814
Capital and reserves		
Called up share capital	21	-
Share premium	21	194,815
Retained earnings	21	(24,001)
Total Shareholders' funds		170,814

The financial statements of Monch Bidco Limited (registered number: 13470545) were approved by the Board of Directors on May 27, 2022 .... and were signed on its behalf by:

DocuSigned by:
Brad Petzer
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B M Petzer - Director

The notes form part of these financial statements

Monch Bidco Limited

Company Balance Sheet
As at 31 December 2021

	Note	2021 £'000
Non-current assets		
Investments	12	-
Current assets		
Debtors	14	275,180
Cash at bank and in hand		1,575
		276,755
Creditors		
Amounts falling due within one year	15	(2,784)
Net current assets		273,971
Total assets less current liabilities		273,971
Creditors		
Amounts falling due within one year	16	(84,026)
Deferred tax liability	19	(460)
Net assets		189,485
Capital and reserves		
Called up share capital	21	-
Share premium	21	194,815
Retained earnings	21	(5,330)
Shareholders' funds		189,485
Company's loss for the financial period		(5,330)

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Company is not presented as part of these financial statements. The Company's result for the period, determined in accordance with the Act was a loss after tax of £5,330k.

The financial statements of Monch Bidco Limited (registered number: 13470545) were approved by the Board of Directors on May 27, 2022 .... and were signed on its behalf by:

DocuSigned by:
Brad Petzer
A97DDCCF12AE4C0...

B M Petzer - Director

The notes form part of these financial statements

Monch Bidco Limited

Consolidated Statement of Changes in Equity
For the Period 22 June 2021 to 31 December 2021

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 22 June 2021	-	-	-	-
Issue of share capital	-	194,815	-	194,815
Total comprehensive loss	-	-	(24,001)	(24,001)
Balance at 31 December 2021	-	194,815	(24,001)	170,814

The notes form part of these financial statements

Monch Bidco Limited

Company Statement of Changes in Equity
For the Period 22 June 2021 to 31 December 2021

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 22 June 2021	-	-	-	-
Issue of share capital	-	194,815	-	194,815
Total comprehensive loss	-	-	(5,330)	(5,330)
Balance at 31 December 2021	-	194,815	(5,330)	189,485

The notes form part of these financial statements

Monch Bidco Limited

Consolidated Cash Flow Statement
For the Period 22 June 2021 to 31 December 2021

	Note	22.6.21 to 31.12.21 £'000
Cash flows from operating activities		
Cash utilised by operations	23	(23,166)
Net cash from operating activities		(23,166)
Cash flows from investing activities		
Purchase of intangible fixed assets		(651)
Assets acquired in subsidiaries		(236,712)
Purchase of tangible fixed assets		(2,909)
Net cash from investing activities		(240,272)
Cash flows from financing activities		
Interest paid		(136)
New bank borrowings		81,778
Share issues		194,815
Finance leases		(134)
Net cash from financing activities		276,323
Increase in cash and cash equivalents		12,885
Cash and cash equivalents at beginning of period	24	-
Cash and cash equivalents at end of period	24	12,885

The notes form part of these financial statements

1. **Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial period, unless otherwise stated.

a. General information and basis of accounting
Monch Bidco Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 (Company Registration No. 13470545) and is registered in England and Wales. The address of the Company's registered office is Blue Square House, Priors Way, Maidenhead, SL6 2HP, United Kingdom.

The nature of the Group's operations and it's principal activities are set out in the Strategic Report on pages 2 to 9.

The financial statements have been prepared under the historical cost convention modified to included certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the requirements of the Companies Act 2006.

The Group has applied the following amendments to FRS 102 issued by the FRC for the first time during the period:

- The amendments issued by the FRC in December 2020. The amendments enable the Group to reflect the effects of transitioning from LIBOR to SONIA without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group is not exposed to LIBOR in its floating rate bank loans and therefore the amendment has had no impact on the Group.

- The amendments issued by the FRC in June 2021. The amendments extend the requirements introduced by the October 2020 amendments so that they apply to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions are met. No such rent concessions were provided to the Group and therefore there has been no impact on the Group as a result of this amendment.

The functional currency of Monch Bidco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

For the period ending 31 December the following subsidiaries of the Company were entitled to exemption from audit under s479A of the companies act relating to subsidiary companies.

Subsidiary Name	*Companies House Registration Number*
Pulsant Group Limited	09075201
Pulsant Parent Limited	09075228
Pulsant Acquistions Limited	08912247
Pulsant Topco Limited	07403360
Pulsant Midco 1 Limited	07401201
Pulsant Midco 2 Limited	07400928
Pulsant Bidco Limited	07187060
Mew Property Limited	05761791
ScoLocate (Holdings) Limited	SC196364
Pulsant (South Gyle) Limited	SC195354
Onyx Information Technology Holdings Limited	07725048
Onyx Group Limited	05682619
Business Continuity Centres Limited	04834297
Knowledge Limited	01554385
Onyx Internet Limited	04061967
Databanx Limited	04759836
Yorkshire Data Centres Limited	06659646
Campbell Lee Limited	SC145587
Campbell Lee Computer Services limited	SC062818
LayerV Holdings Limited	10790867
LayerV Limited	08783277
Scolocate Limited	SC200403

1. **Accounting policies - continued**

a. General information and basis of accounting - continued

The following dormant subsidiaries of the Company have taken advantage of the Companies Act 2006 Section 480 exemption from audit. These subsidiaries are exempt from the requirement to an audit by virtue of this section.

Subsidiary Name	*Companies House Registration Number*
Blue Square Data MK Limited	07026125
Blue Square Data Services Limited	06869641
Dedipower Managed Hosting Limited	04904386
Edinburgh Network Technologies Limited	SC160949
Lumison Limited	SC236129
Pulsant (Scotland) Limited	SC236128
Pulsant Data MK Limited	06515855
Pulsant Data Services Limited	05760876
Pulsant Facilities Limited	05820702
Pulsant Shared Services Limited	06601970
Pulsant Intermediate Limited	06536037

b. Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the period ended 31 December 2021. The results of subsidiaries acquired are consolidated from the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Going concern
The directors, in their consideration of whether the Company is a going concern, have reviewed the Group's future cash forecasts and revenue projections, which have been prepared on the basis of market knowledge, past experience and current trading conditions. Given the Group's very high levels of recurring revenue and relatively fixed cost base, the directors are confident of achieving the forecast set for the year ending 31 December 2022.

Having run various upside and downside scenarios on the forecast through to December 2023 the directors are confident that the profitability and liquidity of the business is sufficient to demonstrate that the Company is a going concern.

The banking facilities are provided on a group wide basis, and the directors are of the opinion that the Company and the Group's forecasts and revenue projections, taking account of reasonable possible changes in trading performance, show that the Company and the Group should be able to operate within its current facilities. The directors are mindful that the Company and the Group's management team has a strong focus on liquidity and cash flow management and that it is currently financed through term loan facilities expected to mature in 2026.

1. **Accounting policies - continued**

c. Going concern - continued

At the inception of the COVID-19 pandemic a specific and dedicated committee was set up to consider the impact on the business. As well as focusing on the impact on the health of staff, clients and suppliers alike, the committee also considered the impact on the Group's forecasts and funding position. The Group has been able to successfully continue to provide the services expected by its clients and has successfully moved to a new hybrid way of working. An assessment was also made of the likely impact on the Groups' client base. To date, the Group has not seen any real change in payments from clients, evidencing that the Group's services are in many cases business critical services for our clients. The committee also assessed supply chain risk, communicating with all critical suppliers to ensure continuity of supply. To date no material issues have arisen, caused by the pandemic, but the committee has mitigation plans in place if required. The directors continue to monitor the impact of the COVID-19 virus on the business with particular focus on the impact of staff shortages and operating delays caused by supply chain issues. At the time of authorising the financial statements, the directors do not consider COVID-19 to impact the Group's ability to continue as a going concern and consider the Balance Sheet to be appropriately valued.

The directors regularly monitor the cost of power, which has increased significantly over the past six months, and remains very volatile. The business works closely with its energy advisors to mitigate this risk as much as is possible. The business has secured the capacity required for an extended period at a fixed price, and closely monitors the long-term energy markets for the appropriate time to procure further capacity. The business has the ability to pass on the increase cost of power to its customers, is appropriate. The business is also focused on improving the efficiency of its infrastructure, which will mitigate some of the cost pressures that exist.

The directors also closely monitor the impact that the current global microprocessor shortage might have on operations. While delays in procuring new infrastructure have been seen, this is not material impacting the business and does not affect going concern. Mitigating strategies are being deployed to minimise the impact of this supply chain elongation.

The directors are also closely monitoring the impact that high inflation rates may have on the business. The directors believe that the current inflationary impacts will not affect the going concern conclusion reached.

Having assessed the responses of the directors of Monch Bidco Limited to their enquiries and based on the forecast and projections, the Group's committed debt position and the projected cash generation from trading, the directors continue to adopt the going concern basis in preparing the financial statements.

d. Intangible assets

Goodwill arising on acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 10 years. Provision is made for any impairment when identified.

Customer relationships are recognised at fair value of the identifiable assets, and written off on a straight line basis over its estimated useful economic life, which is 10 years. Provision is made for any impairment when identified.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

1. **Accounting policies - continued**

e. Tangible assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided so as to write off the cost of tangible fixed assets in equal instalments less residual value over the estimated useful economic lives of the assets. The annual rates of depreciation are as follows:

Land & Buildings	2% straight-line
Computer Equipment	20 - 25% straight-line
Property fit out costs	5 - 25% straight line
Fixtures, Fittings & Equipment	25% straight line

f. Investments
Investments held as fixed assets are stated at cost less provision for any impairment.

g. Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

1. **Accounting policies - continued**

g. Financial instruments - continued

Financial assets and liabilities - continued
Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments
Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Derivative financial instruments
The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost.

1. **Accounting policies - continued**

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less/(more) than the value at which it is recognised, a deferred tax liability/(asset) is recognised for the additional tax that will be paid/(avoided) in respect of that difference. Similarly, a deferred tax asset/(liability) is recognised for the additional tax that will be avoided/(paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. **Accounting policies - continued**

i. Revenue recognition

Services - revenue from colocation, cloud, managed hosting services, managed networks and other services is recognised on a straight line basis over the contract term.

Non-refundable set up fees - revenue generated from setting up customers at the incorporation of new or improved services is recognised on the date the service commences.

To the extent that invoices are raised to a different pattern from the dates of the recognition of revenues described above, appropriate adjustments are made through deferred or accrued income.

Professional services - revenue from consultancy services is recognised based on work completed.

j. Employee benefits

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the period they are payable.

k. Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Statement of Comprehensive Income over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

l. Acquisitions

On the acquisition of a business, fair values are attributed to the net separable assets acquired. Where the cost of acquisition exceeds the fair values attributed to such net assets, the difference is treated as purchased goodwill and capitalised in the Balance Sheet in the period of acquisition. The results and cash flows relating to a business are included in the Consolidated Statement of Comprehensive Income and the Consolidated Cash Flow Statement from the date of acquisition.

m. Exceptional items

Exceptional items, as disclosed on the face of the Statement of Comprehensive Income, are items which due to their materiality and nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to highlight the impact of exceptional items on the results of the Group.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies
Assessing goodwill, intangible assets and fixed assets for impairment
Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Management consider each period whether there is any indication of impairment in relation to fixed asset investments. An assessment of the risk of impairment was initially made through reference to net assets of the subsidiary. Where the book value exceeded net assets, a calculation of the estimated future cash flows expected to arise as a result of trading activities was performed. A discount rate of 8.48% was applied in order to calculate the present value of the future cash flows. As at 31 December 2021 no impairment of the carrying value was required.

Classification and presentation of exceptional items
Management consider that some items incurred by the Group should be shown as exceptional items on the face of the Statement of Comprehensive Income. Exceptional items are items which due to their materiality and nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to highlight the impact of exceptional items on the results of the Group.

Key sources of estimation uncertainty
The directors do not consider there to be any key sources of estimation uncertainty.

3. Turnover

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	Period from 22.06.2021 to 31.12.2021 £'000
Services	31,074
Non-refundable setup fees	737
Professional services	583
	32,394

Turnover represents amounts derived from the provision of colocation and cloud infrastructure services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax.

Turnover for the Group activities relates wholly to sales made in the United Kingdom.

4. Employees and directors

The average monthly number of employees (including executive directors) was:

	Period from 22.06.2021 to 31.12.2021
	No.
Technical	247
Sales	39
Administration	35
	321

There were no pension scheme contributions outstanding at the balance sheet date.

Their aggregate remuneration comprised:

	Period from 22.06.2021 to 31.12.2021
	£'000
Wages and salaries	7,016
Social security costs	765
Other pension costs	331
	8,112

The average monthly number of directors was 5.

Directors' of subsidiary companies remuneration:

	Period from 22.06.2021 to 31.12.2021
	£'000
Directors' remuneration	213
Social security costs	64
Other pension costs	11
	288

Highest paid director was paid a total amount of £131k and pension contributions of £5k in respect of services to the Group.

Directors' remuneration in the current period was borne by another group undertaking.

No directors received any emoluments during the period ended 31 December 2021.

5. Operating loss

Loss before taxation is stated after charging:

	Period from 22.06.2021 to 31.12.2021 £'000
Depreciation of tangible fixed assets (note 11)	
- owned assets	3,837
- assets held under finance leases	19
Amortisation of intangible assets (note 10)	10,794
Rentals under operating leases	1,214
Exceptional items - acquisition, integration and restructuring costs	14,480

Exceptional items in the current period relate to professional fees in relation to acquisitions, integration costs and restructuring costs.

Amortisation of intangible assets is included within administrative expenses.

The analysis of auditor's remuneration is as follows:

	Period from 22.06.2021 to 31.12.2021 £'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	20
Fees payable to the Company's auditor for other audit services approved by the Group audit committee in advance of the work being performed	
- The audit of the Company's subsidiaries pursuant to legislation	74
Total audit fees	94

	Period from 22.06.2021 to 31.12.2021 £'000
- Taxation compliance services	150
- Other services	12
Total non-audit fees	162

All non-audit services were approved by the Board of Directors and Group audit committee in advance of the work being performed.

6. Interest payable and similar expenses

	Period from 22.06.2021 to 31.12.2021 £'000
Bank loan interest	1,720
Loan amortisation charge	1,428
Swap interest	203
Interest payable to group	3
Amortisation of finance costs	234
	3,588

7. Taxation

	Period from 22.06.2021 to 31.12.2021 £'000
Current tax:	
UK corporation tax on profits for the period	1
Total current tax	1
Deferred tax:	
Origination and reversal of timing differences	(393)
Effect of changes in tax rates	105
Total deferred tax	(288)
Tax per income statement	(287)

7. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period from 22.06.2021 to 31.12.2021 £'000
Loss before tax	(24,288)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(4,615)
Effects of:	
Expenses not deductible	4,431
Income not taxable	(503)
Tax rate changes	106
Other - Deferred tax not recognised	294
Tax charge for the period	(287)

Finance Act 2020 enacted provision to increase the UK Corporation tax rate to 19% from 1 April 2020 and accordingly the deferred tax at 31 December 2020 was calculated at this rate.

Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023. In valuing the deferred tax balances at the period end a combination of 19% and 25% have been used based on the expected periods of reversals.

8. Parent company statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Company, is not presented as part of these financial statements. The Company's result for the period, determined in accordance with the Act was a loss after tax of £5,330k.

9. Dividends

No dividend was paid or approved during the period.

10. **Intangible fixed assets**

	Goodwill £'000	Customer Relationships £'000	Favourable contracts £'000	Development Costs £'000	Software Licences £'000	Total £'000
COST						
Additions	8,221	8,713	-	259	392	17,585
Acquisitions	80,699	161,401	3,906	1,215	293	247,514
At 31 December 2021	88,920	170,114	3,906	1,474	685	265,099
AMORTISATION						
Amortisation for period	2,966	6,725	814	257	32	10,794
At 31 December 2021	2,966	6,725	814	257	32	10,794
NET BOOK VALUE						
At 31 December 2021	85,954	163,389	3,092	1,217	653	254,305

Customer relationships and goodwill arising on acquisitions in 2021 are considered material to the Group. The carrying amounts as at 31 December 2021 were £163.3m and £86.0m respectively and have an estimated remaining useful life of 9.5 years. Favourable contracts arising on acquisition in 2021 are considered material to the Group. The carrying value as at 31 December 2021 was £3.1m and has an estimated remaining useful life of 1.5 years.

11. Tangible fixed assets

Group

	Land and buildings £'000	Computer equipment £'000	Property fit out costs £'000	Fixtures, fittings and equipment £'000	Total £'000
COST					
Additions	6	1,003	1,900	-	2,909
Acquired	6,905	6,609	11,133	286	24,933
At 31 December 2021	6,911	7,612	13,033	286	27,842
DEPRECIATION					
Charge for period	103	1,545	2,133	75	3,856
At 31 December 2021	103	1,545	2,133	75	3,856
NET BOOK VALUE					
At 31 December 2021	6,808	6,067	10,900	211	23,986

Included within the net book value of computer equipment is £893k relating to assets held under finance leases. The depreciation charged in the period in respect of such assets amounted to £19k.

12. Fixed assets investments

	Shares in group undertakings £'000
Cost	
At 22 June 2021	-
At 31 December 2021	-
Net book value	
At 31 December 2021	-

Monch Bidco Limited

Notes to the Consolidated Financial Statements - continued
For the Period 22 June 2021 to 31 December 2021

12. Fixed assets investments - continued

The following information relates to the subsidiary undertakings:

Name of company	Country of incorporation	Proportion of nominal value of issued share capital held	Principal activity	Registered address
Pulsant Group Holdings Limited	UK	100%	Intermediate holding company	**
Pulsant Group Limited*	UK	100%	Intermediate holding company	**
Pulsant Parent Limited*	UK	100%	Intermediate holding company	**
Pulsant Acquisitions Limited*	UK	100%	Intermediate holding company	**
Pulsant Topco Limited*	UK	100%	Intermediate holding company	**
Pulsant Midco 1 Limited*	UK	100%	Intermediate holding company	**
Pulsant Midco 2 Limited*	UK	100%	Intermediate holding company	**
Pulsant Bidco Limited*	UK	100%	Intermediate holding company	**
Edinburgh Network Technologies Limited*	UK	100%	Intermediate holding company	***
Pulsant (Scotland) Limited*	UK	100%	Dormant	***
Lumison Limited*	UK	100%	Dormant	***
Pulsant Intermediate Limited*	UK	100%	Intermediate holding company	**
Pulsant Facilities Limited*	UK	100%	Dormant	**
Pulsant Data MK Limited*	UK	100%	Dormant	**
Mew Property Limited*	UK	100%	Property	**
Pulsant Shared Services Limited*	UK	100%	Dormant	**
Pulsant Data Services Limited*	UK	100%	Dormant	**
Bluesquare Data Services Limited*	UK	100%	Dormant	**
Bluesquare Data MK Limited*	UK	100%	Dormant	**
Pulsant Limited*	UK	100%	Data Centre Services	**
Dedipower Managed Hosting Limited*	UK	100%	Dormant	**
Dedipower Asia Limited*	Hong Kong	100%	Dormant	16/F Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Pulsant Inc*	USA	100%	Dormant	1209 Orange Street, Wilmington, New Castle, Delaware 19801 USA

12. **Fixed assets investments - continued**

Name of company	Country of incorporation	Proportion of nominal value of issued share capital held	Principal activity	Registered address
Scolocate (Holdings) Limited*	UK	100%	Intermediate holding company	***
Pulsant (South Gyle) Limited*	UK	100%	Dormant	***
Scolocate Limited*	UK	100%	Dormant	***
Onyx Information Technology Holdings Limited*	UK	100%	Intermediate holding company	**
Onyx Trustees Limited*	UK	100%	Employment Benefit Trust	**
Onyx Group Limited*	UK	100%	Intermediate holding company	**
Knowledge Limited*	UK	100%	Dormant	**
Business Continuity Centres Limited*	UK	100%	Dormant	**
Yorkshire Data Centres Limited*	UK	100%	Dormant	**
Onyx Internet Limited*	UK	100%	Intermediate holding company	**
Databanx Limited*	UK	100%	Dormant	**
Campbell Lee Limited*	UK	100%	Intermediate holding company	***
Campbell Lee Computer Services Limited*	UK	100%	Dormant	***
LayerV Holdings Limited*	UK	100%	Intermediate holding company	**
LayerV Ltd*	UK	100%	Dormant	**
UAB LayerV LT*	Lithuania	100%	Dormant	Vilniaus m. sav. Vilniaus m. Liejklos g. 3
Pacific Shelf 1871 Limited*	UK	100%	Data processing activities	**

The directors have elected to take advantage of the exception from audit unders s479A of the Companies Act in respect of the following entities:

Databanx Limited*	UK	100%	Dormant	**
Business Continuity Centres Limited*	UK	100%	Dormant	**
LayerV Ltd*	UK	100%	Cloud services	**
Campell Lee Computer Services Limited*	UK	100%	Dormant	***
Campbell Lee Limited*	UK	100%	Intermediate	***

12. **Fixed assets investments - continued**

Name of company	Country of incorporation	Proportion of nominal value of issued share capital held	Principal activity	Registered address
			holding company	
LayerV Holdings Limited*	UK	100%	Intermediate holding company	**
Onyx Information Technology Holdings Limited*	UK	100%	Intermediate holding company	**
Onyx Group Limited*	UK	100%	Intermediate holding company	**
Scolocate (Holdings) Limited*	UK	100%	Intermediate holding company	**
Knowledge Limited*	UK	100%	Dormant	**
Onyx Internet Limited*	UK	100%	Intermediate holding company	**
Pulsant (South Gyle) Limited*	UK	100%	Data Centre Services	***
Pulsant Group Limited*	UK	100%	Intermediate holding company	**
Pulsant Parent Limited*	UK	100%	Intermediate holding company	**
Pulsant Acquisitions Limited*	UK	100%	Intermediate holding company	**
Pulsant Topco Limited*	UK	100%	Intermediate holding company	**
Pulsant Midco 1 Limited*	UK	100%	Intermediate holding company	**
Pulsant Midco 2 Limited*	UK	100%	Intermediate holding company	**
Pulsant Bidco Limited*	UK	100%	Intermediate holding company	**
Mew Property Limited*	UK	100%	Dormant	**
ScoLocate Limited*	UK	100%	Dormant	**
Yorkshire Data Centres Limited*	UK	100%	Dormant	**

* Held indirectly
** Blue Square House, Priors Way, Maidenhead, England, SL6 2HP
*** Sirius House, The Clocktower, Flassches Yard, Edinburgh, EH12 9LB

13. **Acquisition of subsidiary undertaking**

On 23 July 2021 the Company acquired 100% of the issued share capital of Pulsant Group Holdings Limited, a company whose primary activity is to act as a holding company, for consideration comprising the issue of 102 ordinary shares of £1 each in the Company. The fair value of the total consideration was £231,142k. In accordance with Section 615 of the Companies Act 2006, the Company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued. The resulting difference arising on consolidation has been credited to other reserves.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

13. **Acquisition of subsidiary undertaking - continued**

	Book Value £'000	Revaluation £'000	Deferred tax on intangible assets £'000	Fair Value to Group £'000
Fixed assets				
Goodwill	61,125	(61,125)	-	-
Intangible	30,412	(29,095)	-	1,317
Tangible	23,562	(1,317)	-	22,245
Current assets				
Debtors	13,218	-	-	13,218
Cash	9,461	-	-	9,461
Total assets	137,778	(91,537)	-	46,241
Creditors				
Loan/preferences	224,978	(224,978)	-	-
Trade & other creditors include tax	14,048	(2,743)	-	11,305
Deferred income	8,978	-	-	8,978
Non-current liabilities	6,781	-	34,041	40,822
Total liabilities	254,785	(227,721)	34,041	61,105
Net assets	(117,007)	136,184	(34,041)	(14,864)
Intangible assets				
Goodwill on acquisition	-	80,699	-	80,699
Customer relationships	-	127,360	34,041	161,401
Favourable contract	-	3,906	-	3,906
Total consideration	(117,007)	348,149	-	231,142

Satisfied by	
Cash	240,603
Cash acquired	(9,461)
	231,142

In the period ended 31 December 2021, turnover of £32,479k and a loss of £(19,885k) was included in the consolidated profit and loss account in respect of Pulsant Group Holdings Limited and its subsidiaries since the acquisition date.

On 30 December 2021, the Group acquired 100% per cent of the issued share capital of Pacific Shelf 1871 Limited, a company whose primary activity is providing colocation services.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

13. Acquisition of subsidiary undertaking - continued

	Book Value £'000	Revaluation £'000	Deferred tax on intangible assets £'000	Fair Value to Group £'000
Fixed assets				
Tangible	2,878	-	-	2,878
Current assets				
Debtors	8	-	-	8
Total assets	2,886	-	-	2,886
Creditors				
Amounts owed to group undertakings	2,858	(2,858)	-	-
Other creditors	2	-	-	2
Deferred income	26	-	-	26
Non-current liabilities	-	-	2,012	2,012
Total liabilities	2,886	(2,858)	2,012	2,040
Net assets	-	2,858	(2,012)	846
Goodwill on acquisition	-	8,221	-	8,221
Intangible assets				
customer relationships	-	6,701	2,012	8,713
Total consideration	-	17,780	-	17,780

	£'000
Satisfied by	
Shares issued	12,421
Cash	5,359
	17,780

14. Debtors: amounts falling due within one year

	Group 2021 £'000	Company 2021 £'000
Trade debtors	5,816	-
Amounts owed by group undertakings	-	272,411
Amounts owed by parent undertakings	441	-
Other debtors	773	929
Prepayments	5,281	-
Derivative financial assets (see note 18)	1,840	1,840
	14,151	275,180

Amounts owed by parent and group undertakings are repayable on demand and accrue interest at a rate of 5%.

15. Creditors: amounts falling due within one year

	Group 2021 £'000	Company 2021 £'000
Trade creditors	3,450	-
Amounts owed to group undertakings	324	-
Other creditors	7,216	2,784
Corporation tax	137	-
Other taxation and social security	974	-
Finance leases	315	-
	12,416	2,784

Amounts owed to parent and group undertakings are repable on demand and accrue interest at a rate of 5%

16. Creditors: amounts falling due after more than one year

	Group 2021 £'000	Company 2021 £'000
Bank loans (see note 17)	83,440	84,026
Finance leases (see note 17)	1,021	-
	84,461	84,026

17. Loans

	2021 £'000
Bank loans	83,440
Finance lease	1,336
	84,776

The bank loans and finance leases are repayable as follows:

	Finance lease £'000	Bank loans £'000	Total £'000
Within one year	315	-	315
Between one and two years	315	-	315
Between two and five years	706	85,878	86,584
	1,336	85,878	87,214
Issue costs	-	(2,438)	(2,438)
	1,336	83,440	84,776

The bank loans are secured by fixed and floating charges on the assets of the Group.

17. **Loans - continued**

The bank loans consist of senior debt of £78,750,000 repayable in a single bullet payment in July 2026, and a loan for £5,700,000 from the capex facility, both carrying interest at a rate of 3.75%, increasing to 4.5% by July 2025, above SONIA. In addition, there is a fair value adjustment of £1,428,000.

There is also a capex facility of £30,000,000 and a revolving credit facility of £10,000,000 both on the same terms. £5,700,000 of the capex facility was drawn down on 29 December 2020.

18. **Financial instruments**

The Group use interest rate swaps to manage its exposure to interest rate movements on its bank and institutional borrowings. Contracts with nominal values of £78,750,000 fix interest on variable rate debts at an average rate of 0.5825%.

The fair values of interest rate swaps are determined using market values of equivalent instruments at the Balance Sheet date.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Notional value £'000	Fair value asset £'000
Maturity date		
Less than one year	-	-
Two to five years	78,750	1,840
	78,750	1,840

The movement in fair value loss of £1,840k is shown on the face of the Statement of Comprehensive Income.

19. **Deferred tax liability**

	Group 2021 £'000	Company 2021 £'000
Deferred tax (asset) / liability		
Acquired at acquisition	3,745	-
Deferred tax credit in profit and loss for the period	358	(460)
On acquisition / business combination	(34,122)	-
At 31 December 2021	(30,019)	(460)

19. Deferred tax (asset) / liability - continued

The amounts of deferred taxation recognised are as follows:

	Group 2021 £'000	Company 2021 £'000
Accelerated capital allowances		
Fixed asset timing differences	3,123	-
Short term timing differences	6	-
Non-trading timing differences	(432)	(460)
Losses	6	-
Intangible fixed asset timing differences	(32,722)	-
At 31 December 2021	(30,019)	(460)

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company. There is no expiry date on timing differences, unused tax losses or tax credits.

The UK corporation tax rate for the year was 19%.

Finance Act 2020 enacted provision to increase the UK Corporation tax rate to 19% from 1 April 2020 and accordingly the deferred tax at 31 December 2020 was calculated at this rate.

Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023. In valuing the deferred tax balances at the period end a combination of 19% and 25% have been used based on the expected periods of reversals.

20. Deferred income

	2021 £'000
Balance acquired	8,977
Deferred income in the period	(918)
	8,059

Deferred income is presented separately on the Balance Sheet as the directors consider this to reflect the Group's commitments in a true and fair view. Deferred income arises as a result of invoicing customers in advance for recurring services received. This will unwind through the Statement of Comprehensive Income as revenue in future periods.

21. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £'000
102	Ordinary share	£1 each	-

Share premium
The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss
The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

22. Commitments and other contractual obligations

Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £'000
Within one year	2,649
Between one and five years	9,495
More than five years	10,712
	22,856

23. Reconciliation of loss before taxation to cash utilised by operations

	2021 £'000
Operating loss	(22,540)
Depreciation charges	3,856
Amortisation charges	10,794
Tax received	424
Decrease in trade and other debtors	905
Decrease in trade and other creditors	(4,316)
Decrease in deferred income	(945)
Decrease in deferred tax liability	(11,344)
Cash utilised in operations	(23,166)

24. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2021

	31.12.21 £'000
Cash and cash equivalents	12,885

25. Analysis of changes in net debt

	At 22.6.21 £'000	Cash flow £'000	At 31.12.21 £'000
Net cash			
Cash at bank and in hand	-	12,885	12,885
	-	12,885	12,885
Debt			
Debts falling due within 1 year	-	(315)	(315)
Debts falling due after 1 year	-	(84,461)	(84,461)
	-	(84,776)	(84,776)
Total	-	(71,891)	(71,891)

26. Related party transactions

The remuneration for key management personnel for the period totalled £258,858.

There were no other related party transactions.

27. Post balance sheet events

On 25 February 2022 Pulsant acquired 51% of the share capital of Amito Topco Limited, giving it control of the Amito group of companies. Pulsant is committed to acquiring the remaining 49% before the end of 2022, with the funds required to complete this transaction already placed in escrow. As part of this acquisition the company issued 1 Ordinary shares for £56,555,392.

The directors are monitoring the ongoing conflict in Ukraine. The business has not experienced a direct impact from the conflict to date and the directors believe that the Company should be reasonably protected from this conflict.

28. Immediate and ultimate parent undertakings

The immediate parent company of the Company is Monch Midco Limited (registered office Blue Square House, Priors Way, Maidenhead, England, SL6 2HP).

The smallest and largest group in which the results of the Company are consolidated is that headed by Monch Topco Limited. Copies of the consolidated financial statements of Monch Topco are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is Antin Infrastructure Partners S.A.S. (registered office address 374, rue Saint-Honoré, 75001 Paris).