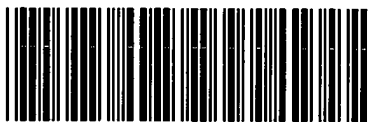


CYBERFORT BIDCO LIMITED

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 2022**

Registration number: 10743953 (England and Wales)

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Cyberfort Bidco Limited**STRATEGIC REPORT**

for the year ended 31 December 2022

1

The Directors present their strategic report on Cyberfort Bidco Limited (the "Company") for the year ended 31 December 2022.

Fair review of the business

The Company acts as an intermediate holding company between its parent, Cyberfort Group Limited and its principal operating subsidiaries (together the "Group").

The Company provides treasury management services to the Group, acting as the borrower under the Group's Senior Term and Revolving Facilities Agreement with European Capital UK SME Debt S.a.r.l and Santander UK plc as described more fully in note 13 to the financial statements.

Trading review and future developments

The Company did not trade externally during the year, or prior year, as it acts as a management and intermediary holding company.

The Company will continue to operate as a management and intermediary holding company in the future.

Key performance indicators

There are no specific key performance indicators for the Company. Key performance indicators are set on a Group basis, details of which can be found in the consolidated financial statements of the company's ultimate parent company, Cyberfort Group Limited, which are available from Companies House.

Principal risks and uncertainties

The Company's debt facilities are priced on a SONIA-based floating-rate; the Company regularly reviews the cost-benefit analysis of taking out financial instruments to remove this interest-rate risk and the most appropriate period to set for interest periods on the relevant borrowings.

The Company's performance is reliant on the continuing trading operations of its main subsidiaries, the risks of which are carefully managed within these subsidiaries.

Details of these risks are detailed in the group financial statements of the Company's ultimate parent company, Cyberfort Group Limited which are available from Companies House.

Liquidity and cash flow risks

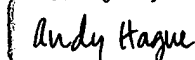
The Company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Directors actively manage these risks by monitoring levels of debt and cash balances. Management prepares cash flow forecasts to ensure sufficient funding is in place for the Company to meet its obligations as they fall due.

Going concern

In December 2023, the Directors have renegotiated the maturity date of the Group's bank facilities such that they now fall due in 2025 and loans from related parties now fall due in 2026. In addition, the Directors have secured revolving facilities of £4m. Although the Group balance sheet at 31 December 2022 has an excess of liabilities over assets, the Directors have prepared the accounts on a going concern basis, which they believe to be appropriate, given that the Group is forecast to be cash generative, has additional banking facilities and has no material loan repayments due until 2025. Therefore, the Directors are satisfied that they are the Group is a going concern and have prepared the financial statements on that basis.

On behalf of the Board

DocuSigned by:



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A D M Hague

Director

21 December 2023

Cyberfort Bidco Limited**DIRECTORS' REPORT**

for the year ended 31 December 2022

2

The Directors present their report and the audited financial statements of Cyberfort Bidco Limited (the "Company") for the year ended 31 December 2022.

The Company's registered number is 10743953. The registered office is Ash Radar Station, Marshborough Road, Marshborough, Sandwich, Kent, CT13 0PL.

The Company has adopted Financial Reporting Standards 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") in preparing these financial statements.

The Company has drawn up these accounts for the year ended 31 December 2022, in line with Company law allowing accounts to be drawn up to within 7 days of the accounting reference date.

Principal activities

The principal activity of the Company continued to be that of a holding company.

Results for the year and future developments

Details of the results are set out in the Statement of Comprehensive Income on page 7 and in the Strategic Report.

The loss for the financial year is £4,956,262 (2021: loss £4,606,629). The Directors do not recommend the payment of a dividend (2021: £nil). Details of the future developments of the Company are included in the Strategic Report.

Directors

The Directors who served during the year and up to date of signing the financial statements were as follows:

A D M Hague
A Dickin
A J Strickland

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities

During the year and at the date of approval of these financial statements, the Company has maintained liability insurance in respect of its Directors and Officers. Further, subject to the provisions of the Companies Act 2006, the Company's Articles of Association provide that the Directors are entitled to be indemnified against certain liabilities incurred in the execution of discharge of his or her duties.

Re-appointment of Independent Auditors

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has been done so in respect of future developments and financial instruments.

Cyberfort Bidco Limited

DIRECTORS' REPORT (continued)
for the year ended 31 December 2022

3

Statement of Directors' responsibilities

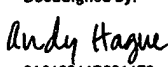
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

On behalf of the Board

DocuSigned by:

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A D M Hague
Director
21 December 2023

Cyberfort Bidco Limited**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYBERFORT BIDCO LIMITED**

4

Opinion

We have audited the financial statements of Cyberfort Bidco Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

Cyberfort Bidco Limited**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYBERFORT BIDCO LIMITED**
(continued)

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Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

Cyberfort Bidco Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYBERFORT BIDCO LIMITED
(continued)

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The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact are compliance with GDPR. We have made enquiries of appropriate management, reviewed board meeting minutes, reviewed relevant correspondence, made enquiries of those charged with governance, reviewed legal expenditure in the year, and also reviewed the systems and controls which are in place to capture material non-compliance with significant laws and regulations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the preparation of the 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: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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

Benjamin Lawrance

Benjamin Lawrance, Senior Statutory Auditor
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House, 7 Lewis Court
Grove Park, Leicester
Leicestershire, LE19 1SD
Dated: 22/12/23

Cyberfort Bidco Limited

STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 31 December 2022

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	Note	2022 £	2021 £
Administrative expenses		(2,145)	(55,381)
Operating loss		(2,145)	(55,381)
Finance costs	6	(4,954,117)	(4,513,068)
Loss on ordinary activities before income tax	4	(4,956,262)	(4,568,449)
Income tax expense on ordinary activities	8	-	(38,180)
Loss for the financial year attributable to the owners of the company		(4,956,262)	(4,606,629)
Other comprehensive income		-	-
Total comprehensive expense for the financial year attributable to the owners of the company		(4,956,262)	(4,606,629)

All amounts derive from continuing operations.

There is no difference between the loss on ordinary activities before income tax and the total comprehensive expense for the financial year attributable to the owners of the company stated above and their historical cost equivalents.

Cyberfort Bidco Limited

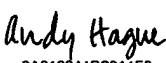
STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

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	Note	2022 £	2021 £
Fixed assets			
Investments in subsidiaries	9	37,668,935	37,641,670
		37,668,935	37,641,670
Current assets			
Trade and other receivables	10	6,452	-
Cash and cash equivalents		40	-
		6,492	-
Creditors: amounts falling due within one year			
Trade and other payables	11	(8,890,196)	(7,491,921)
Net current liabilities		(8,883,704)	(7,491,921)
Total assets less current liabilities		28,785,231	30,149,749
Creditors: amounts falling due after more than one year			
Other payables	12	(50,054,169)	(46,489,690)
Total liabilities		(58,944,365)	(53,981,611)
Net liabilities		(21,268,938)	(16,339,941)
Equity			
Capital and reserves attributable to owners of the company			
Called up share capital	15	800	800
Share premium account	16	79,200	79,200
Capital contribution reserve	16	254,343	227,078
Accumulated losses	16	(21,603,281)	(16,647,019)
Total shareholders' deficit		(21,268,938)	(16,339,941)

The notes on pages 10 to 18 are an integral part of these financial statements.

The financial statements on pages 7 to 18 were approved by the Board of Directors on 21 December 2023 and signed on its behalf by:

DocuSigned by:

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A D M Hague
Director

Cyberfort Bidco Limited
Registered number: 10743953

21 December 2023

Cyberfort Bidco Limited**STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 December 2022

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	Called up share capital £	Share premium account £	Capital contribution reserve £	Accumulated losses £	Total shareholders' deficit £
As at 1 January 2020	800	79,200	199,156	(12,040,390)	(11,761,234)
Loss for the financial year and total comprehensive expense	-	-	-	(4,606,629)	(4,606,629)
Capital contribution	-	-	27,922	-	27,922
As at 31 December 2021	800	79,200	227,078	(16,647,019)	(16,339,941)
As at 1 January 2021	800	79,200	227,078	(16,647,019)	(16,339,941)
Loss for the financial year and total comprehensive expense	-	-	-	(4,956,262)	(4,956,262)
Capital contribution	-	-	27,265	-	27,265
As at 31 December 2022	800	79,200	254,343	(21,603,281)	(21,268,938)

All equity is attributable to the owners of the Company.

Cyberfort Bidco Limited**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2022

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1 General information

Cyberfort Bidco Limited is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is Ash Radar Station, Marshborough Road, Marshborough, Sandwich, Kent, CT13 0PL.

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

These financial statements are presented in pounds sterling, which is the functional currency. Items within the financial statements are rounded to the nearest pound.

The financial statements of the Company have been prepared under the historical cost convention on a going concern basis. The principal accounting policies adopted are set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of the exemptions from the following disclosure requirements.

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share-based Payment' - Share-based payment expense charged to profit or loss, including details of the arrangement and valuation model and inputs used to determine share based payment charge.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Consolidation

Cyberfort Bidco Limited is a wholly owned subsidiary of Cyberfort Group Limited and the results of Cyberfort Bidco Limited are included in the consolidated financial statements of Cyberfort Group Limited. The consolidated financial statements of Cyberfort Group Limited are available from its registered office, Ash Radar Station, Marshborough Road, Marshborough, Sandwich, Kent, CT13 0PL. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual entity and not about its Group.

Reporting period

The Company has drawn up the accounts for the current and prior period for the year ended 31 December, in line with company law allowing accounts to be drawn up to within 7 days of the accounting reference date.

Cyberfort Bidco Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2022

11

2 Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)***Going concern*

The Company made an operating loss of £2,145 for the year ended 31 December 2022, had net current liabilities of £8,883,704 at 31 December 2022 and net liabilities of £21,268,938.

The Company's ultimate parent, Cyberfort Group Limited, and its principal operating subsidiaries (together the "Group") meets its working capital requirements, and services bank debt, from cash flows generated from operations, with revolving banking facilities of £3.0m available. In December 2023, the Group has increased its revolving bank facilities to £4.0m and the Directors have renegotiated the maturity date of the loan notes and bank loans such that they now fall due in 2025 and loans from related parties now fall due in 2026. The bank debt facilities include a £14.9m loan which is repayable in full at maturity in January 2025 with interest paid quarterly. Interest can be rolled up by the Group on all shareholder debt, which has a maturity date of 2026.

In evaluating the going concern assumption, the Directors have prepared cash flow forecasts for the period to 31 December 2024 and compared these, together with a range of sensitivities, to the available bank facilities and the related covenant requirements.

A significant proportion of the Group's revenues are contracted into 2024. The sensitivities applied to the forecasts to 31 December 2024 demonstrate facility and covenant headroom and there are also a number of actions within the control of Directors, including deferral of capital expenditure, the sale and leaseback of the freehold property owned by the Group, and implementing efficiency measures, which can further increase headroom. In addition, the Directors are confident the banks and Palatine Private Equity LLP will continue to support the Group, noting that the loan facilities also allow for shareholders to provide additional equity injections to remedy covenant breaches, in the event that they may be required.

After consideration of the forecasts and sensitivities and the range of support available, the Directors believe that the Group will be able to continue to meet its liabilities as they fall due for the foreseeable future, and it is therefore appropriate to prepare the financial statements on a going concern basis.

2.2 Share based payments

The Company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The Company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the Group recognised in its consolidated accounts.

The expense in relation to shares issued at a discount to market value is recognised by the Company as a capital contribution, and presented as an increase in the Company's investment in that subsidiary.

2.3 Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of comprehensive income.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cyberfort Bidco Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2022

12

2 Summary of significant accounting policies (continued)**2.4 Financial Instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial liabilities

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 Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including other creditors, bank and other loans and amounts due to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Any impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Cyberfort Bidco Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2022

13

2 Summary of significant accounting policies (continued)**2.5 Equity Instruments**

Equity instruments issued by the Company are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.7 Current and deferred income tax

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

2.8 Exceptional items

The Company presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior years and other companies.

Cyberfort Bidco Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

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3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of fixed asset investments

Determining whether fixed asset investments are impaired requires an estimation at the higher of fair value and value in use of the cash generating units to which these assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

The carrying value of fixed asset investments at the year end was £37,668,935 (2021: £37,641,670).

Share based payments

Part of the remuneration of certain employees is provided through the grant of shares issued at a discount to market value in the shares by the parent company. The costs of those equity settled transaction with employees is measured by reference to the fair value on the date they are granted. Judgement is required in determining the most appropriate valuation model, along with the inputs into that model, which includes the expected volatility and life of the share based payment arrangement.

The carrying value of other reserves at the year end was £254,343 (2021: £227,078).

4 Loss on ordinary activities before income tax

The loss on ordinary activities before income tax is stated after charging:

	2022	2021
	£	£
Exceptional items for covenant renegotiation	-	55,218

5 Audit fees

The audit fees for the current year and the prior year were borne by the subsidiary, Cyberfort Limited.

6 Finance costs and finance income

	2022	2021
	£	£
Finance costs		
Interest payable on overdrafts and bank loans	1,568,645	1,408,289
Interest payable on loan notes	3,133,470	2,863,983
Interest payable on loans from group undertakings	6,375	6,375
Amortisation of debt issue costs	245,627	234,421
	4,954,117	4,513,068

Cyberfort Bidco Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

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7 Employee costs

The Company does not have any legal employees (2021: none), other than the three directors (2021: 3), who were remunerated by another group company.

Aggregate remuneration of the directors was borne by its parent company, which included remuneration of £292,281 (2021: £195,296) and pension contributions of £6,930 (2021: £1,319).

8 Income tax expense on ordinary activities

	2022 £	2021 £
Current tax		
UK corporation tax	-	-
Total UK tax charge for the year	-	-
Deferred tax		
Origination and reversal of timing differences	-	38,180
Total tax charge for the year	-	38,180

Reconciliation of effective tax rate:

	2022 £	2021 £
Loss on ordinary activities before income tax	(4,956,262)	(4,568,449)
Tax at 19.00% (2021: 19.00%) thereon	(941,690)	(868,005)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	31
Group relief	102,156	198,148
Change in unrecognised deferred tax assets	1,104,650	1,640,744
Change in tax rates on deferred tax	(265,116)	(933,181)
Other timing differences	-	443
Total tax charge for the year	-	38,180

Factors that may affect future tax charges:

The Company has accumulated tax losses available to carry forward against future trading profits of approximately £6,687,000 (2021: £5,582,000). No deferred tax asset has been recognised in respect of tax losses since it is uncertain at the balance sheet date as to whether future profits will be available against which the unused tax losses can be utilised due to the uncertainty of availability of future taxable profits.

The standard rate of UK corporation tax has been 19% from 1 April 2017, although this is set to increase to 25% with effect from 1 April 2023. The increase to the rate of corporation tax from 19% to 25% was announced in the March 2021 budget and substantively enacted on 24 May 2021, and therefore 25% was the prevailing rate at the balance sheet date.

Cyberfort Bidco Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

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9 Investments in subsidiaries

	£
Cost and net book value	
As at 1 January 2021	37,641,670
Capital contribution	27,265
As at 31 December 2022	37,668,935

Details of the Company's investments were as follows:

Name	Class of shares held	Percentage held	Country of Incorporation	Principal activity
<i>Direct Subsidiary Undertakings:</i>				
Cyberfort Limited	Ordinary	100%	UK	Provision of ultra secure hosting and IT services
Agenci Limited	Ordinary	100%	UK	Cyber software consultancy
Arcturus Security Limited	Ordinary	100%	UK	Consultancy
Auriga Group Solutions Limited	Ordinary	100%	UK	Holding company
<i>Indirect Subsidiary Undertakings:</i>				
Auriga Consulting Ltd	Ordinary	100%	UK	System security services
The Bunker Secure Hosting Limited	Ordinary	100%	UK	Dormant

The Bunker Secure Hosting Limited is wholly owned by Cyberfort Limited. Auriga Consulting Ltd is wholly owned by Auriga Group Solutions Limited.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The registered offices of the subsidiary undertakings is Ash Radar Station, Marshborough Road, Marshborough, Sandwich, Kent, CT13 0PL.

10 Trade and other receivables

	31 December 2022	31 December 2021
	£	£
Prepayments and accrued income	6,452	-
Total trade and other receivables due within one year	6,452	-

11 Creditors: amounts falling due within one year

	Note	2022	2021
		£	£
Bank loans	13	2,000,000	2,000,000
Amounts owed to group undertakings		6,881,309	5,467,204
Accruals		8,887	24,717
Total creditors falling due within one year		8,890,196	7,491,921

Amounts owed to group undertakings are non-interest bearing loans and are repayable on demand.

12 Creditors: amounts falling due after more than one year

	Note	2022	2021
		£	£
Bank loans	13	15,027,376	14,596,367
Loan notes	13	1,686,624	1,533,294
Loans from related parties	13	33,276,419	30,296,279
Amounts owed to group undertakings		63,750	63,750
Total creditors falling due within after more than one year		50,054,169	46,489,690

Cyberfort Bidco Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

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13 Borrowings

	2022 £	2021 £
Bank loans	17,027,376	16,596,367
Loan notes	1,686,624	1,533,294
Loans from related parties	33,276,419	30,296,279
Amounts owed to group undertakings	63,750	63,750
Total borrowings	52,054,169	48,489,690
Payable within one year	2,000,000	2,000,000
Payable after more than one year	50,054,169	46,489,690
Total borrowings	52,054,169	48,489,690

Bank loans

At the year end, the amount outstanding less debt issue costs, on a bank loan was £15,027,376 (2021: £14,596,367). The interest on the bank loan is repayable in quarterly instalments and the loan is repayable in full in January 2025. The loan facility attracted a rate of interest of 7.75% plus the greater of SONIA or 0.75%. The loan includes an off-set of debt issue costs which have been capitalised. During the year, debt issue costs of £nil (2021: £192,404) were capitalised and debt issue costs of £245,627 (2021: £234,421) were amortised. At the year end, £333,475 (2021: £608,507) will be amortised in future years. Also included in the amount owed at 31 December 2022 is accrued interest of £146,157 (2021: £112,469). Of the bank loan £nil (2021: £nil) is repayable within one year and £17,027,376 (2021: £14,596,367) is repayable after one year.

At the year end, the Group had drawn £2,000,000 (2021: £2,000,000) of a revolving loan facility of £2,000,000, which is repayable on demand and is shown within amounts due within one year. In addition, the Group has an overdraft facility of £1,000,000 (2021: £1,000,000).

Loan notes

On 7 July 2017 loan notes of £14,609,633 were issued. On 11 March 2019 loan notes of £9,147,278 were issued of which £1,953,548 were redeemed in prior periods. On 24 December 2019 a further £55,000 of loan notes were issued. The loan notes carry an interest rate of 10% and are repayable in January 2026.

Included in the amount owed at 31 December 2022 is accrued interest of £13,104,680 (2021: £9,971,210) which is repayable at the same time as the capital amount. No interest is charged on the accrued interest.

The bank loans and loan notes are fully secured by a fixed and floating charge over the current and future property and other assets of the Cyberfort Group Limited.

Amounts due to group undertakings

The amount owed to the company's parent company, Cyberfort Group Limited of £63,750 (2021: £63,750) is carrying an interest rate of 10% and is repayable in July 2024.

14 Deferred tax

	Tax losses 2022 £	Tax losses 2021 £
Movement in deferred tax assets is as follows:		
Asset as at 1 January	-	38,180
Recognised through profit or loss	-	(38,180)
Asset as at 31 December	-	-

Cyberfort Bidco Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2022

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15 Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
80,000 Ordinary shares of 1p each (2021: 80,000 Ordinary shares of 1p)	800	800
	800	800

The shares have a right to one vote per share held at a shareholders meeting, a dividend, participate in a distribution of capital on winding up and the shares are not redeemable.

16 Reserves*Share premium*

Consideration received for shares issued above their nominal value net of transaction costs.

Capital contribution reserve

The reserve represents capital contributions in relation to a share based payment charge on shares issued at a discount to market value in the ultimate parent undertaking, Cyberfort Group Limited to the employees of Cyberfort Limited, a subsidiary of the Company.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

17 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Cyberfort Group Limited, a company registered in England and Wales. Cyberfort Group Limited is the immediate parent and is the largest and smallest group for which consolidated accounts including Cyberfort Bidco Limited are prepared. Copies of these financial statements are available from the registered office, Ash Radar Station, Marshborough Road, Marshborough, Sandwich, Kent, CT13 0PL. The ultimate controlling party is considered to be Palatine Private Equity Fund III LLP.

18 Financial commitments, guarantees and contingent liabilities

Palatine Private Equity Fund III LLP holds a fixed and floating charge over the assets of the Company and a negative pledge in respect of borrowings in the Company.