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**ARKESSA LIMITED**

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**ANNUAL REPORT AND  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**



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**ARKESSA LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Richard Miller  
Oliver Tucker

**REGISTERED NUMBER**

06917673

**REGISTERED OFFICE**

Horizon Honey Lane  
Hurley  
Maidenhead  
SL6 6RJ

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**ARKESSA LIMITED**

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## ARKESSA LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2022

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#### INTRODUCTION

The directors present their strategic report on the Company for the year ended 30 April 2022.

#### BUSINESS REVIEW

Arkessa Limited is a leading provider of connectivity services to global enterprise and industrial customers. Our service offerings to the Machine-to-Machine ("M2M") and Internet of Things ("IoT") markets are agnostic as to geography, device, mobile network and technology.

Arkessa enables enterprises and OEMs to simplify processes, optimise design, manufacturing and logistics so as to focus on selling value-added products and services across their international markets.

The results for the year ended 30 April 2022 show revenue increase to £14.2m (13 months ended 30 April 2021: £12.9m) up 10.2% and EBITDA before exceptional items increase by 3.7% to £6.0m (13 months ended 30 April 2021: £5.8m). Operating profit for the period increased by 3.5% to £5.1m (13 months ended 30 April 2021: £4.9m) and Profit Before Tax increased to £5.1m (13 months ended 30 April 2021: £4.9m) up 7.25%. Comparative amounts stated are for a period of thirteen months and therefore not like for like.

Arkessa Limited's ultimate parent undertaking is Blue Parentco Limited, a company incorporated in Jersey. The largest and smallest group of undertakings for which consolidated financial statements for the period ended 30 April 2022 have been drawn up by Blue Holdco Limited. The consolidated financial statements of Blue Holdco Limited are available from Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ, England.

#### OBJECTIVES

The business objectives for the year included growing recurring revenue and improving gross margin. Our target remains to maintain organic growth at least at the level of growth in the market. The company has performed in line with these objectives in a dynamic environment.

#### STRATEGY

Arkessa offers a unique blend of technical expertise and world-class experience in wireless networks, infrastructure, and software, which has been carefully built and developed over the years. This capability enables Arkessa to address fast-evolving IoT connectivity requirements on a global scale and across multiple sectors. Arkessa's strategy is to remain at the leading edge of our technologies through creative solutions, product innovation and strong ecosystem partnerships. Ultimately, our success comes down to differentiated service offerings and exceptional customer relationships.

We benefit from our virtualised infrastructure, based on Arkessa's proprietary design, managing mobile networks and other wireless technologies without the need for significant investments in physical network infrastructure. This secure and future-proof service platform is supported by our technological advancement in remotely reprogrammable SIMs which helps make IoT easy to adopt, integrate and scale.

Geographically, as at 30 April 2022, the Company had operating subsidiaries in Germany, the Netherlands and a presence in the United States.

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## ARKESSA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

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#### BUSINESS MODEL

Our business model is designed to support our growing base of global partners and customers through innovation and technical expertise to deliver profitable growth for the company.

We benefit from a long-term subscription-based, annuity-type revenue model which provides a high degree of resilience to our financial performance, with negligible churn. We invest in capabilities that enable us to deliver best-in-class service to our partners and end users. This includes investment in people and network integration as well as the intellectual property related to our platforms and our service delivery.

#### FUTURE OUTLOOK

The prospects for the IoT industry and therefore our business remain extremely positive. According to independent market research, the sector will experience continued growth, as more and more IoT use cases are being developed. Trends towards remote monitoring and management continue across multiple industries and have only accelerated. The combination of these will ultimately drive further demand for our data connectivity solutions.

The company has continued to support customers who have been significantly affected because they have faced difficult trading conditions as the fallout from COVID continues to fade. Fortunately, the company is limited to a relatively small number and the support has largely taken the form of extending payment terms. The results for FY22 are impacted by reduced revenue from a small number of customers impacted by COVID but the company continues to grow in spite of these challenging conditions.

#### PRINCIPAL RISKS AND UNCERTAINTIES

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

##### Credit risk

Our principal area of growth is with large enterprise customers and through major channel partner relationships which reduces our direct exposure to credit risk. With our smaller and medium-sized customers we conduct regular credit checks using third-party databases and we set credit limits accordingly. We pro-actively resolve any payment issues and rarely use collection agencies and only when strictly necessary.

##### Technology risk

The M2M and IOT markets are largely based around the use of SIM card technology. Whilst this technology may change, the need for machines to be connected is forecast to increase significantly. Any technology risks are mitigated through the use of our flexible platforms which enable us to accommodate changes in the technology underlying M2M and IOT connectivity, and the fact that we are bearer service agnostic.

##### Supplier relationship risk

Our relationships with the leading mobile network operators are important to our on-going success. We are an important channel and route to market for them and we mitigate the risk of these relationships being damaged through close and frequent contact.

##### Foreign exchange risk

The company is exposed to minimal movements in foreign exchange rates as a result of transactions with customers and suppliers outside the UK. The company manages the foreign exchange rate risk by transacting in local currencies, where practical and maintaining foreign currency bank accounts.

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## ARKESSA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

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#### BREXIT

Arkessa has customers across continental Europe and subsidiaries in Germany and the Netherlands which work primarily with continental mobile network operators and sells to local customers, with transactions denominated in Euros. Other than SIM cards, our business does not ordinarily involve physical products that need to cross European border. The company has published guidance on Brexit on our website. We have so far seen the direct impact of Brexit on the company to be minimal as expected.

#### COVID-19

Our priority at Arkessa is the health and safety of our customers, partners, suppliers, and employees. Arkessa operates a Business Continuity Management System (BCMS) certified to ISO22301 international standards. The company has contingency plans in place should the spread of the virus escalate, and we continue to take precautionary measures internally to limit the spread of the virus and ensure we are able to provide continuity of service.

Our teams are fully equipped with remote working capabilities with access to all our systems and the majority of meetings and interactions with stakeholders have successfully moved online.

#### FINANCIAL KEY PERFORMANCE INDICATORS

Management adopts financial KPIs to measure and monitor the overall performance of the Company, which include:

- Recurring revenue, which continued to grow over the past period.
- Company gross margin and EBITDA margin
- Cash conversion, which exceeded 87% in the period (2021: 80%) due to improved working capital management.

A budget is set at the start of each financial year and reviewed periodically throughout the financial year. Financial performance in general and against the KPIs in particular is reviewed monthly.

In addition to financial KPIs, a number of other performance indicators are reviewed regularly, such as staff turnover and satisfaction, network performance and customer service SLAs. The company operates an employee benefits programme through a dedicated portal which offers a wide range of market leading benefits and conditions of employment to our employees.

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**ARKESSA LIMITED**

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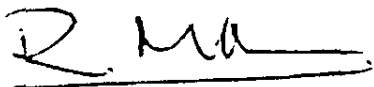
**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 APRIL 2022**

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**CONDUCT AND SOCIAL RESPONSIBILITY**

Arkessa is a socially and environmentally conscious business and the Company pays specific attention to Environmental, Social and Governance ("CSR") performance which is reviewed and reported on annually by an independent third party. Arkessa and our employees regularly support local charities in Bishop's Stortford and surrounding areas, and we operate a corporate social responsibility ("CSR") programme. Our website contains our *Code of Conduct* covering areas such as *Health & Safety*, *Anti-Corruption*, *Privacy*, *Discrimination* and *Modern Slavery* amongst others. Arkessa also participates in a carbon offsetting scheme with the aim of becoming a carbon neutral business.

This report was approved by the board and signed on its behalf by:



**Richard Miller**  
**Director**

Date: 24 January 2023

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## ARKESSA LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2021

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The directors present their report and the audited financial statements for the Year ended 30 April 2022.

#### RESULTS AND DIVIDENDS

*The profit for the period, after taxation, amounted to £5,133,176 (2021 - £4,786,399).*

No dividends were declared in the period (2021 - £Nil).

#### DIRECTORS

*The directors who served during the period were:*

Richard Miller  
Oliver Tucker

#### GOING CONCERN

The global health crisis caused by Coronavirus (COVID-19) has had a significant impact on all businesses. The directors have assessed the potential impact of this uncertain situation on the Company and do not consider that it will lead to any subsequent impairment of the reported amount of the value of assets. Contingency plans have been put in place in order to mitigate the negative effects of a period of interrupted trading.

The directors have prepared cash flow forecasts which indicate that the Company has adequate resources to both continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being at least 12 months from the date of approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

#### QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### POST BALANCE SHEET EVENTS

There are no post balance sheet events to disclose in the financial statements.



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## ARKESSA LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

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#### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

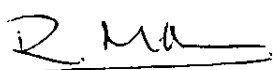
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

This report was approved by the board and signed on its behalf by:



**Richard Miller**  
Director

Date: 24 January 2023

## ARKESSA LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2022

	Note	Year ended 30 April 2022 £	13 months to 30 April 2021 £
Turnover	4	14,231,715	12,918,319
Cost of sales		(5,333,928)	(4,940,470)
<b>GROSS PROFIT</b>		<b>8,897,787</b>	<b>7,977,849</b>
Administrative expenses		(3,837,841)	(3,149,010)
Other operating income	5	-	60,109
<b>OPERATING PROFIT</b>	6	<b>5,059,946</b>	<b>4,888,948</b>
Interest receivable and similar income	9	73,229	150
<b>PROFIT BEFORE TAX</b>		<b>5,133,175</b>	<b>4,889,098</b>
Tax credit/(charge) on profit	10	274,289	(102,699)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>5,407,464</b>	<b>4,786,399</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5,407,464</b>	<b>4,786,399</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 10 to 26 form part of these financial statements.

**ARKESSA LIMITED**

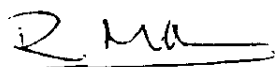
**BALANCE SHEET  
AS AT 30 APRIL 2022**

		30 <sup>th</sup> April 2022	30 <sup>th</sup> April 2021
	Note	£	£
<b>FIXED ASSETS</b>			
Intangible assets	11	1,430,810	1,868,957
Tangible assets	12	74,792	87,289
Investments	13	169	20,705
		<b>1,505,771</b>	<b>1,976,951</b>
<b>CURRENT ASSETS</b>			
Stocks	14	162,851	172,411
Debtors: amounts falling due within one year	15	16,427,312	11,851,928
Cash at bank and in hand	16	3,027,296	1,856,840
		<b>19,617,459</b>	<b>13,881,179</b>
Creditors: amounts falling due within one year	17	(3,606,422)	(3,440,347)
<b>NET CURRENT ASSETS</b>		<b>16,011,037</b>	<b>10,440,832</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>17,516,808</b>	<b>12,417,783</b>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	18	144,920	(163,519)
<b>NET ASSETS</b>		<b>17,661,728</b>	<b>12,254,264</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	165	165
Share premium account	20	1,492,076	1,492,076
Profit and loss account	20	16,169,487	10,762,023
<b>TOTAL EQUITY</b>		<b>17,661,728</b>	<b>12,254,264</b>

For the financial year ended 30 April 2022, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to the accounting records and the preparation of accounts.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**Richard Miller**  
**Director**

Date: 24 January 2023

The notes on pages 10 to 26 form part of these financial statements.

**ARKESSA LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>Balance as at 1st May 2020</b>	<b>165</b>	<b>1,492,076</b>	<b>5,975,624</b>	<b>7,467,865</b>
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>4,786,399</b>	<b>4,786,399</b>
<b>Balance as at 30th April 2021</b>	<b>165</b>	<b>1,492,076</b>	<b>10,762,023</b>	<b>12,254,264</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>5,407,464</b>	<b>5,407,464</b>
<b>Balance as at 30th April 2022</b>	<b>165</b>	<b>1,492,076</b>	<b>16,169,487</b>	<b>17,661,728</b>

The notes on pages 10 to 26 form part of these financial statements.

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## ARKESSA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

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#### 1. GENERAL INFORMATION

Arkessa Limited is a private limited company, limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Horizon Honey Lane, Hurley, Maidenhead, Berkshire, SL6 6RJ. The principal activity of the Company is disclosed in the Strategic Report.

The parent undertaking of the largest and smallest group of which the results of the Company are consolidated is Blue Holdco Limited, a private company limited by shares and incorporated in England and Wales. Copies of the consolidated financial statements are available for the public from Horizon Honey Lane, Hurley, Maidenhead, Berkshire, SL6 6RJ.

#### 2. ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following exemptions from the requirements of FRS 102 have been applied in the preparation of these financial statements:

Paragraph 1.12

(b) The requirements of Section 7 "Statement of Cash Flows" and paragraph 3.17(d).

(e) The requirement of paragraph 33.7 "Disclosure of key management personnel compensation".

The following principal accounting policies have been applied:

##### 2.2 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is a wholly owned subsidiary of Nexus Bidco Limited and of its ultimate parent Blue Parentco Limited. It is included in the consolidated financial statements of Blue Holdco Limited which are publicly available from Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ England. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements for the period ended 30 April 2021. These financial statements are separate financial statements.

The Company has taken advantage of the exemption to disclose a cash flow statement as Blue Holdco Limited prepares publicly available consolidated financial statements.

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## ARKESSA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 GOING CONCERN

The global health crisis caused by Coronavirus (COVID-19) has had a significant impact on all businesses. The directors have assessed the potential impact of this uncertain situation on the Company and do not consider that it will lead to any subsequent impairment of the reported amount of the value of assets. Contingency plans have been put in place in order to mitigate the negative effects of a period of interrupted trading.

*The directors have prepared cash flow forecasts which indicate that the Company has adequate resources to both continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being at least 12 months from the date of approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.*

### 2.4 FOREIGN CURRENCY TRANSLATION

#### Functional and presentation currency

The Company's functional and presentational currency is GBP.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

### 2.5 TURNOVER

Turnover comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax.

Service charge revenue is invoiced in advance, so is deferred upon invoice and recognised in the period to which the service relates (generally the subsequent month). Usage revenue is invoiced and recognised in the period to which it relates.

### 2.6 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## ARKESSA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.7 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives of 3 years, once the asset is available for use.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

### 2.8 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

### 2.9 PENSIONS

#### DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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## ARKESSA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.10 CURRENT AND DEFERRED TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



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## ARKESSA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 INTANGIBLE ASSETS

#### GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life being 10 years.

#### OTHER INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure includes costs incurred to design, test, build and or improve bespoke IT products and systems. Capitalised expenditure includes:

- external direct costs of materials and services consumed
- payroll and payroll-related costs for employees (including contractors) directly associated with the project
- borrowing costs that are directly attributable to the qualifying assets.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	3	years
Contracts	-	3	years
Computer software	-	3	years

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## ARKESSA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.12 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold improvements	- 10% straight line or over the lease term if shorter
Office equipment	- 10% to 33% straight line
Computer equipment	- 33% straight line

The assets residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 2.13 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.14 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

### 2.15 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.16 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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## ARKESSA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.17 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.18 PROVISION FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### 2.19 FINANCIAL INSTRUMENTS

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

## 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

### PROVISION FOR DOUBTFUL DEBTS

An allowance for doubtful debts is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance for doubtful debts is reviewed periodically to assess the adequacy of the allowance. In making this assessment, management takes into consideration any circumstances of which they are aware regarding a customer's inability to meet its financial obligations.

### AMORTISATION OF INTANGIBLE ASSETS

Intangible assets are amortised based upon an assessment made by management of their useful life. These are outlined in note 2.11.

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**ARKESSA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**4. TURNOVER**

An analysis of turnover by class of business is as follows:

	<b>Year ended 30 April 2022 £</b>	<b>13 months to 30 April 2021 £</b>
Services	14,113,118	12,861,607
Sale of goods	118,597	56,712
	<b>14,231,715</b>	<b>12,918,319</b>

Analysis of turnover by country of destination:

	<b>Year ended 30 April 2022 £</b>	<b>13 months to 30 April 2021 £</b>
United Kingdom	12,612,008	11,921,053
Rest of Europe	1,427,933	818,233
Rest of the world	191,774	179,033
	<b>14,231,715</b>	<b>12,918,319</b>

**5. OTHER OPERATING INCOME**

	<b>Year ended 30 April 2022 £</b>	<b>13 months to 30 April 2021 £</b>
RDEC claim	-	60,109

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**ARKESSA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**6. OPERATING PROFIT**

The operating profit is stated after charging:

	<b>Year ended 30 April 2022</b>	<b>13 months to 30 April 2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	23,732	31,732
Amortisation of intangible assets	913,904	925,219
Foreign exchange loss	38,093	22,468
Operating lease rentals	222,707	140,976
Defined contribution pension costs	26,068	34,758

**7. AUDITORS' REMUNERATION**

	<b>Year ended 30 April 2022</b>	<b>13 months to 30 April 2021</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	-	76,000

For the year ended 30th April 2022, the directors did not require the company to have an audit. Audit fees incurred in the prior year were borne by a fellow subsidiary, Wireless Logic Limited on behalf of Arkessa Limited.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the ultimate parent Company, Blue Holdco Limited.

## ARKESSA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

#### 8. EMPLOYEES

Staff costs were as follows:

	Year ended 30 April 2022	13 months to 30 April 2021
	£	£
Wages and salaries	1,207,782	2,034,501
Social security costs	116,190	202,556
Other pension costs	26,068	34,758
	<u>1,350,040</u>	<u>2,271,815</u>

No remuneration was paid to the directors during the year (2021: £Nil) as their salaries were borne by another Group entity.

The average monthly number of employees, including the directors, during the period was as follows:

	Year ended 30 April 2022	13 months to 30 April 2021
	No.	No.
Operations	7	7
Sales & Solutions	10	9
Finance & Commercial	8	5
Technology	12	13
	<u>37</u>	<u>34</u>

#### 9. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 April 2022	13 months to 30 April 2021
	£	£
Interest receivable from group companies	73,181	-
Bank interest receivable	48	150
	<u>73,229</u>	<u>150</u>

# ARKESSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

### 10. TAX ON PROFIT

	Year ended 30 April 2022	13 months to 30 April 2021
	£	£
<b>CORPORATION TAX</b>		
Current tax on profits for the year	-	26,810
<b>TOTAL CURRENT TAX</b>	-	<b>26,810</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(163,252)	69,971
Adjustments in respect of previous periods	(76,256)	5,918
Effect of changes in tax rates	(34,781)	-
<b>TOTAL DEFERRED TAX</b>	<b>(274,289)</b>	<b>75,889</b>
<b>TAX ON PROFIT</b>	<b>(274,289)</b>	<b>102,699</b>

### FACTORS AFFECTING TAX (CREDIT) / CHARGE FOR THE PERIOD / YEAR

The tax assessed for the period/year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	Year ended 30 April 2022	13 months to 30 April 2021
	£	£
<b>Profit before tax</b>	<b>5,133,175</b>	<b>4,889,098</b>
Profit multiplied by the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	975,303	928,929
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	24,652	51,087
Tax rate changes	(34,781)	
Adjustments to tax charge in respect of prior periods	(76,256)	5,918
Group relief	(945,147)	(841,294)
Research and development tax credit enhancement	(54,808)	-
Origination and reversal of timing differences	(163,252)	-
Income not deductible for tax purposes	-	(41,941)
<b>TOTAL TAX (CREDIT) / CHARGE FOR THE YEAR / PERIOD</b>	<b>(274,289)</b>	<b>102,699</b>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

As at 30<sup>th</sup> April 2022, the deferred tax position is offset against other timing differences as set out in Note 18. The closing deferred tax assets have been measured at the rate of 25.00% (2021: 19.00%) in accordance with the rates enacted at the balance sheet date.

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**ARKESSA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**11. INTANGIBLE ASSETS**

	Development expenditure £	Contracts £	Computer software £	Goodwill £	Total £
<b>COST</b>					
At 1 May 2021	1,983,029	1,225,254	262,754	102,947	3,573,984
Additions	394,416	-	81,340	-	475,756
<b>At 30 April 2022</b>	<b>2,337,445</b>	<b>1,225,254</b>	<b>344,094</b>	<b>102,947</b>	<b>4,049,740</b>
<b>ACCUMULATED AMORTISATION</b>					
At 1 May 2021	1,274,394	270,624	57,062	102,947	1,705,027
Charge for the period on owned assets	482,230	408,418	23,256	-	913,904
<b>At 30 April 2022</b>	<b>1,756,625</b>	<b>679,042</b>	<b>80,318</b>	<b>102,947</b>	<b>2,618,931</b>
<b>NET BOOK VALUE</b>					
<b>At 30 April 2022</b>	<b>620,820</b>	<b>546,212</b>	<b>263,776</b>	<b>-</b>	<b>1,430,809</b>
At 30 April 2021	708,635	954,630	205,692	-	1,868,957

Development expenditure is internally generated.



**ARKESSA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**12. TANGIBLE ASSETS**

	Short-term leasehold improvements £	Office equipment £	Computer equipment £	Total £
<b>COST</b>				
At 1 May 2021	49,115	114,952	32,327	196,394
Additions	3,111	7,426	-	10,537
Disposals	-	-	-	-
<b>At 30 April 2022</b>	<b>52,226</b>	<b>122,378</b>	<b>32,327</b>	<b>206,931</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 May 2021	10,417	66,361	32,327	109,105
Charge for the period on owned assets	4,989	18,045	-	23,034
Disposals	-	-	-	-
<b>At 30 April 2022</b>	<b>15,406</b>	<b>84,406</b>	<b>32,327</b>	<b>132,139</b>
<b>NET BOOK VALUE</b>				
<b>At 30 April 2022</b>	<b>36,820</b>	<b>37,972</b>	<b>-</b>	<b>74,792</b>
<b>At 30 April 2021</b>	<b>38,698</b>	<b>48,591</b>	<b>-</b>	<b>87,289</b>

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**ARKESSA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**13. INVESTMENTS**

	Investments in subsidiary companies £
<b>COST AND NET BOOK VALUE</b>	
At 1 April 2021	20,705
Disposals	(20,536)
<b>At 30 April 2022</b>	<b>169</b>

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company during the year:

<b>Name</b>	<b>Registered office</b>	<b>Class of share</b>	<b>Holding</b>
Arkessa Inc	(a)	Ordinary	100%
Arkessa B.V	(b)	Ordinary	100%

\*During the year, Arkessa GmbH was sold to Wireless Logic Limited, a fellow group subsidiary.

(a) Arkessa Inc, 614 N DyPont Hwy, Ste 210, Dover DE 19901

(b) Arkessa B.V, Klerkenveld 15, 4704SV Roosendaal, The Netherlands

**14. STOCKS**

	30 April 2022 £	30 April 2021 £
Raw materials and consumables	<b>162,851</b>	<b>172,411</b>

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**ARKESSA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>30 April 2022 £</b>	<b>30 April 2021 £</b>
Trade debtors	2,787,876	2,296,509
Amounts owed by group undertakings	13,176,303	9,027,544
Other debtors	77,957	75,244
Tax recoverable	90	34,241
Prepayments and accrued income	385,086	418,390
	<b>16,427,312</b>	<b>11,851,928</b>

Trade debtors are shown net of a doubtful debt provision of £462,013 (2021: £68,331).

**16. CASH AT BANK AND IN HAND**

	<b>30 April 2022 £</b>	<b>30 April 2021 £</b>
Cash at bank and in hand	<b>3,027,296</b>	<b>1,856,840</b>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>30 April 2022 £</b>	<b>30 April 2021 £</b>
Trade creditors	513,073	766,969
Amounts owed to group undertakings	435,544	40,938
Other taxation and social security	726,313	730,598
Other creditors	117,684	128,980
Accruals and deferred income	1,813,808	1,772,862
	<b>3,606,422</b>	<b>3,440,347</b>

**ARKESSA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

**18. DEFERRED TAX**

	2022 £	2021 £
At beginning of year	163,519	87,630
Charge to profit or loss	(308,439)	75,889
<b>AT END OF PERIOD</b>	<b>(144,920)</b>	<b>163,519</b>

The provision for deferred taxation is made up as follows:

	30 April 2022 £	30 April 2021 £
Fixed asset timing differences	13,927	163,891
Short term timing differences	(2,434)	(372)
Losses and other deductions	(156,412)	-
	<b>(144,920)</b>	<b>163,519</b>

**19. CALLED UP SHARE CAPITAL**

	30 April 2022 £	30 April 2021 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
16,465,332 (2021:16,465,332) Ordinary shares of £0.00001 each	<b>165</b>	<b>165</b>

**20. RESERVES**

**Share premium account**

The share premium account records the amount above the nominal value received for shares, less transaction costs and costs of raising finance. This is non-distributable.

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses, net of dividends paid.

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**ARKESSA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2022**

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**21. PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The pension charge represents contributions payable by the Company to the fund and amounted to £36,446 (2021: £34,758). Outstanding contributions at the period end amounted to £10,223 (2021: £5,222) and are included within other creditors.

**22. COMMITMENTS UNDER OPERATING LEASES**

At the end of the period/year the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 April 2022 £	30 April 2021 £
<b>LAND AND BUILDINGS</b>		
Not later than 1 year	97,000	97,000
Later than 1 year and not later than 5 years	52,110	153,584
	<u><b>149,110</b></u>	<u><b>250,584</b></u>

**23. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A not to disclose transactions with wholly owned group undertakings.

The aggregate remuneration payable to key management personnel during the period was £Nil (2021 - £Nil).

**24. POST BALANCE SHEET EVENTS**

There are no post balance sheet events to disclose in the financial statements.

**25. CONTROLLING PARTY**

As at 30 April 2022, the immediate parent undertaking is Nexus Bidco Limited. The ultimate parent undertaking is Blue Topco Limited.

The parent undertaking of the largest and smallest group of which the results of the Company are consolidated is Blue Holdco Limited, a private company limited by shares and incorporated in England and Wales. Copies of the consolidated financial statements are available for the public from Horizon Honey Lane, Hurley, Maidenhead, Berkshire, SL6 6RJ.

As at the 30 April 2022, the directors consider the controlling party to be funds managed by Montagu Private Equity LLP.