

Company registration number 13152658 (England and Wales)

DIGITAL MASTER HOLDCO LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

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DIGITAL MASTER HOLDCO LIMITED

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DIGITAL MASTER HOLDCO LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	3		3,289,866		1,131,971
Current assets					
Debtors	4	65,769,191		21,826,290	
Creditors: amounts falling due within one year	5	(3,067,848)		(416,403)	
Net current assets			62,701,343		21,409,887
Total assets less current liabilities			65,991,209		22,541,858
Creditors: amounts falling due after more than one year	6		(66,206,582)		(22,639,414)
Net liabilities			(215,373)		(97,556)
Capital and reserves					
Called up share capital	7		2		2
Profit and loss reserves			(215,375)		(97,558)
Total equity			(215,373)		(97,556)

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 9 September 2023 and are signed on its behalf by:

C Bock Montero
Director

Company Registration No. 13152658

DIGITAL MASTER HOLDCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 22 January 2021		-	-	-
Period ended 30 November 2021:				
Loss and total comprehensive income for the period		-	(97,558)	(97,558)
Issue of share capital	7	2	-	2
Balance at 30 November 2021		2	(97,558)	(97,556)
Period ended 31 December 2022:				
Loss and total comprehensive income for the period		-	(117,817)	(117,817)
Balance at 31 December 2022		2	(215,375)	(215,373)

DIGITAL MASTER HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Digital Master Holdco Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1 Sankey Valley Industrial Estate, Junction Lane, Newton Le Willows, WA12 8DJ.

1.1 Reporting period

The reporting period is for the 13 months from 1 December 2021 to 31 December 2022.

1.2 Accounting convention

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.3 Going concern

The balance sheet shows that the company has net liabilities of £215,373 due to losses incurred. Having reviewed the company's financial position and the anticipated future profitability and cash flows against the group's business plan, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is also in part dependent on the continuing support of the group's shareholders. Thus the going concern basis has been adopted in preparing the financial statements for the period ended 31 December 2022.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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 profit or loss.

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.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

DIGITAL MASTER HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.6 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 balance sheet 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.

Basic financial assets

Basic financial assets, which include debtors, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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. The impairment loss is recognised in profit or loss.

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 profit or loss.

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 creditors and loans from fellow group companies that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

DIGITAL MASTER HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022 Number	2021 Number
Total	-	-

3 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings and participating interests	3,289,866	1,131,971

DIGITAL MASTER HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

3 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in subsidiaries £
Cost	
At 1 December 2021	1,131,971
Additions	2,157,895
At 31 December 2022	3,289,866
Carrying amount	
At 31 December 2022	3,289,866
At 30 November 2021	1,131,971

4 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts owed by group undertakings	62,826,160	21,507,445
Other debtors	2,943,031	318,845
	65,769,191	21,826,290

5 Creditors: amounts falling due within one year

	2022 £	2021 £
Other creditors	3,067,848	416,403

6 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	62,826,158	21,507,443
Loan notes	3,380,424	1,131,971
	66,206,582	22,639,414

On 9 June 2021, the company issued first tranche unsecured loan notes to both the immediate parent company and Maestro Technologies Ltd of £21,507,443 and £1,131,971 respectively. During the period, an additional £41m and £2,157,895 of consideration loan notes were issued respectively. The loan notes are redeemable in full on the earlier of seven years after the date of the instrument (or at a later date as the majority holders may otherwise direct or an earlier date as all the noteholders may agree) or immediately prior to a specified event such as a sale. The loan notes are interest bearing at 8% per annum and charged to the respective loan accounts annually.

DIGITAL MASTER HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

7 Called up share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
190 A Ordinary shares of 1p each	190	190	1.90	1.90
10 B Ordinary shares of 1p each	10	10	0.10	0.10
	<u>200</u>	<u>200</u>	<u>2</u>	<u>2</u>

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:	Engin Zekia FCA
Statutory Auditor:	Gerald Edelman LLP

9 Related party transactions

The company has taken advantage of the exemption available under FRS102 1A whereby it has not disclosed transactions and balances with any wholly owned group companies.

Included in other debtors is an amount of £62,826,158 (2021: £21,507,443) due from its subsidiary undertaking, Digital Holdings Ltd. Interest was charged at 8% and amounted to £2,943,031 (2021: £318,845) in the period.

Included in creditors due after one year is an amount of £62,826,158 (2021: £21,507,443) due to the immediate parent company, Iris Holdco Limited. Interest was charged at 8% and amounted to £2,943,031 (2021: £318,845) in the period.

On 9 June 2021, the company acquired the 200,000 B Ordinary shares of Digital Holdings Ltd for a deferred consideration of up to £10,526,316. This deferred consideration will be settled over time via the issuance of loan notes dependent upon reaching certain milestones. At the period end, the company has issued tranche loan notes aggregating £3,289,866 (2021: £1,131,971) to Maestro Technologies Ltd. Interest of £110,817 (2021: £90,558) was charged at 8% on the loan note. Maestro Technologies Ltd holds the B Ordinary shares in this entity as part of the same transaction.

10 Parent company

The immediate parent company is Iris Holdco Limited, a company incorporated in England and Wales. The ultimate parent is Basalt Infrastructure Partners LLP, an entity incorporated in England and Wales.

