

DIGITAL MASTER HOLDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



COMPANY INFORMATION

DIRECTORS	P Doyle W Jones S Lowry J S Warner (appointed 29 February 2024) C Bock Montero (resigned 26 September 2023) O D Helm (appointed 26 September 2023, resigned 29 February 2024) F Martinez Sanchez (resigned 26 September 2023)
COMPANY SECRETARY	K Plahay
REGISTERED NUMBER	13152658
REGISTERED OFFICE	Aperture Pynes Hill Exeter EX2 5AZ

DIGITAL MASTER HOLDCO LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditors' report	7 - 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14 - 25

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

INTRODUCTION

The directors present their strategic report and the audited financial statements of the Company for the year ended 31 December 2023. The prior period comparatives cover a 13 month period to 31 December 2022.

BUSINESS REVIEW

The company was a 100% subsidiary of Iris Holdco Ltd whose ultimate parent is Basalt Infrastructure III LLP ("Basalt"), an infrastructure investment fund. In September 2023, the company merged with the Full Fibre Group of Companies, also owned by Basalt. Following the merger, the company is a 100% subsidiary of Iris Infra Ltd whose ultimate parent is Basalt Infrastructure III LLP.

The Company received funding of £33m of intercompany loan notes during the year (2022: £41m) from its parent companies Iris Holdco Ltd (£25m) and Iris Infra Ltd (£8m).

Digital Master Holdco Ltd advanced intercompany loans amounting to £34.316m in 2023:

- £33m to fund the operations of its subsidiaries, and
- £1.316m staged subscription-based consideration for its acquisition of 100% of the equity of Digital Holdings Ltd in 2021.

The company reported a loss before tax of £0.4m for the year (2022: £0.1m).

PRINCIPAL RISKS AND UNCERTAINTIES

Like all businesses, the Company faces a range of risks and uncertainties that could impact its performance. These include:

- **Regulatory Risks:** Changes in government policies or regulations could affect our ability to deliver services or change the cost structure of our operations.
- **Competition:** The broadband market is highly competitive with both established providers and new entrants seeking to capture market share. We continuously monitor market conditions and adjust our strategy to maintain our competitive edge.
- **Economic Conditions:** Economic downturns or uncertainties such as inflation, changes in consumer spending, or disruptions in global supply chains could negatively impact our financial results.
- **Availability of funding:** The Company is reliant on continued funding to finalise the network build, connect new customers, and support ongoing business operations.

To mitigate these risks, we continuously monitor our operating environment, invest in future-proof technologies, and maintain strong relationships with key stakeholders.

FINANCIAL KEY PERFORMANCE INDICATORS

The subsidiaries' key performance indicators are regularly reviewed by the board of directors and include Network expansion to ready-for-service (RFS) premises, Revenue Growth and new Customer acquisition, EBITDA and the number of customers serviced for the company.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

OTHER KEY PERFORMANCE INDICATORS

Performance is measured against detailed annual operating plans and rolling long-term financial forecast models. The top key measures are:

- Number of Ready for Service (RFS) premises: properties that can be connected to our network within our standard SLA and at a known cost
- Cost per Premises Passed: average network build cost per RFS premise
- Penetration: number of customers acquired as a proportion of properties ready for service in an area
- Average Revenue Per User: average revenue per customer per month
- Cost per Customer Acquired: cost of advertising and acquiring a customer to connect to the network
- Cost per Installation: cost of activating a property with live ultra-high speed broadband connectivity
- Cost per Customer Served: cost of operating the network and servicing the customer

GOING CONCERN

The Company operates as a holding company, and consequently, the assessment of going concern is contingent upon the future trading capabilities of its subsidiaries.

As of 31 December, the Company reported a loss of £0.4 million (2022: £0.1 million) and net liabilities amounting to £0.6 million (2022: £0.2 million), attributed to losses incurred that align with the current financial plan. Short to medium term funding for the business is reliant on the continued support of the Group's shareholders, who have continued to fund the business throughout 2024, in accordance with the financial plan and have provided a letter to support funding for the business through 2025 and 2026.

The Group includes Iris Infra Master Holdco Limited, Iris Infra Holdco Limited, Iris Infra Limited, Full Fibre Limited, and the Company's subsidiaries as set out in Note 9.

In evaluating the going concern basis for the preparation of the financial statements, the Directors have considered the Board-approved annual budget and long-range business plan for the Company. They have stress-tested the baseline plan by developing a downside scenario that emphasises critical planning assumptions. The primary factors incorporated into this downside scenario include:

- A decline in customer sales volumes;
- A reduction in recurring revenues due to lower average revenues per user (ARPU);
- An increase in the cost base driven by higher inflation assumptions affecting both operating costs and capital expenditures; and
- An assumption of lower long-term penetration and utilization of the network, which diminishes opportunities for returns on capital investment.

In both the base case and downside scenarios, the Directors are confident that the business possesses sufficient cash resources to sustain operations for the foreseeable future, with expectations that the trading group will achieve operational cash-flow positivity.

The Company is reliant on continued funding to finalise the network build, connect new customers, and support ongoing business operations. Following the completion of network construction, the Company will remain dependent on capital for a brief period until it becomes cash-generative and self-sustaining.

GOING CONCERN (CONTINUED)

Shareholders have already provided additional funding post-year-end and have expressed their intention to continue providing financial support. Included with Iris Infra Master Holdco Limited Note 28 Post Balance Sheet events are details of funding secured post year end. In the event that a materially lower amount of future funding is received, the Directors would take mitigating action on the operations of the businesses to ensure that the Company continues to realise assets and discharge liabilities in the normal course of business.

The Directors' assumptions and outlook assume continued shareholder support to finance business operations. The financial statements do not reflect the adjustments that would be necessary should the ability of the Company to trade be compromised due to the loss of such support. As such there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Consequently, the Directors conclude that, whilst there remains a reliance on continued shareholder support to finance business operations in the medium term, it is appropriate to adopt the going concern basis in preparing the financial statements for the year ending 31 December 2023.

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

Page 2

J S Warner
Director

Date: 27 January 2025

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Directors present their report and the financial statements for the year ended 31 December 2023. The comparative figures are for the 13 month period to 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company was that of an intermediate holding company for entities involved in wired and wireless telecommunications activities.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £362,590 (2022: loss £117,817).

No dividends (£Nil) were paid during the year ended 31 December 2023 (2022: £Nil).

DIRECTORS

The Directors who served during the year were:

P Doyle
W Jones
S Lowry
C Bock Montero (resigned 26 September 2023)
O D Helm (appointed 26 September 2023, resigned 29 February 2024)
F Martinez Sanchez (resigned 26 September 2023)

FUTURE DEVELOPMENTS

The Company is transitioning from the network build phase of its development to accelerating sales and customer growth on its completed network footprint, and results to date have been in line with expectations.

The Company remains well-positioned to take advantage of the growing demand for high-quality broadband services in the UK. With a robust strategic plan, continuous investment in technology, and a focus on customer satisfaction, we are confident in our ability to achieve continued growth and success in the coming years.

MATTERS COVERED IN THE STRATEGIC REPORT

The Company has included mandatory Directors' Report disclosures within the Strategic Report as they are considered by the Directors to be of strategic importance, as permitted by the Companies Act 2006 (Strategic Report and Directors' Report Regulation).

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

POST BALANCE SHEET EVENTS

The Company's parent undertaking Iris Holdco Limited is in active discussions to merge with Zzoomm Group Ltd, developing a larger single operating business. This merger will strengthen the individual financial positions of each company through leveraging greater operational efficiencies and broader market reach, gaining the ability to acquire more customers.

As at 27 January 2025 the transaction had completed with the creation of a new intermediate parent company Altnet Partners Limited, owned 71% by Iris Infra Holdco Limited and 29% by Zzoomm Group Limited. This new intermediate holding company will own 100% of the combined Zzoomm and Iris Infra Group companies. Both parties will continue to fund their respective business plans in line with current forecasts.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

J S Warner
Director

Date: 27 January 2025

Aperture
Pynes Hill
Exeter
EX2 5AZ

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Directors are responsible for preparing the Strategic report, 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGITAL MASTER HOLDCO LIMITED

OPINION

We have audited the financial statements of Digital Master Holdco Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.4 in the financial statements, which indicates that the Company incurred a net loss of £0.4m (2022: £0.1m) during the year ended 31 December 2023 and, as of that date, the Company had net liabilities of £0.6m (2022: £0.2m).

The Company's ability to continue as a going concern is dependent on its parent Company's ability to secure additional funding to meet its operational and financial obligations as they fall due which, whilst intended, is not guaranteed. As stated in Note 2.4, these events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 Auditors' 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.

Page 7

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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 the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 6, 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.

DIGITAL MASTER HOLDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGITAL MASTER HOLDCO LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the industry and sector, control environment and financial performance;
- We have considered the results of enquiries with management and the directors in relation to their own identification and assessment of the risks of irregularities within the Company;
- We have reviewed the documentation of key processes and controls and performed walkthrough of transactions to confirm that systems are operating in line with documentation; and
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest areas of risk to be in relation to revenue recognition and management override

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These include data protection regulations, occupational health and safety regulations, employment law and the Communications Act 2003.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having direct effect on the financial statements.
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Reviewing board meeting minutes;
- Performing detailed transactional testing in relation to the recognition of revenue; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries, and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of the business.

We also communicated relevant identified laws and regulations and potential fraud risk to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

DIGITAL MASTER HOLDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIGITAL MASTER HOLDCO LIMITED (CONTINUED)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

Fleur Lewis FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 £	13 month period ended 31 December 2022 £
Administrative expenses		(14,778)	(7,000)
Operating loss		(14,778)	(7,000)
Interest receivable and similar income		7,286,662	2,943,031
Interest payable to group undertakings		(7,387,894)	(2,943,031)
Other interest payable and similar expenses		(246,580)	(110,817)
Loss before tax		(362,590)	(117,817)
Loss for the financial year		(362,590)	(117,817)

The notes on pages 14 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Investments	9	4,605,655	3,289,866
		<u>4,605,655</u>	<u>3,289,866</u>
Current assets			
Debtors: amounts falling due within one year	10	106,055,980	65,769,320
		<u>106,055,980</u>	<u>65,769,320</u>
Creditors: amounts falling due within one year	11	(111,239,591)	(69,274,559)
Net current liabilities		<u>(5,183,611)</u>	<u>(3,505,239)</u>
Total assets less current liabilities		<u>(577,963)</u>	<u>(215,373)</u>
Net liabilities		<u>(577,963)</u>	<u>(215,373)</u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(577,965)	(215,375)
		<u>(577,963)</u>	<u>(215,373)</u>

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

J S Warner
Director

Date: 27 January 2025

The notes on pages 14 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 December 2021	2	(97,558)	(97,556)
Comprehensive income for the period			
Loss for the period	-	(117,817)	(117,817)
At 1 January 2023	2	(215,375)	(215,373)
Comprehensive income for the year			
Loss for the year	-	(362,590)	(362,590)
At 31 December 2023	2	(577,965)	(577,963)

The notes on pages 14 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. GENERAL INFORMATION

Digital Master Holdco Limited is a private company limited by shares incorporated in England and Wales. The registered office is Aperture, Pynes Hill, Exeter, England, EX2 5AZ.

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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Iris Infra Master Holdco Limited as at 31 December 2023 and these financial statements may be obtained from Companies House.

2.3 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2. ACCOUNTING POLICIES (continued)**2.4 GOING CONCERN**

The Company operates as a holding company, and consequently, the assessment of going concern is contingent upon the future trading capabilities of its subsidiaries.

As of 31 December, the Company reported a loss of £0.4 million (2022: £0.1 million) and net liabilities amounting to £0.6 million (2022: £0.2 million), attributed to losses incurred that align with the current financial plan. Short to medium term funding for the business is reliant on the continued support of the Group's shareholders, who have continued to fund the business throughout 2024, in accordance with the financial plan and have provided a letter to support funding for the business through 2025 and 2026.

The Group includes Iris Infra Master Holdco Limited, Iris Infra Holdco Limited, Iris Infra Limited, Full Fibre Limited, and the Company's subsidiaries as set out in Note 9.

In evaluating the going concern basis for the preparation of the financial statements, the Directors have considered the Board-approved annual budget and long-range business plan for the Company. They have stress-tested the baseline plan by developing a downside scenario that emphasises critical planning assumptions. The primary factors incorporated into this downside scenario include:

- A decline in customer sales volumes;
- A reduction in recurring revenues due to lower average revenues per user (ARPU);
- An increase in the cost base driven by higher inflation assumptions affecting both operating costs and capital expenditures; and
- An assumption of lower long-term penetration and utilization of the network, which diminishes opportunities for returns on capital investment.

In both the base case and downside scenarios, the Directors are confident that the business possesses sufficient cash resources to sustain operations for the foreseeable future, with expectations that the trading group will achieve operational cash-flow positivity.

The Company is reliant on continued funding to finalise the network build, connect new customers, and support ongoing business operations. Following the completion of network construction, the Company will remain dependent on capital for a brief period until it becomes cash-generative and self-sustaining.

Shareholders have already provided additional funding post-year-end and have expressed their intention to continue providing financial support. Included with Iris Infra Master Holdco Limited Note 28 Post Balance Sheet events are details of funding secured post year end. In the event that a materially lower amount of future funding is received, the Directors would take mitigating action on the operations of the businesses to ensure that the Company continues to realise assets and discharge liabilities in the normal course of business.

The Directors' assumptions and outlook assume continued shareholder support to finance business operations. The financial statements do not reflect the adjustments that would be necessary should the ability of the Company to trade be compromised due to the loss of such support. As such there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Consequently, the Directors conclude that, whilst there remains a reliance on continued shareholder support to finance business operations in the medium term, it is appropriate to adopt the going concern basis in preparing the financial statements for the year ending 31 December 2023.

2.5 INTEREST INCOME

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

2. ACCOUNTING POLICIES (continued)**2.6 FINANCE COSTS**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.8 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.

2.9 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.

2.10 FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 “Basic Financial Instruments” of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

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.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of

2. ACCOUNTING POLICIES (continued)**2.10 FINANCIAL INSTRUMENTS (CONTINUED)**

financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

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

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

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are

2. ACCOUNTING POLICIES (continued)**2.10 FINANCIAL INSTRUMENTS (CONTINUED)**

subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments**Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

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

2.11 PRIOR YEAR RESTATED

The restatement in the prior period is in relation to the re-mapping of balances between intercompany and other creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3.**JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimated and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following have been considered to be significant estimates or judgements:

Impairment of fixed asset investments - At each reporting date management assess whether there are any indicators of impairment taking into account significant changes in the economic environment in which the entity operates, the trading performance of its subsidiary and future revenue streams which require an element of judgement.

Recoverability of intercompany debtor - Included in debtors is a balance due from the company's subsidiary for £106,055,980, recoverability of which will be dependent on the financial performance of the trading entity. The directors are of the opinion that the entity will have adequate cash resources to continue operations for the foreseeable future, upon which the trading company is expected to turn operationally cash-flow positive.

The recoverability of intercompany debtor balances is a key area of judgment in the preparation of these financial statements. Management assesses whether intercompany debtor balances are recoverable based on the financial position, liquidity, and future cash flow projections of the debtor entity, as well as the nature and terms of the intercompany arrangements. In making this judgment, management considers:

- The debtor's financial performance and solvency, including historical and forecasted results.
- The debtor's payment history and ability to generate sufficient cash flows to meet its obligations.
- Any evidence of support, such as guarantees or letters of comfort provided by other group entities.
- Relevant external factors, including market and economic conditions, that may impact the debtor's ability to repay.

Where there is evidence to suggest that the carrying amount of the intercompany debtor may not be recoverable, an impairment provision is recognized to reduce the balance to its estimated recoverable amount. Any impairment loss is charged to the profit and loss account in the period in which it is identified. The assessment of recoverability involves significant estimates and assumptions. Changes in these estimates, or the emergence of new information, could result in material adjustments to the carrying value of the intercompany debtor balances.

4.**AUDITORS' REMUNERATION**

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. EMPLOYEES

The Company has no employees other than the Directors, who did not receive any remuneration (2022: £0).

The average monthly number of employees, including the Directors, during the year was as follows:

Year ended 31 December 2023 No.	13 month period ended 31 December 2022 No.
<u><u>0</u></u>	<u><u>0</u></u>

6. INTEREST RECEIVABLE

	Year ended 31 December 2023 £	13 month period ended 31 December 2022 £
Interest receivable from group companies	7,286,662	2,943,031
	<u><u>7,286,662</u></u>	<u><u>2,943,031</u></u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2023 £	13 month period ended 31 December 2022 £
Other loan interest payable	246,580	110,817
Loans from group undertakings	7,387,894	2,943,031
	<u><u>7,634,474</u></u>	<u><u>3,053,848</u></u>

DIGITAL MASTER HOLDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. TAXATION

	Year ended 31 December 2023 £	13 month period ended 31 December 2022 £
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>
DEFERRED TAX		
	<u>-</u>	<u>-</u>
TOTAL DEFERRED TAX	<u>-</u>	<u>-</u>
TAX ON LOSS	<u>-</u>	<u>-</u>
FACTORS AFFECTING TAX CHARGE FOR THE YEAR/PERIOD		

The tax assessed for the year/period is higher than (2022:higher than) the standard rate of corporation tax in the UK of 23.52% (2022: 19%).
The differences are explained below:

	Year ended 31 December 2023 £	13 month period ended 31 December 2022 £
Loss on ordinary activities before tax	<u>(362,590)</u>	<u>(117,817)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022:19%)	(85,283)	(22,385)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	71,892	-
Unrelieved tax losses carried forward	-	22,385
Remeasurement of deferred tax for changes in tax rates	(843)	-
Movement in deferred tax not recognised	14,234	-
TOTAL TAX CHARGE FOR THE YEAR/PERIOD	<u>-</u>	<u>-</u>

DIGITAL MASTER HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2023	3,289,866
Additions	1,315,789
At 31 December 2023	<u>4,605,655</u>

The addition relates to a £1.3m staged subscription-based consideration for the acquisition of 100% of the equity of Digital Holdings Ltd in 2021.

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Digital Holdings Ltd	Aperture, Pynes Hill, Exeter, EX2 5AZ	Ordinary	100%
Digital Infrastructure Limited	Aperture, Pynes Hill, Exeter, EX2 5AZ	Ordinary	100%
Digital Infrastructure Services Limited	Aperture, Pynes Hill, Exeter, EX2 5AZ	Ordinary	100%

10. DEBTORS

	2023 £	As restated 2022 £
Amounts owed by group undertakings	106,055,981	65,769,320
	<u>106,055,981</u>	<u>65,769,320</u>

Included in amounts owed by group undertakings is an unsecured intercompany loan of £106,055,980 (2022: £65,769,189) and accrues interest at 8% per annum and will be capitalised on each 12 month anniversary of the date of the agreement if not paid. At the year end £10,548,537 (2022: £2,943,031) of interest had been accrued and is included in the above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	As restated 2022 £
Amounts owed to group undertakings	111,218,593	66,206,582
Amounts owed to related parties	-	3,053,977
Accruals and deferred income	21,000	14,000
	<u>111,239,593</u>	<u>69,274,559</u>

Included in amounts owed by group undertakings are unsecured intercompany loans of £111,210,823 (2022: £65,769,189) and accrues interest at 8% per annum and will be capitalised on each 12 month anniversary of the date of the agreement if not paid. At the year end £11,097,724 (2022: £3,261,876) of interest had been accrued and is included in the above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. SHARE CAPITAL

	2023 £	2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
190 (2022:190) A Ordinary Shares shares of £0.01 each	1.90	1.90
10 (2022:10) B Ordinary Shares shares of £0.01 each	0.10	0.10
	<u>2.00</u>	<u>2.00</u>

13. RESERVES

Profit and loss account

Page 23

The profit and loss account includes all current year and prior period retained profits and losses.

14. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Iris Infra Limited, the Company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 "Related party disclosures" in not disclosing intra Group transactions where 100% of the voting rights are controlled within the Group.

During the year £1,315,789 (2022: £2,157,895) of loan notes were issued to non-controlling interests. Interest incurred in the year on these loan notes was £242,400 (2022: £154,693). These are included in amounts owed to group undertakings. Interest will accrue at 8% and will be capitalised on each 12 month anniversary.

During the year the existing balance amounting to £5,053,610 (2022: £Nil) was novated to Iris Infra Holdco Limited.

The principal and the accrued interest is included in amounts due to related parties £Nil (2022: £4,811,209).

15. POST BALANCE SHEET EVENTS

The Company's parent undertaking Iris Holdco Limited is in active discussions to merge with Zzoomm Group Ltd, developing a larger single operating business.

As at 27 January 2025 the transaction had completed with the creation of a new intermediate parent company Altnet Partners Limited, owned 71% by Iris Infra Holdco Limited and 29% by Zzoomm Group Limited. This new intermediate holding company will own 100% of the combined Zzoomm and Iris Infra Group companies. Both parties will continue to fund their respective business plans in line with current forecasts.

16. CONTROLLING PARTY

During the year ended 31 December 2023, the Group of which the Company is a part underwent a reorganisation. The immediate parent Company changed from Iris Holdco Limited to Iris Infra Limited.
The directors are of the opinion the Company's ultimate parent undertaking is Basalt Infrastructure Partners III Gp Limited, a company incorporated in Guernsey.
The parent undertaking of the largest group to consolidate these financial statements is Full Fibre Master Holdco Limited (13055343) which changed its name to Iris Infra Master Holdco Limited on 18 August 2023, the consolidated financial statements of which are available at Companies House, Cardiff.