

TELENT TECHNOLOGY SERVICES LIMITED
Annual Report and Financial Statements
Year ended 31 March 2025



TELENT TECHNOLOGY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2025

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TELENT TECHNOLOGY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2025

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

G Bonthron
S R Dalton
J C Gretton
N Harvey
L R Hughes
C Keen
A H P Loosveld
C E Metcalfe
M J Mohan
P W A Moir
M A Turner
R W Welsby

REGISTERED OFFICE

Abel Smith House
Gunnels Wood Road
Stevenage
SG1 2ST

AUDITOR

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
8 Finsbury Circus
London
EC2M 7EA

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 March 2025. The Strategic Report aims to provide a fair and balanced insight into the Company's main objectives, strategies and risks, including a review of the Company's performance and financial position. It complements, supplements and provides context for the financial statements.

INTRODUCTION

Immediately following the year end, on 15 April 2025, the Company's shareholder approved an offer for the sale of the Company ("Telent") from M Group Telecom Holdings Limited ("M Group"). The sale completed on 31 July 2025 and the Company is now a wholly owned subsidiary of M Group, a leading UK infrastructure services provider across water, energy, rail & aviation, highways and telecom to private and public sector organisations.

The acquisition by M Group will enhance the Telent existing capabilities to ensure it is even better placed to tackle the challenges of ageing infrastructure, combining M Group's market leading infrastructure service offering with Telent's leading technology and digital solution capabilities.

Telent's differentiated position in mission critical communications, network infrastructure and end-to-end cyber security services, materially enhances M Group's ability to deliver integrated solutions across the telecom, transport, water, and energy sectors. It also expands M Group's reach into attractive adjacent markets, including the public sector, defence, emergency services and education.

Prior to the separation from the Telent Group, on 29 July 2025, a dividend of £301.2 million was declared and the resulting creditor was agreed to be offset against the intercompany debtor of the same value (see Note 13) and on the same date a dividend of £0.3 million was paid. Also upon completion, the Group Revolving Credit Facility, of which the Company is an obligor, was cancelled. Since completion, the registered office has changed; and there have been three new directors appointed to and one resignation from the Board.

The principal activities and business performance review below reflect the operations of Telent for the year ended 31 March 2025 prior to the sale completing.

STRATEGIC REPORT (continued)

PRINCIPAL ACTIVITIES

Telent is a leading technology company and specialist in the design, build, support and management of the UK's critical digital infrastructure. Key customer areas include Transport, Emergency Services, Telecom Network Operators and the Public Sector. We deliver services through two business units aligned to our target sectors:

Sector / Business unit	Services provided	Examples of key customers
Network Services	<p>Design, installation, integration, and ongoing operation & support of operational technology. This includes critical networks, safety & security systems, command & control systems and national digital infrastructure.</p> <p>Focused on Government, Telecom Network Operators, Public Safety and Defence sectors.</p>	<p>BT, Cisco, Department of Health, East Sussex Fire & Rescue Service, EE, Frequentis, Giganet, Ireland Health Service Executive, Home Office, Irish Fire Service, London Ambulance Service, Maritime & Coastguard Agency, Mersey Fire and Rescue Service, Motorola, New Nuclear Build, North West Firecontrol, Northern Ireland Fire & Rescue Service, Openreach, Parliamentary Digital Services, RNLI, Thames Valley Police, Tyne & Wear and Northumberland FRS, University of Bristol, University of Exeter, University of Oxford, Virgin Media and West Midlands Travel.</p>
Transport	<p>Design, installation, integration and ongoing operation & support of operational technology. This includes critical networks, safety & security systems, control and automation systems and national digital infrastructure.</p> <p>Focused on the Rail, Metro and Highways/Urban Roads sectors.</p>	<p>National Highways, Transport for London Network Rail, Transport for Greater Manchester, Local and County Councils (including Cumbria, Gloucestershire, Kent, Leeds, Oxfordshire, Sandwell, Stoke-on-Trent, West Sussex and Worcestershire), Alstom, CHC Highways, Crossrail, Global Media, Ringway, High Speed 1 and Train Operating Companies (including Arriva, FirstGroup and Trenitalia) covering the Southwest (SWR), Great Western (GWR), West Coast Mainline (Avanti), Northern, Mersey Rail, Essex Thameside (C2C), MTR Elizabeth Line and London Overground franchises.</p>

STRATEGIC REPORT (continued)

OBJECTIVE AND BUSINESS STRATEGY

The Company is a market leader delivering operational technology services and solutions to the UK and Ireland critical national infrastructure market. We have been providing services for over 30 years and are well established in the sectors we serve.

We aim to develop relationships with our customers, delivering tailored solutions, service excellence, technical leadership and collaborative innovation, and thereby becoming their technology partner of choice, and securing recurring revenue streams.

Our strategy is to achieve sustainable and profitable growth through the provision of operational technology solutions and services to UK critical national infrastructure markets. Continued growth is forecast for these markets in the coming years, driven by significant ongoing investment in public and private networks (fixed and mobile), 5G and digital transformation to deliver data insights, enhanced performance and sustainability across our vertical markets. In addition to focused organic growth, we will undertake selective acquisitions which enhance our market position or provide additional capabilities.

We develop domain expertise and customer alignment through market sector facing business units, supported by strong central management and business support teams. The structure of our business units is described on page 3.

One of Telent's core technical strengths is working with and leading the integration of differing technologies becoming the "Complete Systems Integrator" for our customers. Driving innovative solutions to improve our customers efficiency and operations capability. The core of our technical strategy remains both our people and new technologies and we continue to invest in both to ensure we offer the best solutions for our customers.

Telent has committed to matching the UK's climate target to deliver "net zero" greenhouse gas emissions by 2050. In the near term, Telent have set ambitious science-based targets, approved by the Science-Based Targets Initiative, to reduce Scope 1 and 2 emissions by a minimum of 46.2% and to reduce Scope 3 emissions intensity from purchased goods and services by 55%, no later than 2030. Telent monitors emissions to track progress, with performance externally verified and reported annually through our publicly available Sustainability and Social Value Reports, and our disclosure to the Carbon Disclosure Project. This approach ensures transparency and builds confidence among our stakeholders.

A reduction in direct (Scope 1) and energy-related (Scope 2) emissions is being achieved through targeted strategic actions:

- *Fleet Electrification* - We are transitioning our commercial fleet to electric vehicles ("EVs"), supporting lower emissions and improved air quality across our operations.
- *Reduced Business Mileage* - Smarter design by embedding technologies that enable remote monitoring, remote diagnostics, and improved asset visibility which reduce the need for travel. These efficiencies support both emissions reduction and more resilient customer service delivery.
- *Energy Efficiency* - A programme of energy efficiency improvements, site rationalisation and building upgrades to significantly reduced gas and electricity use. These investments also improve workplace functionality and performance.

In addition to the mandatory Scope 3 categories, Telent's priority area of focus to reduce Scope 3 emissions is purchased goods and services through a range of initiatives, including:

- *Supplier Engagement* - We collaborate with key suppliers to improve emissions data and support decarbonisation. Where possible, we prioritise those with time-bound carbon reduction commitments. Currently, 37% of our supply chain spend is with "climate-aligned" suppliers who have credible net zero targets and are actively reducing and disclosing emissions. This strengthens our ability to meet both internal targets and customer expectations for low-carbon delivery.
- *Carbon-Informed Design Tools* - New internal tools have been developed to estimate the embodied carbon of products and services. These will inform decision-making at the design stage, enabling more effective low-carbon choices for solutions with the highest environmental impact, whilst helping customers to better understand their indirect emissions.

STRATEGIC REPORT (continued)

BUSINESS PERFORMANCE REVIEW

The key financial performance indicators are turnover and the alternative profit measure operating profit from trading activities excluding exceptional items, depreciation and amortisation of intangibles. Operating profit of £28.3 million (2024: £14.2 million) comprises:

£ million	2025	2024
Operating profit from trading activities excluding exceptional items, depreciation and amortisation of intangibles	41.2	27.5
Depreciation	(2.7)	(2.4)
Amortisation of intangibles	(3.6)	(3.9)
Exceptional items	(6.6)	(7.0)
Total operating profit	28.3	14.2
Revenue	477.1	460.7
Cash at bank¹	55.5	46.6

¹ Includes £Nil (2024: £14.9 million) drawn down under a supplier finance facility with one of our major customers ("supplier finance facility").

Turnover increased during the year from £460.7 million to £477.1 million primarily as a result of increased volumes in our Transport business unit which was partially offset by reduced volumes in the Network Services division following a loss of regions in the year on the Openreach contract following a change in supplier strategy.

The continued strong operating performance within both business units driving improved margins and profitability, has resulted in a significant increase in operating profit from trading activities excluding exceptional items, depreciation and intangible amortisation to £43.4 million (2024: £27.5 million).

Exceptional trading items charged to the profit and loss account (see Note 6) relate to restructuring costs of £2.7 million (2024: £3.6 million); legal and professional costs of £3.9 million (2024: £Nil) which were incurred in relation to the Company preparing itself for sale as announced in April 2025. In the prior year exceptional items also included impairment of investments (2024: £3.7 million) offset by a reduction in expected property rationalisation costs (2024: £0.3 million).

After depreciation and amortisation of intangible assets of £6.3 million (2024: £6.3 million), total operating profit after exceptional trading items for the year amounted to £28.3 million (2024: £14.2 million).

Cash at bank increased to £55.5 million at 31 March 2025 (2024: £46.6 million). This reflects the impact of the improved operating performance being received as cash, offset by dividend payment, exceptional cash costs and capital expenditure.

STRATEGIC REPORT (continued)

BUSINESS PERFORMANCE REVIEW (CONTINUED)

Network Services

During the year the decision was made to merge the Infrastructure Services business unit into Network Services. Following this merger, the strategic aims for the business unit remain unchanged and focusses on our longstanding core market areas: Telecom Network Operators, Public Safety and Government. Additionally, we made good progress within our newer markets: Higher Education, Power and Utilities and Defence. Our opportunity pipeline within all our focus market areas has grown substantially throughout the year, giving us a strong growth plan for the next five years and beyond.

For our Telecom Network Operator customers, we deliver Fixed Infrastructure, Fixed Technology and Mobile. Investment continues in all these areas.

In Fixed Infrastructure, our main customer has remained Openreach. We continued to support their fibre build programmes across the UK, ensuring an increasing proportion of premises were connected to fibre. We also continued to support their repair and maintenance activities. Although during a re-tender process in the year we were not awarded all the UK regions we previously worked in, we successfully secured the London region, the largest area within the UK. This contract is in place until 2029 and we are performing well in this area.

Our Fixed Technology work remained mainly with Virgin Media and BT. We continued to support Virgin Media's core Juniper network and expanded our scope further to include the O2 part of their network. We completed and rolled out upgraded software to BT for the System X legacy voice Public Switched Telephone Network ("PSTN") estate and continue to support this network until the PSTN is switched off.

Our Mobile business continued to grow, developing our end-to-end offering from site acquisition through design to full construction. This work has supported our customers, EE being the largest, to modernise their Radio Access Network. We continued with programmes including building infill sites for 5G coverage and replacing and upgrading vendor equipment on existing sites.

In the Public Safety market, the new Emergency Services Network build finally gained momentum. The Home Office awarded contracts to IBM for end user services work (such as new technology in control rooms and vehicles) and EE for the network provision (including coverage testing and mobile site upgrades). We, in turn, were awarded contracts with both parties and are mobilising for various projects to be delivered in the coming years. We also received extensions and new packages of work from our fire, ambulance, police and maritime customers, both within the UK and the Republic of Ireland.

In the Government market, we delivered a network campus refresh for Parliamentary Digital Services using Cisco technology and received an extension to our existing managed service contract. We also completed work alongside Cisco for a new network for the Greater Manchester Combined Authority.

Higher Education remains a busy market for us. We made good progress on our University of Bristol contract, with the new modern network designed, built and going live at the end of the year. We are now moving into the next stage of the project, rolling out connectivity across the campus. We also provided new wireless networks to a number of colleges within Oxford University and extended our support and maintenance contract with the University of Exeter.

In the Power and Utilities market, our main contract remained with New Nuclear Build, who are responsible for the build of the new nuclear power station at Hinkley Point. Over the year our design developed further and is now nearing completion, involving numerous technologies and skills from across the Telent business. We have also worked with the team planning Sizewell C, the next new nuclear power station within the UK, and have submitted a proposal for services similar to Hinkley Point.

The Defence market remains a strategic priority. Throughout the year we grew the pipeline of opportunities both directly with the MOD and Government defence organisations, as well as the large prime contractors within the market. Towards the end of the year, we received our first significant order, working with PA Consulting and Accenture to provide professional services supporting the MOD with their Next Generation Communications Network strategy.

STRATEGIC REPORT (continued)

BUSINESS PERFORMANCE REVIEW (CONTINUED)

Transport

Over the past year, our Transport business has continued to broaden its customer base, technology and service offerings. We are a key strategic partner to many of our customers including Transport for London ("TfL"), National Highways, Global Media, Network Rail, Train Operating Companies, local and regional authorities, and numerous Tier 1 civils and signalling companies across the Transport sector. Additionally, we provide a route to market for several Global Technology Partners and SMEs.

Our Transport business has three focus areas: Asset Management, Highways, and Rail Projects.

Asset Management

We have continued to increase our activities with our largest customer in this area, TfL. Our expanding suite of exclusive software products combined with our technical domain knowledge, positions us well to drive further innovation. We were pleased to be awarded the 1FM Fire contract in the year, broadening our capabilities and service provision with TfL and in the coming year we will look to secure an extension to the key 1FM communications contract.

Our traffic signals activities continue to grow, working with many local authorities across the UK. We are seeing significant demand from local authorities for LED and controller upgrades, driven by the declining availability of halogen bulbs, increasing energy prices and the drive to achieve net zero. Development of our leading edge *Telent Optima Controller* is ongoing, supporting a full range of traffic applications. We are establishing several partnerships in key peripheral technologies, which will broaden our technology to existing customers and expand our customer base.

There has been growth across asset management as services within Transport Communications Systems and Services Rail, Airports technology, maintenance and minor works all gained new contract wins. We continue to deliver major technology improvements to safety-critical Public Address & Voice Alarm systems.

We differentiate through our in-house developed technology solutions, such as Arbitex, MICA, Acumen and Unity, our integrated operations management platforms and our outcome-based, reliability centred service and maintenance approach. This delivers total cost benefits, reliability and continuous improvement to our customers.

Highways

Telent has secured a further extension to the contract for the National Roads Telecommunications Service ("NRTS2"), making this a ten-year contract which will now run until 2028. Following the successful completion of the transformation programme of over 37,000 operational services, additional third-party legacy network services have been migrated by National Highways onto our new modern service platform during the year. The migration enhances further reliability, availability, and efficiency for the operation of these services across the network. Telent remains well positioned for the next phase of the contract, NRTS3, which is due to commence in 2028 and will be tendered in the coming year.

This year saw the successful completion of the National Emergency Area Retrofit Programme, enabling National Highways to improve safety systems across the network. Through the NRTS service, Telent collaborated with the Smart Motorway Alliance to provide the network migration and project management services, successfully delivering this programme on target for the end of the Road Investment Strategy ("RIS") Period 2.

We deliver maintenance and project activities across all National Highways' 13 regions. With this national footprint, we provide the end-to-end technical knowledge and comprehensive maintenance skillsets necessary to manage operational communications. This has led to additional project work through the Operational Technology Commercial Framework ("OTCF"), with further demand for traffic monitoring radar equipment as part of the asset modernisation programme.

STRATEGIC REPORT (continued)

BUSINESS PERFORMANCE REVIEW (CONTINUED)

Transport (continued)

Telent was also selected as the network connectivity provider for National Highways corporate IT services based on SD-WAN technologies, secured through our place on the IT Commercial Framework (ITCF). This positions Telent as the largest provider of fixed connectivity services for both IT and Operational Technology services on behalf of National Highways.

Additionally, Telent successfully completed the stage 2 audit of PAS 2080: Carbon Management In Infrastructure for both Design and Construction. This is a key National Highways requirement for Suppliers from 2025 onwards and forms the basis for measuring and monitoring progress towards Net Zero for the industry.

Rail Projects

From legacy assets to the latest technology, we are driving outcome-based improvements for all stakeholders through the delivery of solutions that help underpin the decarbonisation of railways and deliver improvements in both operational performance and network resilience.

Our breadth of activity includes everything from station communications (and associated technologies), end-to-end operational communications (from transmission networks to radio systems), digital communications, and software applications that control the traction power through to station management.

For Network Rail, with our Traction Power Control Management System, we are driving greater reliability and efficiency in the management of electrical assets and improving the safety of Rail colleagues through our remote isolation application. Over the next year, we will continue to roll out this technology to 13 of 15 regions, covering most of the electrified rail network in England, whilst continuing to support the applications we have developed.

We remain Network Rail's only third-party fibre maintainer. Building on this skillset, we are collaborating with the industry to provide support for the third-party communication initiatives championed by Network Rail and the UK Government.

We continue to innovate and are proud to continue to be an integral part of the Rail Industry Association's Unlocking Innovation programme alongside Network Rail and UK Rail Research and Innovation Network. In the Operational Communications market, we have revolutionised fibre surveys. Today we are delivering faster, more safely and sustainably than ever before. Using train mounted cameras that capture HD video of the railway, machine learning and digital mapping tools we have reduced by 80% the need to physically walk the track at night. Survey outputs are now more accurate, more detailed all whilst reducing our carbon footprint.

STRATEGIC REPORT (continued) BUSINESS PERFORMANCE REVIEW (CONTINUED)

NON-FINANCIAL KEY PERFORMANCE INDICATORS

The Board considers non-financial key performance indicators in relation to occupational health and safety matters; principally the number of incidents reported to the UK Health & Safety Executive pursuant to the Reportable Injuries, Diseases and Dangerous Occurrences Regulations 2013 ("RIDDOR"). The following table summarises this data.

	2025	2024
Lost time incidents ¹⁾	2	1
Deaths/Major injuries ^{2) & 3)}	-	-
Dangerous occurrences ³⁾	-	-
	<hr/>	<hr/>
Total RIDDOR reportable injuries	2	1

- 1) A lost time accident is an injury where an employee, or self-employed person, is away from work or unable to perform their normal work duties for more than 7 consecutive days (not counting the day of the accident).
- 2) Reportable major injuries (as defined in RIDDOR 2013) include: fractures, amputation, dislocation, loss of sight, serious burns, injury from electric shock, unconsciousness due to asphyxia, exposure to harmful substances or head injury.
- 3) There were no reportable Deaths, Major injuries or Dangerous occurrences during the year.

The target of a zero Accident Frequency Rate ("AFR") was not achieved for the year ended 31 March 2025. The final result for the financial year was an AFR of 0.03 (2024: 0.02) due to the two RIDDOR reportable injuries. Telent also monitors all other injuries and an injury rate for any lost time injury (≥ 1 shift or day lost time). The final lost time injury rate for the year to 31 March 2025 was 0.23 compared to 0.18 for the year ending March 2024. This related to 14 injuries that resulted in 1 or more days of lost time compared to 11 in the previous reporting period.

The Company continues to act on the leadership commitment to keep everyone safe and well with the ongoing progress of the Safely Connected programme which includes a focus on progressive development of Safety Leadership skills for Line Managers and ensuring each responsible business area investigates the injury incidents to identify root cause, corrective and preventative action. A Fair Culture process is being developed to ensure a consistent approach for the application and assessment of Human Factors in relation to incidents.

The corporate Safety Week campaign continues delivering a structured/guided Safety Conversation on a quarterly basis for Line Managers to engage the team on relevant safety and behavioural safety situations. In addition, the monthly programme for Driver Safety Awareness continues to support the progressive reduction in at fault incidents and speeding related events. A reporting culture is proactively encouraged with increasing numbers of "near miss" and "don't walk by" reports being monitored.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT

The Directors have identified the following issues, factors and stakeholders as relevant in complying with their duties under section 172(1) Companies Act 2006 and sets out below how these have been considered and impacted their principal decisions during the financial year ended 31 March 2025.

Stakeholders

Employees – Without our skilled and dedicated employees we could not fulfil our purpose of keeping the UK and Ireland's communications assets and data connected and protected. We engage with our staff by regularly updating them on the Company's performance and issues affecting them via our intranet, e-mail, Employee Voice, "Exec Connect" events as well as Roadshows. Employee Voice meetings are attended by members of the Telent executive team and employee representatives, with meetings taking place quarterly and allow colleagues to share ideas, suggestions and provide feedback. There are various other mechanisms for staff engagement across the business, including our Driver Safety Operating Group and local Environmental Health & Safety forums, with the outputs of these mechanisms being reported to senior management. We now have 11 colleague-led Community Groups around the business to support colleagues to connect including Black Professionals, Pride, Neurodiversity, The Men's Room and Parents.

All employees that perform well or suggest innovative ideas can share in the Company's success via our Thanks Award scheme. Employees also have the opportunity to nominate their colleagues for the Annual Telent Awards which has become one of the highlights of our colleagues calendar.

Suppliers and subcontractors – Our supply chain is also essential in providing the products and resource that we need to fulfil our purpose. We hold regular meetings with our suppliers based on the level of spend and risk, and we run a supplier assurance programme. We hold certain key vendor partnerships, as set out at www.telent.com/partners, with our staff attending their vendor conferences as well as meeting quarterly with their executives. The Company's procurement strategy is based on our supplier roadmaps together with our strategic aims and the macro and micro industry climates.

Customers – Our Company values are Be Inclusive, Take Responsibility, Collaborate and Customer Focus. Many of our projects stem from a bidding process designed by the customer, based on their own requirements, therefore regular engagement with customers is essential. We develop joint account plans and continuous service improvement plans based on customer needs, as well as attending networking events, industry forums and project board meetings.

Communities – We are conscious of the impact of our business on the communities we serve. Our dedicated team of STEM ambassadors deliver a programme of events to inspire local people to consider a career with us, visiting numerous local schools and career fairs during the year. We remain committed to charity fundraising, and we hold regular events in support of MIND (our charity partner chosen by our staff) as well as supporting local initiatives such as the Chorley Youth Zone and Future Youth Zone in Barking & Dagenham. We also consult with local communities where required by legislation.

We continue to be committed to minimising impact on the environment and to providing sustainable and effective green solutions to customers to help them meet their carbon neutral targets. Our Sustainability Strategy enables Telent to deliver sustainable solutions for customers whilst preparing for climate change, minimising impact on the environment and acting in a socially responsible way. We also have a Green Solutions Working Group which aims to identify and develop more efficient products, services, and solutions to lower carbon emissions for Telent and its customers and meet net zero targets.

Government and public authorities – As many of the services that we deliver are to public authorities or otherwise publicly funded, we have periodic engagement with public sector stakeholders to allow us to better prepare to provide relevant services, impacting our decisions such as resourcing and forecasting. We also have frequent engagement with public authorities in relation to the streetworks we undertake. To the extent that our work is subject to a specific underlying regulatory regime, we will co-operate with the requirements of that regulator, taking a proactive approach wherever possible.

Lloyds Bank Plc – The Company was an obligor during the year under Tusk Corporation Limited's (formerly Telent Limited), the parent of the Telent Group, Revolving Credit Facility. This facility included various obligations and restrictions on Telent, requiring close co-operation between the Company and Lloyds.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT (CONTINUED)

Issues and Factors

The Group maintains a risk register which has been modelled on best practice and requirements of ISO 27001 & ISO 31000 and captures emerging and established risks and is reviewed periodically. Risks are identified with treatment actions identified and tracked to completion where appropriate. Some of these risks are summarised in the Risks and Uncertainties section of this report.

Impact of Principal Decisions

Consolidation of Network Services and Infrastructure Services Divisions – In September 2024, the Infrastructure Services division merged into the Network Services division. The Company considers that the merger will enable the integration of its infrastructure and technology capabilities into a more streamlined operating model and further enhance its delivery of combined end-to-end services to the service provider market.

Flexible Benefits – The Group has implemented a flexible benefits portal and managed service providing enrolment and management of flexible benefit options for all employees. The new service will be available to employees from the start of the new financial year and will support the Company's talent acquisition and retention objectives.

Statement of corporate governance arrangements

The Wates Principles for Large Private Companies have been adopted by the board, and how each Principle has been applied within its corporate governance arrangements is explained below.

Principle 1 – Purpose and Leadership

The Company's purpose is to keep the UK and Ireland's communications assets and data connected and protected. Our purpose is reflected in our Company values of Be Inclusive, Take Responsibility, Collaborate and Customer Focused, which are promoted throughout the organisation, such as inclusion within our staff performance reviews and have been developed using the engagement survey and long term aspirations as an organisation

The Board reviews HR key performance indicators on a monthly basis in order to monitor culture, and engages with staff directly through roadshows, Employee Voice, "Exec Connect" events and the periodic employee survey.

The Board has established operations committees, which are responsible for ensuring that the Company's operational performance, budget and strategic activity align with its overall purpose and strategic direction.

Principle 2 – Board Composition

A total of 10 directors are appointed to the board. We have been advised following an independent review that this board size is in line with sector best practice, and we believe that it is appropriate for the scale and complexity of the Company.

Our board includes 10 executive directors - a Chief Executive Officer, Chief Financial Officer, Group Engineering Director, Strategy Director, Legal & Commercial Director, HR Director, Chief Information Officer and a Growth and Business Development Director as well as 2 Managing Directors. Each Managing Director is aligned to a business unit that is resourced to meet the needs of a particular market segment. Executive director biographies can be found at www.telent.com/about/management-team.

Each of our directors is required to carry out an annual organisational capability review and receives their own personal annual performance review. The board is periodically briefed on their directors' duties and any developments or guidance issued in connection with them.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT (CONTINUED)

Statement of corporate governance arrangements (continued)

Principle 3 - Responsibilities

The board has adopted formal terms of reference, which state that its duties are implementing the strategic direction of the Company set by Tusk Corporation Limited (formerly Telent Limited) and in doing so setting the Company's values and standards and ensuring compliance with UK and global relevant legal and regulatory requirements. The board has designated a schedule of matters specifically reserved to it for decision and has also delegated its authority to its Operations Committees and individual directors as appropriate.

The board is accountable to the board of Tusk Corporation Limited, which has reserved various matters and oversees performance of the Telent Group as a whole. The board of Tusk Corporation Limited includes non-executive directors that provide independent challenge. Directors are given periodic training to remind them of the nature and extent of their directors' duties.

The board meets on average 12 times per year and receives monthly briefings on health & safety, financial and HR performance, as well as a rotating agenda of other strategic topics. The Operations Committees support operational delivery by reviewing, and constructively challenging where necessary, monthly performance of the business units and central functions against the Company's strategic direction, as well as annual proposals for operating and capital expenditure budgets and strategic activity.

Principle 4 – Opportunity and Risk

Opportunities are regularly identified from bidding activity and continual improvement initiatives, and the actions taken are overseen by the board's Operations Committees. The Operations Committees also conduct an annual strategy review, with the Company's strategic direction ultimately being approved by the board of Tusk Corporation Limited (formerly Telent Limited).

Risks are identified and managed using a variety of internal control mechanisms, spanning from local project risk registers to corporate ISO management systems. Every year, all senior managers are asked to provide a Letter of Assurance in respect of compliance with these controls. The board aims to review the Company's risk register as a whole at least annually in addition to regular oversight from the Operations Committees.

Principle 5 - Remuneration

Our board are subject to long term share based incentives. Their remuneration is reviewed on an annual basis against industry benchmark data, reflecting the same approach applied to all employees of the Company. This remuneration is approved by the board of Tusk Corporation Limited (formerly Telent Limited), providing the opportunity for independent challenge by its non-executive directors.

Principle 6 – Stakeholders

Our board understands the importance of regular engagement with our key stakeholders to meet our strategic aims. For more information, please see our s172(1) statement above.

STRATEGIC REPORT (continued)

ENERGY & CARBON REPORTING

The table below shows the SECR Mandatory Reporting Requirements, methodology and energy efficiency actions. All data relates to UK energy use.

SECR Mandatory Reporting Requirements	2025	2024
Energy consumption used to calculate emissions <i>/kWh</i> Figure is comprised of gas, electricity, transport fuel and gas oil from backup generators	24,678,972.0	29,303,798.0
Emissions from combustion of gas <i>/tCO_{2e}</i> (Scope 1)	41.5	137.8
Emissions from combustion of fuel for transport purposes <i>/tCO_{2e}</i> (Scope 1)	4,289.6	5,717.5
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing the fuel <i>/tCO_{2e}</i> (Scope 3)	404.5	402.7
Emissions from purchased electricity (Scope 2) <i>/tCO_{2e}</i> (Location Based)	993.6	1,479.4
Total gross CO _{2e} based on above <i>/tCO_{2e}</i>	5,729.2	7,737.5
Emissions from purchased electricity (Scope 2) <i>/tCO_{2e}</i> (Market Based)	110.8	279.2
Intensity ratio: tCO _{2e} / FTE Employee	2.1	2.9
Methodology	Green House Gas emissions have been calculated in accordance with Chapter 6 of the GHG Protocol Corporate Standard, using activity data derived from fuel purchases, metered electricity, and mileage claims. Appropriate conversion factors and emissions factors have been obtained from the 'UK Government GHG Conversion Factors for Company Reporting' in order to calculate consumption in kWh and GHG emissions.	

STRATEGIC REPORT (continued)

ENERGY & CARBON REPORTING (CONTINUED)

Energy Efficiency Action:

Telent remains committed to using energy as efficiently as possible and minimising carbon emissions from our operations and we have seen our total gross carbon emissions and carbon intensity decrease year on year as a result of direct action taken.

This decrease in our total gross carbon emissions can be attributed to:

- Scope 1 – a 69.9% decrease in consumption from the combustion of gas due to the successful removal of gas boilers from 5 Telent facilities and the closure of 3 smaller sites that used gas for heating, we will continue to monitor gas usage at all remaining sites;
- Scope 1 – a 25.0% decrease in fuel consumption from transport purposes due to a reduction in miles travelled as well as the transition to electric vehicles. A number of commercial fleet electric vehicle trials took place across the business, these have been very successful and enabled the number of electric vehicles to increase from 9 electric vehicles in FY24, to 46 in FY25. Our proportion of low emission, ultra-low emission and zero emission vehicles continues to grow in line with the overall strategy to reduce carbon emissions due to business mileage;
- Scope 2 – a 32.8% reduction in emissions from purchased electricity due to space rationalisation and office refurbishment across the Telent estate. The Warwick Head Office refurbishment and reduction in overall space from 88,000sq ft to 25,000sq ft and improving overall environment performance through improved heat gain and heat loss windows, improved insulation of roof, new heating and ventilation strategy, electrified heating and cooling with a more localised control;
- Scope 3 – a 0.4% increase in emissions from rental and private vehicles due to a small increase in hire car usage which we aim to offset by increasing the number of electric vehicles in this category.

Our total gross carbon emissions (scope 1, 2 and scope 3 business travel where Telent is responsible for purchasing fuel) decreased by 26.0% from the previous year and our carbon intensity decreased by 27.6% during the same period. This is 47.5% lower than our baseline year (year ended 31 March 2020) levels of 4.0 tCO₂e / FTE employee which reflects our ambition to lead by example and demonstrate credible climate action in the services we provide.

During the reporting period we have continued to purchase electricity from a Renewable Energy Guarantees of Origin backed tariff. Renewable electricity now accounts for more than 88% of the total energy used by Telent (FY24: 86%).

We continue to work towards our science-based targets which were approved by SBTi in the year ended 31 March 2023. The Company is committed to reduce absolute scope 1 and 2 GHG emissions 46.2% by 31 March 2030 from the baseline year. We are also committed to reduce scope 3 GHG emissions from purchased goods and services and capital goods 55% per GBP value added within the same timeframe.

Our emissions reduction programme creates value for our stakeholders across the following areas:

- *Alignment with Customer Sustainability Requirements* - By reducing the carbon intensity of our operations and supply chain, we help customers meet their own net zero and procurement expectations, including Scope 3 reporting and social value commitments.
- *Operational Resilience and Efficiency* - Lower energy consumption, reduced mileage, and upgraded buildings support more efficient and consistent service delivery with reduced environmental impact.
- *Transparent Reporting and Continuous Improvement* - The use of science-based targets, third-party verification, and published disclosures demonstrates a robust, credible and transparent approach to climate action for our stakeholders

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Sale to M Group

The Directors consider the sale of the Company to M Group to be business enhancing such that it will underpin our growth strategy and generate significant opportunity for all our stakeholders but recognise that the change over the immediate period could be bring with it a period of reduced certainty. However, both parties are fully committed to the ongoing success of the business and integration into the new Group will be planned carefully and collaboratively over coming months to ensure that Telent remains a market leader in its field.

As a service company with a large field force working in challenging environments there are a number of risks and uncertainties that could have an impact on our future performance. These include the following:

Market

Telent is a major supplier of communications services to a number of large customers. A shift in customer strategy towards in-sourcing of these services could have a significant impact on our business. We therefore focus on diversity both within our market sectors and customers within the sector, offering a range from basic through to more complex and sophisticated services. It is unlikely that a significant change would be realised across this diverse group of sectors or services within a sector. We regularly monitor our competitors' positioning and approach to ensure we remain current and cost competitive.

Operational

Telent operates in a number of demanding environments, including underground and main line railways, construction sites, highways, communication masts, motorways and customer telephone exchange buildings. We have a field force working 24 hours per day, sometimes using sophisticated heavy equipment. Safe working practices are extremely important to protect everyone involved in, or affected by, our activities. We have highly developed quality and safety processes within our business and are regularly audited by professional bodies and our customers. We have long-established working practices and controls to minimise the risks of injury and damage to property and carry appropriate insurance to mitigate the potential financial impact associated with these risks.

IT Systems

As with many organisations, the growing dependence on IT and systems has associated risks. A breach of IT systems could lead to loss of data; inhibit our ability to operate our contracts; and lead to failure to comply with regulatory standards (both ours and those of our customers). Cyro Cyber manage our Cyber Security Operations Centre and effectively ensures all threats are monitored and mitigated. In addition, our IT team continually review appropriateness of systems in use throughout the business to ensure they meet need and remain up to date.

Delivery

Telent delivers a wide range of services, including some which involve the provision of complex technological solutions and/or delivery in challenging working environments. A failure to effectively manage our projects at each stage of their lifecycle from bidding through to completion could have a material impact on the Company's financial performance and its reputation.

Telent has comprehensive procedures for the review and approval of bids, including the understanding and pricing of risks prior to the acceptance of new work. Once a contract has been accepted, thorough and regular contract review processes are in place to monitor the performance of the project in its lifecycle from mobilisation to final completion and handover. This includes processes designed to provide early warning of developing risks, with a view to their early mitigation.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Financial Risk

As part of its ordinary activities, the Company is exposed to financial risks, specifically liquidity, credit and foreign exchange risk. The Company's principal assets are cash, trade and other debtors.

Liquidity risk

Liquidity risk is the risk that the Company has insufficient liquid financial resources to manage working capital fluctuations and to provide a buffer against unexpected cost shocks. The Company manages liquidity risk by regularly reviewing forecast and actual cash flows.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is managed at the Telent Group level and is limited because all deposits are made with creditworthy and authorised counterparties with high credit ratings assigned by international credit rating agencies. The Telent Group's exposure to any single financial counterparty is limited by policy as a proportion of the central treasury function's free cash deposits. Following the acquisition by M Group, credit risk on liquid funds will be managed within the new group with funds held with an approved list of investment-grade rated counterparties.

Foreign exchange risk

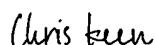
The Company makes some purchases and sales in foreign currencies: principally US Dollar and Euro. It seeks to minimise risk against foreign exchange rate movements, principally relating to purchases in US Dollars, by hedging committed expenditure as soon as reasonably practical following commitment through the use of forward foreign exchange contracts.

Inter-company debtor

The Directors acknowledge that a significant proportion of the Company's net current assets is represented by inter-company debtor balances of £301.2 million (2024: £293.3 million) but note that the Company is not dependent on those balances for its current or foreseeable future solvency and the balance was eliminated post year end following a distribution (see Note 17).

To conclude, I would like to voice our appreciation for our colleagues' hard work and commitment, and similarly, for the continuing support of our customers, partners and supply chain, which has been essential to Telent's performance.

By Order of the Board



C Keen
Director
29 August 2025

DIRECTORS' REPORT

The Directors present their Report and the audited financial statements of the Company for the year ended 31 March 2025.

DIRECTORS

The Directors holding office since 1 April 2024 are listed below:

G Bonthron	(appointed 26 November 2024)
S R Dalton	
H M Green	(resigned 31 March 2025)
J C Gretton	
N Harvey	
L R Hughes	
C Keen	(appointed 31 July 2025)
J P Kimpton	(resigned 7 January 2025)
A H P Loosveld	(appointed 31 July 2025)
C E Metcalfe	
M J Mohan	
P W A Moir	
J Parnell	(resigned 31 July 2025)
M A Turner	(appointed 31 July 2025)
R W Welsby	

Directors' and officers' insurance cover is in place for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company.

PAYMENT OF CREDITORS

It is the policy of the Company to negotiate with suppliers to obtain the best available terms, taking account of quality, price and period of settlement and to commit to those terms.

The average number of days in which we pay trade creditors, excluding amounts owed to companies in the Telent Group, is 34 days (2024: 32 days).

RESEARCH AND DEVELOPMENT

Research and development costs of £2.1 million were incurred in the year (2024: £2.4 million), which have been expensed to overheads within the profit and loss account as incurred.

TRADING OUTLOOK

The Company's balance sheet shows net current assets, excluding the inter-company debtor, of £89.9 million (2024: £85.3 million). Taking into account forecast performance, orderbook and the first few months' trading since April 2025, the Directors are confident that Telent will continue to trade profitably over the remainder of the new financial year and into the medium term. Telent's ability to maintain growth in the year ending 31 March 2026 and beyond will be underpinned by the need to keep supporting critical national infrastructure; the level of success in retaining existing contracts; winning new business; and the health of the British economy as a whole.

DIVIDENDS

Dividends of £20.0 million were declared and paid in the year (2024: £Nil), representing a dividend per share of 2,000,000 pence (2024: Nil pence) per Ordinary share.

After the year end on 23 May 2025, a dividend of £37.8 million was declared and paid; and as part of the separation from the Telent Group, on 29 July 2025, a dividend of £301.2 million was declared and the resulting creditor was agreed to be offset against the intercompany debtor to Tusk Corporation Holdings Limited (formerly Telent Communications Holdings Limited) of the same value and a dividend of £0.3 million was paid.

EVENTS AFTER THE REPORTING DATE

On 15 April 2025, the Company's shareholder approved an offer for the sale of the Company from M Group Telecom Holdings Limited, a leading UK infrastructure services provider across water, energy, rail & aviation, highways and telecom to private and public sector organisations. The sale completed on 31 July 2025 and the Company is now a wholly owned subsidiary of M Group. There is no accounting impact on these financial statements.

Directors' Report (continued)

EVENTS AFTER THE REPORTING DATE (CONTINUED)

As at the completion date, the Company entered into the M Group banking arrangement cross party guarantee.

As described in Note 17, as part of the separation from the Telent Group, on 29 July 2025, a dividend of £301.2 million was declared and the resulting creditor was agreed to be offset against the intercompany debtor of the same value (see Note 13) and a dividend of £0.3 million was paid. Also upon completion the Group Revolving Credit Facility, of which the Company is an obligor, was cancelled.

As described in Note 17, a dividend of £37.8 million was paid in May 2025.

OUR EMPLOYEES

Over the past year we have made continued good progress in embedding our People Strategy into Telent's culture, creating a thriving, inclusive workplace that supports current and future employees and positively impacts the communities and industries we work in. Following feedback from our Employee Engagement Survey at the end of 2023, we've focused on key areas: People Manager capability, Wellbeing, Technology and Communication to help us achieve this aim.

In the coming year, our focus will continue to be driving our employee engagement and implementing the elements of the People Strategy to achieve employer of choice status. Our goal is to increase our employee engagement score to 49 eNPS by December 2026, keeping Telent in the top 25 percent in our industry for engagement. This target was increased from 44 during the year to provide additional challenge as a result of achieving it two years early.

Health, safety, and wellbeing

Health and safety

Safety remains a key focus and Group Objective at Telent, driven by our Safety Connected culture programme which has developed year on year in an ever-changing environment. Actions taken last year at both Group and Business Unit level were driven by the answers from our Safety Culture survey. This has been invaluable feedback in helping us address what is important to everyone who works at Telent.

Throughout the past year, we continued to address areas of concern through our quarterly safety week programme, primarily focusing on Slips Trips and Falls and Manual Handling. Road safety remained a high priority, with timely short video clip reminders.

Over the next year, we will continue to develop our Safely Connected programme to help overcome any issues causing areas of concern and to ensure everyone goes home safe and well every day.

Wellbeing

Telent is committed to ensuring that all employees feel supported, happy and healthy. When our people's wellbeing is looked after, it creates a more positive environment for employees and contributes to the success of the organisation. To support our work in this area, we continue to embed our Wellbeing Strategy, which includes promoting wellbeing webinars and guiding employees to our wellbeing tools and services.

In addition to our existing wellbeing initiatives, we have provided additional support to our wellbeing champions, giving them access to professional support to help them navigate any challenges they may experience in their roles.

Growing and attracting talent

We have continued to drive increased inclusivity into our recruitment practices, implementing additional support for disabled candidates throughout our hiring process and during their employment and a modular online training curriculum was launched for hiring managers to develop their inclusive recruitment skills and understand best practice. This is in addition to our standard practices of using inclusive wording on our job advertisements, advertising on a broad range of job boards, social media, and partnering with Shaw Trust, Seetec, EvenBreak, Women in Science and Engineering, and Warwick Council's Fair Chance programme.

We participated in the annual ERE Media Candidate Experience Awards for EMEA. Whilst our scores remained fairly steady, we rose up in the rankings to #4 in the Technology sector. Additionally, we achieved 9th place in the Glassdoor Top 50 Companies to Work For (UK Large Company list).

Directors' Report (continued)

OUR EMPLOYEES (CONTINUED)

We remain deeply committed to supporting service personnel and take pride in our growing community of Armed Forces members and service leavers. Through dedicated recruitment events, we actively engage with service leavers and Cadet Forces, providing opportunities and support for those who have served or are currently serving in the Armed Forces, as well as those operating as Reservists, Adult Cadet Force Volunteers and their families. In recognition of this commitment, we are proud to have this year been awarded the Gold Award in the Defence Employer Recognition Scheme and continue to collaborate with the MoD/RFCA, the ERS Gold Award Association (GAA), and our partners to enhance career pathways and support initiatives for veterans.

Over the past year, we have introduced a new onboarding programme for all our new starters. Our vision is to provide an inclusive, equitable and welcoming introduction to Telent, ensuring our new employees can be effective in their roles as soon as possible. We continue refining and improving this approach and we currently have an eNPS of 64, using new starter feedback.

We remain focused on building our leadership and management capability, ensuring we create the right environment for all employees to develop and grow. This year we have refreshed our Manager Induction Programme and Manager Foundation Programmes to ensure all new managers have the best start in their role. Additionally, we introduced the Emerging Leaders Programme, designed to accelerate leadership capability, build networks, develop an understanding of the businesses across Telent and give the delegates the tools they need to continue to develop their career with us. This programme is in addition to our regular management development bitesize courses, Step into Management and Managing for Success, which continue to run successfully.

Throughout the year, we have migrated our My Journey Performance process to our people system, consolidating all our core people processes in one place. This integration allows managers and employees to record progress throughout the year, set development goals linked to the learning catalogue and have all My Journey Reviews in one place.

Developing people continues to be one of our 6 strategic priorities and we have continued to invest in our early careers programme. This year we recruited 13 graduates and 28 apprentices and we have 10 internal employees taking part in apprenticeship programmes alongside their jobs.

Engagement and communication

Engagement has continued to be a core focus area in our Business Group Objectives over the last year. Each year, we run an employee engagement survey to gather metrics and receive feedback from employees on where we can focus our attention for future growth and development. Thanks to our continued efforts in this area, in September 2024 we achieved an increase in our employee engagement score from 37 eNPs to 48 eNPS.

In recognition of our achievements and growth in this area, we were awarded the silver award for the Best Employee Engagement Strategy in the UK Employee Experience Awards 2024. We will continue to enter external awards to demonstrate our commitment to increasing employee satisfaction at Telent.

Over the last year, we've continued to develop our communication channels to ensure all employees feel connected to our business. We redesigned our intranet homepage to make it more accessible and improve functionality, resulting in a 23% increase in article engagement. We launched Social Corner, a self-service communication channel to support employees who want to share news and updates with the business that might otherwise not be shared on our mainstream channels. Additionally, we launched three more community groups on Viva Engage to support our employee-led Community Groups and provide a central place for people to connect with one another on common issues and themes. Our internal newsletter, Telent Talk, also saw a 14% increase in open rates.

Our IT Strategy has supported our aim to connect people across the business more efficiently. This included the refresh of our mobile devices, including phones and tablets, with a focus on field-based employees, introducing IT support sessions for our night shift workers, the roll-out of a Microsoft CoPilot pilot to improve efficiencies for employees and exploring other AI functionalities. The increased focus on user experience continues to be a priority.

Directors' Report (continued)

OUR EMPLOYEES (CONTINUED)

Each year, we host an Annual Awards event to recognise and reward our people's contributions to the business. Voting opened in December 2024 for the 2025 event, and we saw a 46% increase in nominations and 42% increase in votes compared to 2023. The nominees and winners for the award categories are chosen by Telent employees and are designed to grow a culture of engagement and recognition.

Equality, Diversity, and Inclusion ("ED&I")

Telent are committed to creating a welcoming environment where everyone feels respected and valued. Led by our dedicated ED&I Steering Group, we have launched various initiatives over the past year to further develop this inclusive culture.

In October 2024 for the second consecutive year, we proudly sponsored UK Black Business Week, one of the largest events of its kind in the UK and Europe. Our participation included attending panel discussions and networking with leading Black professionals. Additionally, Daniel Meikle, Engineering Manager in Transport, emerged victorious in the Utilities, Energy and Telecommunications category at the UK Black Talent Awards.

As the number of employee-led Community groups continued to grow, we partnered with Radius Networks to co-create a Community Group Playbook to support our co-chairs in setting up and running their groups. We now have 11 Community Groups: Pride, Muslim, Black Professionals, Middle East and Asian, Disability, Armed Forces, Women, Menopause, Men, Young Professionals and Parents. For the first time, each group received a financial budget to support activities such as Live Talks. Our ED&I Steering Group has been restructured so that all attendees sponsor a Community Group, ensuring our actions create a positive change for each group.

Over the year, we have run over 20 ED&I activities, including an Exploring Autism Live Talk in April 2024, an International Women in Engineering Day event in June 2024, sponsorship of Warwick Pride in August 2024, and a Live talk on Imposter Syndrome for International Women's Day in March 2025.

We are proud to have achieved the following accreditations and will continue to build on these:

- Gold award in the MOD Employer Recognition Scheme
- Included in the Top 50 Inclusive Companies List
- DWP Disability Confident Level 2

Each year, as part of our Telent awards, we celebrate those who fully embrace our values. This year we had six employees recognised for their work in the value of 'Be Inclusive'.

Our work has continued in partnership with key customers to support their policies and initiatives and promote corporate social responsibility. This includes supporting regional and local programmes aimed at providing opportunities for specific under-represented groups, as well as attending conferences and workshops designed to foster action and change in the industry.

Social Value

Social Value is at the heart of Telent's key Values as a business and our operations: Be Inclusive, Take Responsibility, Collaborate, and Customer Focused. In addition to delivering critical infrastructure and technology solutions, we are dedicated to creating a lasting, positive impact. Our strategy is built around three key pillars: Workforce, Community, and Planet.

Workforce: Investing in People

Our employees are our greatest asset, and social value enables us to support, develop, and empower them. Through our ED&I action plan, we are committed to promoting an inclusive workplace where all employees - regardless of background or ability - can thrive. Our initiatives, including community groups, Telent Futures, and our Early Careers network, help build a diverse and skilled workforce for the future.

Directors' Report (continued)

OUR EMPLOYEES (CONTINUED)

Community: Strengthening Connections

As a business working closely with local authorities, the public sector, and executive agencies, we recognise the importance of giving back to the communities we serve. Our efforts focus on:

- **Education and Skills Development:** Creating pathways into technology careers through inclusive talent acquisition, ensuring greater access for underrepresented groups. We also inspire the next generation by delivering STEM sessions through Telent Futures. Additionally, some of our employees dedicate 30 minutes a week to supporting children's literacy development through our partnership with Cisco and Chapter One.
- **Grassroots Engagement:** Expanding our Social Value Champion network to empower employees across the business to contribute to local projects and initiatives.
- **Supplier diversity and inclusive procurement:** Maintaining a diverse supply chain for maximum social and local economic value (SLEV), with 55% of UK supplier spend with Micro, Small & Medium Sized Enterprises (MSMEs) across all UK regions.
- **Business Support for MSMEs and VCSEs:** Providing free expert advice to Voluntary Community Social Enterprises (VCSEs) and Micro, Small, and Medium Enterprises (MSMEs) to help them operate effectively and sustain their vital roles in the community.

Through these initiatives, Telent is not just a service provider but a responsible business that actively contributes to society. Our leadership in inclusive procurement was formally recognised at the Alstom UK & Ireland Supplier CSR Awards, where we received the Large Company Award for Tackling Economic Inequality. This highlights Telent's proactive role in creating an inclusive, future-ready supply chain that delivers long-term value and helps customers meet their sustainability commitments.

Planet: Driving Sustainability

Sustainability is a key priority for Telent, and we are continuously taking steps to reduce our carbon footprint. Our actions include:

- Reducing carbon emissions in line with science-based targets.
- Conducting transparent monitoring and reporting of Scope 1, 2, and 3 emissions.
- Collaborating with key suppliers to support carbon reduction efforts.
- Achieving an 80% recycling rate and committing to zero waste to landfill.
- Embedding sustainable and ethical supply chain practices into bids.
- Integrating remote monitoring where possible into contract delivery to further support carbon reduction goals.

By focusing on these three pillars, we align our business with the needs of our customers, employees, and stakeholders. Social value is not just an obligation but a strategic priority that enhances our reputation, strengthens partnerships, and ensures that we operate as a responsible and forward-thinking organisation.

Employment of Disabled Persons

We are proud to have attained Disability Confident Employer status in 2024 and have implemented a several initiatives, including developing a guide for managers recruiting and employing disabled people, launching a section on our Careers site for disabled people, and continuing to offer interviews for disabled candidates who meet the basic job criteria and making any reasonable adjustments required.

The occupational health service assesses and identifies ways to support the employment of disabled persons and advice is sought from professional bodies. Every possible step is taken to ensure individuals are treated equally and fairly and that decisions over recruitment, selection, training, promotion, and career management are based solely on objective, job-related criteria.

Directors' Report (continued)

ITEMS COVERED IN THE STRATEGIC REPORT

The following items required by law to be covered in the Directors' Report have been covered in the Strategic Report: SECR Mandatory Reporting Requirements, stakeholder and employee engagement (included as part of Section 172 Statement) and details of the Company's use of financial instruments.

CHARITABLE AND POLITICAL DONATIONS

The Company supported a number of charities and educational programmes during the year ended 31 March 2025. Charitable donations made during the year amounted to £73,000 (2024: £50,000), all of which were made to charities in the UK. These amounts exclude non-cash support provided by operating businesses to charitable organisations and educational establishments. In addition to Telent's direct charitable contributions, the Company is also a major sponsor of Mind having adopted the organisation as its corporate charity on 1 January 2022. Since pledging its support to Mind, Telent and its staff have raised in excess of £267,000 for the charity, of which just over £91,000 was raised in the year ended 31 March 2025.

No political donations were made during the year ended 31 March 2025 (2024: £Nil).

GOING CONCERN

The financial statements for the year ended 31 March 2025 have been prepared on a going concern basis. In adopting the going concern basis, the Directors have considered the Company's business activities, principal risks and uncertainties as well as the operating result (both actual and forecast).

An assessment of the Company's ability to continue as a going concern for the period to 30 September 2026 was carried out by the Directors. This assessment was based on the latest medium-term cash forecasts, which were derived from the Board approved budget. These base case forecasts indicate that the financing facilities in place within M Group, and available to the Company, are sufficient to support the Company over this period.

The Directors have also applied sensitivities to these forecasts in order to assure themselves that the Company has access to sufficient cash resources over the forecast period. The Directors consider the likelihood of downside scenarios that would deplete available cash to be remote due to the Board's ongoing monitoring, secured order book and management of the business. The key risks considered include a delay in receipts; delays in contract wins; and the Company being unable to secure new contract wins in certain key markets.

However, due to the Company's reliance on financing facilities available via its parent company, the parent company, M Group Telecom Holdings Limited, has agreed to support the Company for at least the period to 30 September 2026, commencing from the date these accounts are signed, ensuring that the Company can continue to meet its obligations as they fall due. This support was provided after an assessment of the M Group's financial and liquidity projections and is assessed along with the headroom on the banking covenants associated with their financing facilities, including performing downside scenario analysis by assessing the impact of slower volumes, reduced margins and slower cash collection to miss their budget and the downside that would be required to break the M Group's covenants. The Directors also note that the Company is now party to an M Group cross guarantee under the Group banking arrangement, however based on current forecasts do not expect this to be called upon.

After assessment of the parent entity's ability to provide the support potentially required, coupled with the expectation that the Company will continue to trade profitably during the going concern period to 30 September 2026 and to continue to generate positive operating cash flows, the Directors conclude that they have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the financial statements.

Directors' Report (continued)

DIRECTORS' CONFIRMATION

Each person who is a Director at the date of approval of this report confirms that:

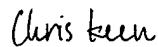
- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information (as defined in the Companies Act 2006) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

Grant Thornton UK LLP is deemed to be re-appointed as auditor under the provisions of section 487(2) of the Companies Act 2006.

By Order of the Board



C Keen

Director

29 August 2025

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELENT TECHNOLOGY SERVICES LIMITED

OPINION

We have audited the financial statements of Telent Technology Services Limited (the 'Company') for the year ended 31 March 2025, which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of comprehensive income and notes to the financial statements, 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 March 2025 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELENT TECHNOLOGY SERVICES LIMITED (continued)

OTHER INFORMATION

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report and financial statements. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial 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.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 24, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELENT TECHNOLOGY SERVICES LIMITED (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We understood how the Company are complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Our audit procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to the Company including:
 - the provisions of the applicable legislation
 - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
 - the applicable statutory provisions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELENT TECHNOLOGY SERVICES LIMITED (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the applicable statutory provisions
 - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported

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

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 in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Gamson

Peter Gamson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 29 August 2025

PROFIT AND LOSS ACCOUNT

Year ended 31 March

	Note	2025 £ million	2024 £ million
TURNOVER	3	477.1	460.7
Cost of sales		<u>(382.0)</u>	<u>(380.2)</u>
GROSS PROFIT	4	95.1	80.5
Administrative expenses	4	(67.2)	(60.6)
Net other operating income	4	10.6	5.2
OPERATING PROFIT:			
Excluding operating exceptional items and amortisation of intangibles	4	38.5	25.1
Amortisation of intangibles	9	(3.6)	(3.9)
Operating exceptional items	6	(6.6)	(7.0)
TOTAL OPERATING PROFIT		28.3	14.2
Interest receivable and similar income	5	<u>1.5</u>	<u>4.4</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		29.8	18.6
Tax on profit on ordinary activities	8	<u>3.6</u>	<u>4.4</u>
PROFIT FOR THE FINANCIAL YEAR		<u>33.4</u>	<u>23.0</u>

All results derive from continuing operations.

The notes on pages 32 to 52 form an integral part of these financial statements.

BALANCE SHEET**At 31 March**

	Note	2025 £ million	2024 £ million
FIXED ASSETS			
Intangible assets and goodwill		9.6	12.6
Negative goodwill		(0.1)	(0.3)
Total intangible assets and goodwill	9	9.5	12.3
Tangible fixed assets	10	8.3	7.3
Investments in subsidiaries	11	1.0	1.1
Retirement benefit scheme asset	21	0.9	0.8
		<u>19.7</u>	<u>21.5</u>
CURRENT ASSETS			
Stocks	12	7.9	11.1
Debtors – due within one year	13	422.8	416.6
Debtors – due after one year	13	36.1	30.0
Cash at bank and in hand		55.5	46.6
		<u>522.3</u>	<u>504.3</u>
Creditors: amounts falling due within one year	14	<u>(131.2)</u>	<u>(125.7)</u>
NET CURRENT ASSETS		<u>391.1</u>	<u>378.6</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>410.8</u>	<u>400.1</u>
Creditors: amounts falling due after more than one year	15	(0.1)	(3.2)
Provisions	16	(6.7)	(6.5)
NET ASSETS		<u>404.0</u>	<u>390.4</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Capital contributions	17	16.7	16.7
Revaluation reserve	17	7.2	7.2
Profit and loss account	17	380.1	366.5
SHAREHOLDER'S FUNDS		<u>404.0</u>	<u>390.4</u>

The notes on pages 32 to 52 form an integral part of these financial statements..

The financial statements of Telent Technology Services Limited (Company number 703317) were approved by the Board of Directors and authorised for issue on 29 August 2025. They were signed on its behalf by:

Chris Keen

C Keen
Director

STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £ million	Capital contributions £ million	Revaluation reserve £ million	Profit and loss account £ million	Total £ million
At 1 April 2023	-	16.7	7.2	343.4	367.3
Profit for the year	-	-	-	23.0	23.0
Other comprehensive income for the year	-	-	-	0.1	0.1
Total comprehensive income for the year	-	-	-	23.1	23.1
At 1 April 2024	-	16.7	7.2	366.5	390.4
Profit for the year	-	-	-	33.4	33.4
Other comprehensive income for the year	-	-	-	0.2	0.2
Total comprehensive income for the year	-	-	-	33.6	33.6
Dividends paid (see Note 17)	-	-	-	(20.0)	(20.0)
At 31 March 2025	-	16.7	7.2	380.1	404.0

STATEMENT OF COMPREHENSIVE INCOME

	Note	2025 £ million	2024 £ million
Profit for the financial year		33.4	23.0
Actuarial gains	21	0.2	0.1
Total comprehensive income		33.6	23.1

The notes on pages 32 to 52 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

1. PRINCIPAL ACCOUNTING POLICIES

Telent Technology Services Limited is a private company limited by shares and incorporated and domiciled in England, UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional currency of the Company, rounded to the nearest £ million and under the historical cost convention.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Key management personnel compensation;
- The disclosures required by FRS 102.11 (Basic Financial Instruments) and FRS 102.12 (Other Financial Instrument Issues) in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1.

Related party transactions

Throughout the year, the Company was a wholly owned subsidiary of Tusk Corporation Holdings Limited (formerly Telent Communications Holdings Limited), which is a subsidiary of Tusk Corporation Limited (formerly Telent Limited). Advantage has been taken of the exemption permitted by FRS 102 section 33.1A not to disclose transactions with wholly owned subsidiaries of the Telent Group or investees of the Telent Group qualifying as related parties. Balances with these entities are disclosed in Notes 13 and 14 of these financial statements.

Group financial statements

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. Group financial statements have not been prepared because the Company is a wholly owned subsidiary of Tusk Corporation Holdings Limited (formerly Telent Communications Holdings Limited), which is a subsidiary of Tusk Corporation Limited (formerly Telent Limited), in whose Group financial statements, which are publicly available, the Company is included.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2025

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going concern

The financial statements for the year ended 31 March 2025 have been prepared on a going concern basis. In adopting the going concern basis, the Directors have considered the Company's business activities, principal risks and uncertainties as well as the operating result (both actual and forecast).

An assessment of the Company's ability to continue as a going concern for the period to 30 September 2026 was carried out by the Directors. This assessment was based on the latest medium-term cash forecasts, which were derived from the Board approved budget. These base case forecasts indicate that the financing facilities in place within M Group, and available to the Company, are sufficient to support the Company over this period.

The Directors have also applied sensitivities to these forecasts in order to assure themselves that the Company has access to sufficient cash resources over the forecast period. The Directors consider the likelihood of downside scenarios that would deplete available cash to be remote due to the Board's ongoing monitoring, secured order book and management of the business. The key risks considered include a delay in receipts; delays in contract wins; and the Company being unable to secure new contract wins in certain key markets.

However, due to the Company's reliance on financing facilities available via its parent company, the parent company, M Group Telecom Holdings Limited, has agreed to support the Company for at least the period to 30 September 2026, commencing from the date these accounts are signed, ensuring that the Company can continue to meet its obligations as they fall due. This support was provided after an assessment of the M Group's financial and liquidity projections and is assessed along with the headroom on the banking covenants associated with their financing facilities, including performing downside scenario analysis by assessing the impact of slower volumes, reduced margins and slower cash collection to miss the their budget and the downside that would be required to break the M Group's covenants. The Directors also note that the Company is now party to an M Group cross guarantee under the Group banking arrangement, however based on current forecasts do not expect this to be called upon.

After assessment of the parent entity's ability to provide the support potentially required, coupled with the expectation that the Company will continue to trade profitably during the going concern period to 30 September 2026 and to continue to generate positive operating cash flows, the Directors conclude that they have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Turnover and profit recognition on contracts

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Turnover from product sales of hardware and software is recognised when: persuasive evidence of an arrangement exists; delivery has occurred or service has been rendered; customer acceptance has occurred; the price to the buyer is fixed or determinable; and collectability is reasonably assured.

Turnover from on-going support, repair and maintenance services is recognised at the time of performance and acceptance by the customer. Turnover from multiple element contracts is allocated based on the relative fair value of each individual element.

Turnover under service and construction contracts which span more than one reporting period is recognised under the percentage of completion method of accounting. The percentage of completion is calculated based on the ratio of costs incurred to date compared with the total expected costs for that contract. Profit on such contracts in progress is taken when the outcome of the contract can be assessed with reasonable certainty. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of costs incurred, if it is probable that they will be recovered.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately and held on the balance sheet in provisions.

Amounts recoverable on contracts, which are included in debtors, are stated at the net sales value of the work performed less amounts received as progress payments on account; excess progress payments are included in creditors. Costs that relate to future activity, such as materials or prepayments, are held as an asset if it is probable that the costs will be recovered.

The estimation technique used in attributing profit made on contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on turnover and costs to complete and enable an assessment to be made of the final out-turn of each contract. The Company has adopted a consistent contract review procedure throughout its business in respect of contract forecasting.

Material costs incurred in bidding for and mobilising contracts that relate directly to a contract and are incurred in securing the contract are also included as part of the contract costs if they can be separately identified and measured reliably from the point that it is probable that the contract will be obtained. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs when the contract is obtained in a subsequent period.

Research and development

Research costs are written off to the profit and loss account as incurred.

Development costs are capitalised and held as an intangible asset when the costs relate to a clearly defined project, the costs are separately identifiable, and the outcome of such a project has been assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability. Amortisation is charged to match revenue generated, over the useful life of the product, from the commencement of commercial sales. Amortisation periods and methods are reviewed annually and adjusted if appropriate.

Development expenditure which does not meet these criteria is written off to the profit and loss account as incurred.

Research and development expenditure credit (RDEC) receivable from UK HMRC is credited to other operating income. RDEC is recognised when recovery is considered virtually certain, following review of the relevant costs for compliance with the relevant legislation and consistency with claims that have been made and settled for prior years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases

In accordance with FRS 102.20 (Leases), leases are classified as finance leases whenever the terms of the lease agreement transfer substantially all the risks and rewards of ownership of the related assets to the lessee. All other leases are classified as operating leases and charged to the profit and loss account on a straight-line basis over the term of the lease.

Interest receivable and payable

Interest payable and similar charges that are recognised in the profit and loss account and includes interest receivable on funds invested.

Interest receivable and interest payable are recognised in the profit or loss account as they accrue.

Taxation

The charge or credit for taxation is based on the taxable profits for the financial year and includes the effect of timing differences between the treatment of certain items for taxation and for accounting purposes. A deferred tax asset is recognised to the extent that future taxable profit will be available within the foreseeable future, against which to utilise tax losses and attributes.

Exceptional items

Exceptional items are those items of income or expense which management deem to be non-recurring or outside of the ordinary course of business and therefore abnormal in either size or nature.

Dividends

Dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved. These amounts are recognised in the statement of changes in equity.

Foreign currency

Transactions in foreign currencies, are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less.

Derivative contracts

The fair value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation, net of any provision for impairment (assessed annually). Depreciation is provided on a straight-line basis over the estimated useful lives as follows:

Freehold property	- over 25 years or estimated useful life
Long leasehold property	- over the shorter of the lease term or 50 years
Fixtures, fittings, tools and equipment	- over 4 years on average

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials on a FIFO basis and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs that will be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Provisions for estimated expenses related to product warranties are made at the time the products are sold. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and take into consideration:

- the history of warranty cost associated with the product or similar products;
- the length of the warranty obligation;
- the development cycle of the product; and
- the estimated cost of 'one-off' failures that require correction.

Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties.

Pensions and other post-retirement benefits

Details of the defined benefit schemes open to employees of the Company are set out in Note 21. The defined benefit schemes are funded, with the assets of the schemes held separately from those of the Telent Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit cost method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability of the Telent Communications Public Sector Pension Scheme and East Sussex Pension Fund, net of deferred tax, are presented separately on the Company's balance sheet.

Payments to defined contribution pension schemes are charged to the profit and loss account as they fall due.

Business combinations and goodwill

The acquisition of a business is accounted for using the purchase method. The fair value of the consideration is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company. The identifiable assets, liabilities and contingent liabilities being acquired are recognised at their fair value at the acquisition date.

Goodwill arising on the hive-up of trade and assets from companies previously acquired by the Telent Group is valued at the goodwill on acquisition by the Telent Group less amortisation to the date of the hive-up.

Goodwill arises where the fair value of the cost of a trade and asset acquisition exceeds the fair value of net assets acquired. Goodwill arising on acquisitions is capitalised and amortised on a straight-line basis over its useful economic life, which is a maximum of 10 years following the adoption of FRS 102. Goodwill capitalised before this date is amortised over a maximum of 20 years. Provision is made for any impairment. Determining whether goodwill is impaired requires a comparison of the carrying amount of goodwill with its recoverable amount. The recoverable amount is the higher of value-in-use or fair value less costs to sell. Where an estimation of value-in-use is required, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the business combination. The value-in-use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Negative goodwill arises where the fair value of the costs of acquisition is less than the fair value of net assets acquired. Negative goodwill arising on acquisitions is capitalised and amortised over the period of expected economic benefit the Company will receive, which is currently between 2 and 8 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Financial liabilities are classified as either 'financial liabilities at Fair Value Through Profit and Loss' ("FVTPL") or 'other financial liabilities'. The Company does not currently have any 'financial liabilities at FVTPL'. Trade payables are not interest bearing and are stated at their nominal value.

Intangible fixed assets

Other intangible assets are measured initially at purchase cost and are amortised on the following basis:

Customer contracts	-	in line with the profit expected at the date of acquisition to be earned over the term of the contract
Customer relationships	-	assumed term of contract extensions
Software costs	-	3 to 7 years straight line

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is measured at amortised cost and is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the profit or loss account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the CGU that is expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities

Through the course of normal business, the Company is subject to legal proceedings and other claims, the settlement of which may involve cost to the Company. A determination of the amount of provision, if any, required for these contingencies is based on careful analysis of each issue with the assistance of external legal counsel where necessary. A provision is made where an adverse outcome is probable and associated costs can be estimated reliably. No provision is made for contingent liabilities, which are disclosed in Note 16, where an adverse outcome is possible, but not probable.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources and which affect the value of assets and liabilities reported in the balance sheet and the profit for the year reported in the profit and loss account.

Judgements

The Directors do not consider that any of the judgements, apart from those involving estimations (see below), that they have made in applying the accounting policies have had a significant effect on the amounts recognised in the financial statements.

Estimates

In making accounting estimates, the Directors are required to make assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Those matters are set out below.

Revenue and profit recognition on long-term contracts (see Note 3)

The Company has a large number of contracts with customers in a number of business sectors. Those contracts which are long-term in nature and which involve the delivery of a product or service over more than one financial year can include significant estimation uncertainty, including the measurement and timing of revenue recognition, the forecast margin at completion and the related accrued or deferred income (see Notes 13 and 14). The Company is required to estimate the contract profitability at completion, including the costs to complete the contract. The ability to accurately forecast such costs involves estimates around the cost of resolving significant technological challenges and the risk of incurring service credits or liquidated damages. The Company operates a rigorous contract review process under which all contracts are reviewed against a number of significant criteria and the forecast margin at completion is challenged. If a contract is forecast to be loss-making, provision is made for the full forecast loss on the contract (see Note 16). The estimation uncertainty associated with those forecasts means that there is a significant risk that there could be material adjustment to the carrying amounts of accrued and deferred revenue or loss-making contract provisions within the next financial year. The extent to which actual results differ from estimates made at the reporting date depends on the combined outcome and timing of a large number of variables associated with performance across multiple contracts. As at 31 March 2025, the Company's long term contract assets and liabilities were £23.9 million and £13.5 million respectively (see Note 3). Due to the number of long term contracts and their various stages of contract life, it is impracticable to provide a quantitative analysis of the range of possible outcomes within the next financial year in respect of these carrying amounts.

Taxation - deferred

Recognition of the Company's deferred tax asset (see Note 8) requires estimation by management of the likely level of the Company's future taxable profit from ongoing operations, cash holdings and other sources where tax losses are available to be utilised against those future profits. Any forecast of future profitability is inherently judgemental and therefore actual performance may differ from that forecast.

It is difficult to set boundaries on the extent to which actual future profits may differ from those forecast, but to provide context to this disclosure, an increase or decrease in forecast future profits over the whole forecast period of £10.0 million would increase or decrease the recognised deferred tax asset by £2.5 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

3. TURNOVER

TURNOVER BY DESTINATION

	2025 £ million	2024 £ million
United Kingdom	467.4	451.5
Europe	9.7	9.2
	<u>477.1</u>	<u>460.7</u>

Turnover is attributable to the one principal activity of the Company, which is the provision of technology solutions.

£8.8 million (2024: £7.8 million) of turnover originated from outside the United Kingdom.

TURNOVER BY CATEGORY

	2025 £ million	2024 £ million
Rendering of services	445.7	447.9
Sale of goods	31.4	12.8
	<u>477.1</u>	<u>460.7</u>

	2025 £ million	2024 £ million
Contracts in progress at the balance sheet date:		
Trade debtors	6.4	6.6
Amounts recoverable under long term contracts (within accrued income in Note 13)	20.1	26.9
Amounts due to customers under long term contracts ¹ (within payments on account in Note 14)	<u>(9.7)</u>	<u>(6.7)</u>
	<u>16.8</u>	<u>26.8</u>

The amount of long-term contract revenue recognised within turnover in the year amounted to £119.9 million (2024: £128.2 million).

¹ To aid clarity of information and given the increase in amounts due to customers under long term contracts, additional information has been presented within the above disclosure, including both the amount relating to the current and prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

4. OPERATING PROFIT

Operating profit is stated after (charging)/crediting:

	2025 £ million	2024 £ million
Depreciation and amounts written off tangible fixed assets	(2.7)	(2.4)
Amortisation of goodwill and other intangible assets	(3.8)	(4.2)
Amortisation of negative goodwill	0.2	0.3
Operating lease payments	(8.9)	(7.7)
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>(0.2)</u>	<u>(0.2)</u>

No non-audit fees were payable to the Company's auditors for other services to the Company.

	2025 £ million	2024 £ million
Gross profit	95.1	80.5
Selling and associated costs	(15.2)	(11.9)
Administration expenses	(50.4)	(46.3)
Research & development costs	(1.6)	(2.4)
Net other operating income	<u>10.6</u>	<u>5.2</u>
Operating profit excluding exceptional items and intangible amortisation	<u>38.5</u>	<u>25.1</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2025 £ million	2024 £ million
Income from cash on deposit	1.5	0.8
Dividend income	-	3.6
	<u>1.5</u>	<u>4.4</u>

6. OPERATING EXCEPTIONAL ITEMS

		2025 £ million	2024 £ million
Restructuring costs	i)	(2.7)	(3.6)
Property rationalisation	ii)	-	0.3
Legal and professional cost	iii)	(3.9)	-
Investment impairment	iv)	-	(3.7)
		<u>(6.6)</u>	<u>(7.0)</u>

- i) As part of the Company's cost reduction and continuous improvement actions, a charge of £2.7 million was made in relation to the combined cost of employee severance and other restructuring costs in the year ended 31 March 2025 (2024: £3.6 million).
- ii) In the year ended 31 March 2024, £0.3 million of the onerous lease provision set up in previous years was released, following conclusion of negotiations with the leaseholder.
- iii) In the year ended 31 March 2025, £3.9 million of costs were incurred in relation to the Company preparing itself for sale. The sale was announced in April 2025 and is described further in Note 24.
- iv) In the year ended 31 March 2024, the investment in Harlequin Group Limited was impaired (£3.1 million) following the payment of a dividend (see Note 5) and the investment in Integrated Design Techniques Limited was impaired (£0.6 million) following the hive-up of the trade and assets of that business.

The taxation impact of these exceptional charges was £Nil (2024: £Nil) due to the existence of accumulated historical tax losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2025

7. DIRECTORS AND EMPLOYEES

Employees

The average monthly number of employees (including Directors) employed in the UK by the Company is shown below:

Year ended 31 March	2025 Number	2024 Number
Operations	2,053	2,041
Selling and administration	413	377
	2,466	2,418

Staff costs for the above persons were:	2025 £ million	2024 £ million
Wages and salaries	138.3	131.4
Severance costs	2.7	-
Social security costs	14.9	13.9
Other pension costs	6.8	6.8
	162.7	152.1

Directors

Directors' remuneration:	2025 £ million	2024 £ million
Emoluments (excluding pension contributions)	7.6	7.3
Pension contributions	0.1	-
	7.7	7.3

The number of directors who were contributing members of the defined contribution pension scheme was 6 (2024: 6). The highest paid director had emoluments of £1.2 million (2024: £1.2 million) and the Company contributed £Nil towards a defined contribution pension (2024: £Nil).

During the year, £1.1 million (2024: £Nil) was payable to two (2024: none) directors as compensation for loss of office, in addition to the remuneration disclosed above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2025

8. TAXATION

a) Tax on profit on ordinary activities

	2025 £ million	2024 £ million
Current taxation		
UK taxation at 25% (2024: 25%)	(1.7)	(0.9)
Current overseas tax	(0.2)	(0.1)
UK tax under provision in respect of prior years	(0.9)	(0.2)
Deferred taxation		
Origination and reversal of timing differences	<u>6.4</u>	<u>5.6</u>
Tax credit on profit on ordinary activities	<u><u>3.6</u></u>	<u><u>4.4</u></u>

b) Reconciliation of total tax credit for the year

	2025 £ million	2024 (restated) ¹ £ million
Profit on ordinary activities before taxation	<u>29.8</u>	<u>18.6</u>
Tax on profit at UK statutory rate of 25% (2024: 25%)	(7.5)	(4.6)
Tax effect of expenses that are not deductible in determining UK taxable profit	(2.3)	(1.2)
Capital allowances not claimed	9.6	5.7
Research and development tax credit	(1.7)	(0.9)
Under provision in respect of prior years	(0.9)	(0.2)
Increase in recognised deferred tax asset	<u>6.4</u>	<u>5.6</u>
Total tax credit for the year	<u><u>3.6</u></u>	<u><u>4.4</u></u>

¹ The prior year reconciliation had been restated due to an increase in the gross amount of capital allowances not claimed in the current year which means it is considered appropriate to show these separately to aid the clarity of the reconciliation, and to allow comparability. The total tax credit for the FY24 year remains unchanged.

c) Deferred tax

The net deferred tax asset recognised in the financial statements of £35.1 million (2024: £28.7 million) is made up of £3.8 million relating to the potential future benefit of tax losses and £31.3 million of other timing differences which principally relate to historically disclaimed capital allowances.

Deferred tax assets of £298.0 million (2024: £317.6 million) consisting of £246.7 million of tax losses and £51.3 million of other timing differences (principally disclaimed capital allowances) have not been recognised, as the Company is not sufficiently certain that it will be able to recover these assets within a relatively short period of time.

The substantively enacted UK corporation tax rate at 31 March 2025 was 25% (2024: 25%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

9. INTANGIBLE ASSETS AND GOODWILL

	Software costs	Other intangibles	Goodwill	Negative goodwill	Total intangible assets and goodwill
	£ million	£ million	£ million	£ million	£ million
Cost					
At 1 April 2024	17.2	25.7	30.7	(14.5)	59.1
Additions	0.8	-	-	-	0.8
Disposals	(0.2)	-	-	-	(0.2)
At 31 March 2025	17.8	25.7	30.7	(14.5)	59.7
Amortisation					
At 1 April 2024	(13.7)	(25.1)	(22.2)	14.2	(46.8)
Charge for the year	(1.0)	(0.4)	(2.4)	0.2	(3.6)
Disposals	0.2	-	-	-	0.2
At 31 March 2025	(14.5)	(25.5)	(24.6)	14.4	(50.2)
Net book value					
At 31 March 2025	3.3	0.2	6.1	(0.1)	9.5
At 31 March 2024	3.5	0.6	8.5	(0.3)	12.3

Software costs relate to computer software for the Company's Enterprise Resource Planning system and other software systems used in the running of the business.

Other intangibles primarily comprise customer contracts and customer relationships. The £0.4 million amortisation charge for the year principally relates to the other intangibles acquired following Telent's step-in to 100% of the former joint operation with Carillion.

Positive goodwill is being amortised between 5 and 20 years and negative goodwill is being amortised between 2 and 8 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2025

10. TANGIBLE FIXED ASSETS

	Freehold property £ million	Long leasehold property £ million	Fixtures, fittings, tools and equipment £ million	Total £ million
Cost				
At 1 April 2024	0.1	8.5	29.9	38.5
Additions	-	1.1	2.6	3.7
Disposals	-	(1.3)	(17.4)	(18.7)
At 31 March 2025	0.1	8.3	15.1	23.5
Depreciation				
At 1 April 2024	-	(5.4)	(25.8)	(31.2)
Charge for the year	-	(0.7)	(2.0)	(2.7)
Disposals	-	1.3	17.4	18.7
At 31 March 2025	-	(4.8)	(10.4)	(15.2)
Net book value				
At 31 March 2025	0.1	3.5	4.7	8.3
At 31 March 2024	0.1	3.1	4.1	7.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

11. INVESTMENTS IN SUBSIDIARIES

	Total £ million
Cost	
At 1 April 2024	11.7
Disposals	(10.7)
At 31 March 2025	<u>1.0</u>
Provisions	
At 1 April 2024	(10.6)
Disposals	10.6
At 1 April 2024	<u>-</u>
Net book value	
At 31 March 2025	<u>1.0</u>
At 31 March 2024	<u>1.1</u>

The Company's subsidiary undertakings are:

On 1 December 2022, Telent acquired a 67% stake in Cyro Cyber Limited, a cyber security business which is registered at Abel Smith House, Gunnels Wood Road, Stevenage, SG1 2ST, England. The cost of investment comprised the transfer from the Company to Cyro of existing cyber contracts, which were been independently valued at £1.0 million.

In November 2024, the Company's investments in Harlequin Group Limited and Integrated Design Techniques Limited were transferred to Tusk Corporation Limited (formerly Telent Limited), the parent of the Telent Group, at nil gain/loss.

12. STOCKS

	2025 £ million	2024 £ million
Raw materials and bought in components	4.7	5.3
Work in progress	<u>3.2</u>	<u>5.8</u>
	<u>7.9</u>	<u>11.1</u>

An impairment release of £0.1 million (2024: £Nil) was recognised in cost of sales against stock during the year due to a reduction in levels of slow-moving and obsolete stock.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2025

13. DEBTORS

	2025 £ million	2024 £ million
Amounts falling due within one year		
Trade debtors	49.9	50.8
Accrued income	50.8	55.1
Amounts owed by Group undertakings	301.2	293.3
Research and development tax debtor	6.7	3.7
Other debtors	2.0	2.2
Prepayments	12.2	11.5
	422.8	416.6
Amounts falling due in more than one year		
Other debtors	1.0	1.3
Deferred tax asset (see Note 8)	35.1	28.7
	36.1	30.0

Trade debtors are stated after provision for impairment of £0.5 million (2024: £0.6 million).

Amounts owed by Group undertakings are non-interest bearing and repayable on demand.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025 £ million	2024 £ million
Payments received on account	26.5	24.3
Trade creditors	30.5	28.4
Amounts owed to Group undertakings	-	0.1
Other taxation and social security	10.5	10.6
Other creditors	5.5	7.0
Accruals and deferred income	56.4	54.3
Amounts due under hire purchase agreements	0.2	0.1
Corporation tax	1.6	0.9
	131.2	125.7

Amounts owed to Group undertakings were non-interest bearing and repayable on demand.

Other creditors includes a payment in advance of £3.1 million (2024: £4.0 million) on behalf of a customer, which in limited circumstances could be required to be re-paid to the bank that provided the advance, and so is considered to be a financial instrument. It is not expected that these circumstances will occur and therefore the payment in advance will be utilised to settle future sales invoices on this contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2025

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2025 £ million	2024 £ million
Amounts due under hire purchase agreements	0.1	0.3
Accruals and deferred income	-	2.9
	0.1	3.2

Amounts due under hire purchase agreements are due within 2-5 years.

16. PROVISIONS FOR LIABILITIES

	Re- structuring £ million	Warranties £ million	Contracts and Commitments £ million	Total £ million
At 1 April 2024	1.3	0.7	4.5	6.5
Utilised	(3.6)	(0.2)	(2.6)	(6.4)
Charged	5.8	1.0	0.9	7.7
Released	(0.6)	(0.1)	(0.4)	(1.1)
At 31 March 2025	2.9	1.4	2.4	6.7
Current	0.7	0.5	2.4	3.6
Non-current	2.2	0.9	-	3.1
	2.9	1.4	2.4	6.7

Restructuring provisions comprise employee severance and onerous leases and dilapidations costs.

The provision for warranties represents management's estimate of future costs to meet warranty obligations under customer contracts.

Provisions for contracts and commitments are primarily for losses on contract work in progress where accumulated and projected costs exceed expected incomes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2025

17. SHARE CAPITAL AND RESERVES

	2025 £ million	2024 £ million
Allotted, called up and fully paid 1,000 (2024: 1,000) ordinary shares of £1 each	-	-

Dividends

Dividends of £20.0 million were declared and paid in the year (2024: £Nil), representing a dividend per share of 2,000,000 pence (2024: Nil pence) per Ordinary share.

After the year end on 23 May 2025, a dividend of £37.8 million was declared and paid; and as part of the separation from the Telent Group, on 31 July 2025, a dividend of £301.2 million was declared and the resulting creditor was agreed to be offset against the intercompany debtor of the same value (see Note 13).

Nature and purpose of reserves

Capital contributions

The capital contribution reserves results from historic share option schemes. As at 31 March 2025 and 2024 there were no share options outstanding in respect of the Company's ordinary shares.

Revaluation reserve

The revaluation reserve results from the revaluation of the Company's previously controlled 40% share of the net assets of the Carillion Telent joint operation on the acquisition of the remaining 60%.

Profit and loss account

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

18. CONTINGENT LIABILITIES

The Company is an obligor under Tusk Corporation Limited's (formerly Telent Limited), the parent of the Telent Group, £45 million Revolving Credit Facility (2024: £45 million). £36.9 million had been drawn on this facility at 31 March 2025 (2024: £14.1 million).

19. OPERATING LEASE COMMITMENTS

The Company as lessee

At 31 March 2025, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2025 £ million	2024 £ million
Within one year	7.8	6.9
In the second to fifth years inclusive	15.2	14.2
After five years	21.8	17.5
	<u>44.8</u>	<u>38.6</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

20. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £Nil for the Company (2024: £0.5 million).

21. PENSIONS

The Telent Communications Public Sector Pension Scheme ("TCPSPS") provides benefits for certain former employees of the Mersey Fire and Rescue Service. A full statutory funding valuation for TCPSPS was carried out as at 1 November 2023 and a valuation for accounting purposes was carried out as at 31 March 2025 and 31 March 2024, all by independent qualified actuaries. The FRS 102 surplus at 31 March 2025 was £0.5 million (2024: £0.5 million). The next statutory funding valuation will take place as at 1 November 2026.

Telent is a participating employer in the East Sussex Pension Fund ("ESPF") as the result of the transfer in of certain staff related to a specific contract. A full statutory funding valuation for ESPF was carried out as at 31 March 2022 and a valuation for accounting purposes was carried out as at 31 March 2025 and 31 March 2024, all by independent qualified actuaries. The FRS 102 surplus at 31 March 2025 was £0.4 million (2024: £0.3 million). The next statutory funding valuation will be performed as at 31 March 2025.

The assumptions used by the actuaries to determine the liabilities on an FRS 102 basis for these schemes are set out below:

Average assumptions used	2025 % pa	2024 % pa
TCPSPS		
Rate of increase in pensions in payment	3.45	3.53
Rate of increase for deferred pensioners	2.45	2.53
Discount rate applied to liabilities	5.68	4.80
Inflation assumption	3.45	3.53
ESPF		
Rate of increase in pensions in payment (CPI)	2.85	2.90
Discount rate applied to liabilities	5.85	4.95
Rate of salary increase	2.85	2.90

The total assets held in both defined benefit pension plans comprise:

Year ended 31 March	2025 £ million	2024 £ million
Equities	1.7	1.7
Bonds	0.2	0.1
Property	0.1	0.1
Annuity contracts	0.2	0.2
Fair value of pension assets	2.2	2.1
Defined benefit obligation	(1.3)	(1.3)
Net pension asset	0.9	0.8
Split as:		
TCPSPS	0.5	0.5
ESPF	0.4	0.3
	0.9	0.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2025

21. PENSIONS (CONTINUED)

The following table shows a reconciliation from the opening balance for the net defined benefit asset and its components:

Year ended 31 March	2024 £ million	2024 £ million
Balance at 1 April	0.8	0.6
Administration cost	(0.1)	-
Contributions	-	0.1
Remeasurement of the Defined benefit obligation	0.2	0.1
Balance at 31 March	0.9	0.8

Contributions to the defined contribution plans amounted to £7.5 million during the year (2024: £6.7 million).

22. RELATED PARTY TRANSACTIONS

Transactions and balances between the Company and Cyro Cyber Limited, a related party by virtue of being a non 100% owned subsidiary are disclosed below:

	Transaction value receipt/(payment)		Amounts owed by/(to) Related parties	
	2025 £million	2024 £million	2025 £million	2024 £million
Cyro Cyber Limited – receivable trading activity	-	0.1	0.1	0.7
Cyro Cyber Limited – payable trading activity	(2.7)	(3.6)	(0.7)	(0.5)

23. PARENT UNDERTAKINGS

As at the year end date, the Company's ultimate controlling party was Tusk Investments LP Inc. a Guernsey registered limited liability partnership. The Company's immediate parent undertaking was Tusk Corporation Holdings Limited (formerly Telent Communications Holdings Limited).

At the date of approval of these financial statements, the Company's ultimate controlling party is CVC Capital Partners and the Company's immediate parent undertaking is M Group Telecom Holdings Limited.

As at the year end date, Tusk Corporation Limited (formerly Telent Limited) was the parent of the Telent Group and was the only parent undertaking to consolidate the financial statements of the Company. Copies of the financial statements of Tusk Corporation Limited are available from the Secretary at 4th Floor, 95 Gresham Street, London, EC2V 7AB.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MARCH 2025

24. EVENTS AFTER THE REPORTING DATE

On 15 April 2025, the Company's shareholder approved an offer for the sale of the Company from M Group Telecom Holdings Limited, a leading UK infrastructure services provider across water, energy, rail & aviation, highways and telecom to private and public sector organisations. The sale completed on 31 July 2025 and the Company is now a wholly owned subsidiary of M Group. There is no accounting impact on these financial statements. As at the completion date, the Company entered into the M Group banking arrangement cross party guarantee.

As described in Note 17, as part of the separation from the Telent Group, on 29 July 2025, a dividend of £301.2 million was declared and the resulting creditor was agreed to be offset against the intercompany debtor of the same value (see Note 13) and a dividend of £0.3 million was paid. Also upon completion the Group Revolving Credit Facility, of which the Company is an obligor, was cancelled.

As described in Note 17, a dividend of £37.8 million was paid in May 2025.