Report and Financial Statements 2022

maintel

2022 Report and Financial Statements

Maintel Holdings Plc

Contents | Page

Strategic Report

Chairman's statement 2
Maintel overview 3
Glossary 12
Business review 14

Corporate Governance

Board of Directors 26
Report on Corporate Governance 28
Report of the Remuneration Committee 38
Report of the Directors 44
Statement of Directors' responsibilities 48

Financial Statements

Independent auditors' report 50
Consolidated statement of comprehensive income 55
Consolidated statement of financial position 56
Consolidated statement of changes in equity 57
Consolidated statement of cash flows 58
Notes forming part of the consolidated financial statements 60
Maintel Holdings Plc company balance sheet 86
Maintel Holdings Plc company statement of changes in equity 87
Notes forming part of the company financial statements 88
Directors, Company details and advisers 93

↓ 12.4%

£91.0m
Group revenue
(2021: £103.9m)

↑ 27.3%

168,000
Contracted cloud seats
(2021: 132,000)

↓ 54.1%

£4.4m
Group adjusted EBITDA[1]
(2021: £9.6m)

↑ 8.0pp

77%
Recurring revenue
(2021: 69%)

1 Adjusted EBITDA is EBITDA of £3.3m (2021: £13.4m) adjusted for exceptional items and share based remuneration (note 11)

Strategic Report

Chairman's statement

C Thompson, Chairman

Much of 2022 has been about evolving our ability to service clients with restricted access to people, supplies and partners. Despite this our recurring revenue increased from 69.2% to 77.0%, due to the pandemic having a positive customer effect in accelerating change of technology, and we built a robust WIP for 2023, giving the business a head start with high levels of billable revenue and therefore certainty in the first half of 2023. The revenue mix in 2022 meant that higher value revenue lines such as professional services and hard and software reseller revenue diluted the returns in H2 leading to a halving of the Group's EBITDA.

The main revenue shortfalls were in project revenues, which saw a year-on-year reduction of c.£10.3m being the most substantial part of the £12.9m year on year decline (FY22: £91.0m, FY21:£103.9m). We have analysed our own performance and that of our competitors to reset our marketing and sales efforts and we plan to adjust our strategy to penetrate higher growth markets with faster moving CAGR opportunities in 2023 and beyond. This shortfall in revenue of £12.9m (12.4%) flows through almost £ for £ to the gross margin shortfall of £10m, (29.3%) which is the primary driver of the Adjusted EBITDA shortfall. Headcount at year-end was 493 compared to 515 in 2021.

Our managed services and technology division saw an overall decline in revenue of 24.3% to £46.5m (2021: £61.4m), with the managed service support base reducing 13.2% to £25.6m, predominantly due to contract losses already highlighted in 2019 and early 2020 now fully realised, price erosion on renewals, and to on-premise customers transitioning to managed cloud services. Technology division revenues decreased by 34.5% to £20.9m (2021: £31.9m) aided by the project delivery of orders closed in FY20, as well as licences associated with new SD-WAN sales, hardware for cloud deployments and licences for existing system expansions. This is despite the impact of semiconductor supply constraints which delayed at least £5.5m of additional revenue into 2023.

The number of contracted seats on our ICON and public cloud platforms increased by 27.3% to 168,000 with revenue from cloud and software customers now totalling £39.7m, 44.0% of Group revenue. The Group's cloud portfolio continues to be enhanced by both public and private cloud solutions, and revenue from cloud subscriptions and associated managed services grew 30.0% to £12.8m. The continued revenue benefit from the additional contracted seats will be realised in 2023 and beyond as these projects continue to be delivered.

Cash conversion FY22 was excellent thanks to new management processes and led directly to the reduction in our net debt position of £16.6m (2021: £19.4m). Maintaining a healthy balance sheet through rigorous working capital management remains a key focus for our finance team.

Moving onto the current performance of the business in the first quarter we have been able to focus on unwinding the significant order book built up through FY21 & FY22, driven by the semiconductor supply chain crisis. As we continue to see supply issues ease, and the associated projects increase in delivery velocity, we find ourselves able to recognise 11.3% of the order book carried forward from FY22. In turn this means the overall performance of the business, at the end of quarter one, is in line with management expectations and shows strong cash management and ability to service debt.

With regard to cost management, to date the business has been able to identify and secure annualised cost savings of circa £6.0m, and further savings to be delivered during the year will increase this annualised total to circa £10.0m.

In September 2022, the Board invited me to assume the role of Executive Chairman and initiate a strategic and operational review. Ioan Macrae made the decision at the end of February 2023 to resign, and we thank him for his dedication to the business and wish him well in his future endeavours. Whilst we look for a new CEO, I will be taking on more executive duties, ensuring independence is maintained and recusing myself from decisions where necessary and with appropriate guidance from our advisors.

During this period, I am supported in the role by John Booth as the Deputy Chairman who can step in if matters of independence present themselves. After many years of dedicated service and excellent contribution valued contribution to the board, we say goodbye to Nicholas Taylor who stands down at the next AGM. The board and executive team would like to thank him sincerely; he has been an excellent advocate for the business and has unfailingly provided support and good counsel to all of us.

The Board has identified a candidate to replace Nicholas as Chair of the Remuneration Committee and we are in the final stages of the appointment process. An announcement is expected to follow shortly. In addition, the Board have started the process to recruit a Senior Independent Director with a view to this person chairing the Audit Committee.

C Thompson
Chairman

26 April 2023

Maintel overview

Key Performance Indicators

Revenue

-12.4%

£91.0m
(2021: £103.9m)

The total of sales from all customers and partners in all markets. The prime indicator of the size of our Company.

Recurring Revenue %

+8.0pp

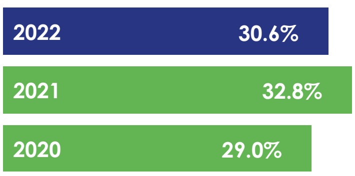
77%
(2021: 69%)

The percentage of overall revenue that is contracted and recurring. A good indicator of visibility and predictability of earnings.

Gross Margin %

-2.2pp

30.6%
(2021: 32.8%)

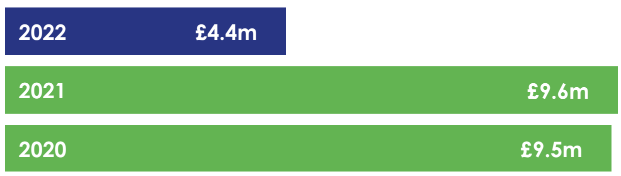


Gross Margin % as per the consolidated statement of comprehensive income less cost of sales.

Adjusted EBITDA

-54.1%

£4.4m
(2021: £9.6m)



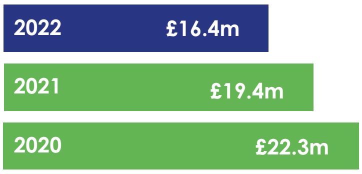
Adjusted EBITDA is EBITDA adjusted for exceptional items and share based payments. A great indicator of trading performance. See page 14

Maintel overview continued

Net Debt

£16.6m
(2021: £19.4m)

-£2.8m

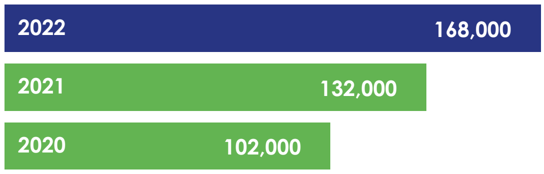


The net position of cash debt at year-end (31 December 2022). A measure of control over the Group's liquidity.

Cloud Seats

168,000
(2021: 132,000)

+27.3%



The total number of contracted cloud seats across all the Group's cloud offers. A vital measure of the Group's transformation to a next-generation cloud business.

Customer Satisfaction Score

4.72
(2021: 4.40)

+7.3%

A key measure of customer satisfaction taken as the average of hundreds of sampled responses each month.

Net Promoter Score

52.75
(2021: 41.99)

+25.6%

An internationally recognised metric which provides a good indication of the quality of customer experience provided.

Our Proposition

Maintel is a Managed Services Provider, with a focus on customer experience, collaboration, connectivity and security. Our vision is to help every organisation to thrive through the application of technology with a human touch. We see technology as the enabler, not the outcome. Success for us is delivering tangible business benefits for our customers, whether that be through increasing productivity, velocity, or collaboration, strengthening their relationships with their own customers, helping them grow, protecting them from cyber threats, reducing downtime or saving cost.

The ways in which we can help our customers thrive are many and varied, and our exceptional people apply the human touch to ensure that our customer's journey with us is a true partnership and that we deliver on our promises. This approach allows us to apply a common blueprint across everything we do, allowing us to cover a diverse range of technology but with a common and consistent customer experience.

Maintel continues to evolve as the technology landscape and our marketplace change. Many enhancements were brought to market across our Cloud Communications, Multi-Cloud Connectivity, Security, Mobile, Managed Service and Sustainability propositions.

Underpinning many of our cloud and network services is Maintel's ICON platform. The platform is a highly secure, available, and scalable multicloud and carrier network platform, hosted across four top-tier data centres and complemented by Amazon Web Services.

Digital Workplace

Customer Experience

Secure Connectivity

Maintel overview continued

Our lead offerings fall into the following categories:

Cloud Communications		
icon Communicate	**Enterprise class private cloud unified communications**	Highly secure, highly available, highly customisable. With ICON Communicate we can deliver the flexibility of on-premises technology with the benefits of a cloud delivery model, backed up by Maintel's renowned managed service capability.
icon Contact	**Enterprise class private cloud contact centre**	Our cloud managed contact centre service, offering deep application integration, self-service, comprehensive compliance and flexible technology and commercial options.
icon Now	**Simple private cloud unified communications**	Our Unified Communications as a Service (UCaaS) offer for the mid-market. Highly capable, simple to use, contract and deploy.
icon Teams Connector	**Enterprise class voice services and applications for Microsoft Teams**	Our Microsoft Teams "Direct Routing" managed service. Connecting Teams to the outside world and adding advanced capabilities, from our carrier class voice and cloud platform.
RingCentral®	**Public cloud Unified Communications "as a Service" (UCaaS) and Contact Centre "as a Service" (CCaaS)**	A multi-tenanted public cloud unified communications and contact centre platform. Global leader for UCaaS, combined with Maintel's rich experience in communications.
GENESYS™	**Public cloud (CCaaS)**	A multi-tenanted public cloud contact centre platform. Global leader for CCaaS, combined with Maintel's rich experience in communications and proven application integration skillset.
Connectivity and Security		
icon Connect	**Software Defined and Hybrid Wide Area Network (SD-WAN) and Secure Access Service Edge (SASE)**	Maintel's software defined managed network service enabling users to securely access their applications and their data, without performance delay, in a multicloud and hybrid working age.
icon Secure	**Managed Security as a Service (SaaS)**	A suite of security services delivered from the cloud as a service and backed up with expertise from our Security Operations Centre.
	Cyber Managed and Professional Services	A suite of cyber security services including Managed Detection & Response, Cyber Maturity Assessment and virtual CISO.

In addition to the above Maintel also offers a full range of customer premise-based solutions and services, covering such areas as Local Area Networking (LAN), Wi-Fi, security, telephony, Unified Communications, Collaboration and Contact Centre. We also offer a full suite of voice network services, such as our own "ICON SIP" SIP Trunking service, inbound call management and a host of Wholesales Line Rental (WLR) replacement services that allow customers to migrate away from the legacy BT PSTN network (due to be turned off in 2025) and on to modern IP based digital solutions.

Maintel's Vendor Alliance Partners

Maintel is proud to work with world-class technology companies to deliver services to customers – either via the ICON cloud platform, the public cloud, on-premises or a hybrid combination of these. While there are a host of vendors required to deliver complete solutions to customers, there are several strategic vendor partners.

Partner	Status	Focus area	Key points
CISCO	**Cisco Gold Partner** **SD-WAN and MPLS "Powered" service provider**	Maintel's lead partner for SD-WAN, SASE/Security, wired and wireless networking	• Focus partner for SD-WAN • Focus partner for Security • Specialisations in Collaboration, Data Centre, Enterprise Networking and Security • Customer Success/ Experience Specialised
GENESYS	**Gold Partner**	Enterprise CCaaS	• Highest possible level of accreditation. • Continued momentum with significant wins, including a major "big four" UK supermarket.
RingCentral	**Diamond Partner**	Public cloud UCaaS across all sectors	• Newly awarded Diamond Partner Status, the highest possible global accreditation – one of only 4 organisations in the UK. • Well positioned with significant legacy bases of Avaya, Mitel and Unify, all of which have a strategic relationship with RingCentral for UCaaS.
AVAYA	**Avaya Diamond Partner** **Avaya DevConnect Developer Partner**	CX and UC in financial services and utilities, cloud delivered via Maintel's ICON platform	• Biggest UK subscription partner for Avaya • Top three UK partner, most accredited partner in Europe with highest possible level of accreditation • In a strong position, with Avaya's strategic partnership with RingCentral
Mitel	**Mitel Platinum Partner** **Mitel Solutions Alliance Developer Partner**	UC in public sector and mid-enterprise markets, with cloud options delivered via Maintel's ICON platform	• Highest possible level of partner accreditation • One of the largest Mitel cloud partners in the UK • In a strong position, with Mitel's strategic partnership with RingCentral
Atos Unify	**"Master 3" ATOS Unify Partner**	UC and CX in public sector markets and retail	• One of the biggest Unify customer bases in the UK • Highest possible level of partner accreditation, with "Master" status across all three core product areas • In a strong position, with Atos' strategic partnership with RingCentral
Extreme Customer-Driven Networking	**Diamond Partner** **Ultimate Master**	LAN and Wireless LAN in some public sector markets	• Highest possible level of partner accreditation • Master specialisations in Data Center, Campus, Edge, Cloud, Management & Automation, Security & Access Control, Wireless and Switching • Focus partner for public sector

Maintel overview continued

Maintel's Intellectual Property

Maintel also owns Intellectual Property (IP), deployed alongside and to enhance offers from our key technology partners.

The main change in our IP landscape was the strategic decision, made at the beginning of 2023, to discontinue the development of our own "Callmedia" Contact Centre product line, including the CX Now public cloud CCaaS variant. The product line had reached an inflection point whereby without decisive action it would have begun to have a negative impact on earnings. The migration of legacy on premise contract centres to cloud native "CCaaS" platforms was significantly accelerated by the pandemic, in a period that has also seen many additions to the competitive landscape, for the mid-market segment targeted by Callmedia. The majority of these competitors are private equity backed and dedicated to CCaaS, with the ability to focus significantly higher levels of investment into their product lines.

Intellectual Property is however still extremely important to Maintel, but in the form of software and middleware that enhance our core offerings, our customer experience and our operational efficiency, rather than standalone software products. The remaining IP is held in three categories:

- **Customer experience enhancements –** ICON Portal is Maintel's digital customer engagement platform for all support and in-life management interactions for customers, providing a single interface, with a single logon, where customers can access service monitoring status, support ticketing, planned maintenance schedules, mobile usage reporting, quote/project status reporting and analytics. Maintel has seen high levels of customer adoption and usage rates over the reporting period and we continue to add new features and capabilities.
- **Core offering enhancements** – Maintel have a long standing and rich capability to develop both standardised and bespoke application integration middleware. We use this to integrate the core cloud communication services we deliver with a customer's wider business application ecosystem, to allow them to create automated or optimised processes, remove data silos and deliver an exceptional experience to their customers.
- **Quoting, delivery and managed service enhancements** – Maintel has developed a set of tools and platforms to automate the quoting, provisioning and support of its cloud and network services. This allows us to accelerate the time taken to quote and provision services, to simplify both implementation and in-life support and to remove human error from repetitive deployment and maintenance activities.

Our Market and Our Customers

Maintel provides its cloud communications, network and security managed services exclusively to the UK public and private sectors.

Our core market constitutes organisations with between 250 and 10,000 employees in the private, public and not-for-profit sectors with headquarters in the UK. Although we serve the whole market, we are particularly focused on six key verticals:

Public and not-for-profit sector

Health

We are entrusted by 40+ health trusts to provide them with the mission critical communications services they use to ensure the effective operation of hospitals and community care services.

Examples
UCLH, Royal Brompton, Guys and St. Thomas's, South Lanarkshire, Betsi Cadwaladr

Local Government

We enable the staff of over 35 unitary and other local authorities to better serve a combined total of over 15 million UK citizens.

Examples
Durham County Council, South Lanarkshire Council, Powys County Council

Social Housing

We enable the smooth running of many UK housing associations, helping them to support the residents of over 300,000 homes.

Examples
Optivo, Sanctuary Housing

We also have several customers in "Blue Light" emergency services (including control room systems), education, government agencies, large charities and some national government departments.

Private sector

Retail

We provide services to enable the smooth and secure running of c10,000 bricks and mortar retail sites alongside numerous online brands, enabling them to minimise their costs, maximise their information security and serve their customers better.

Examples
JD Sports, Curry's, Wiggle, Matalan

Financial Services

We help banks, insurers and service providers to serve their customers securely across any channel, providing the right blend of automation, self-service and personalised experience.

Examples
NFU Mutual, Vanquis Bank and Provident Group, Bank of Montreal, Admiral Insurance

Utilities and Services

We help utility providers across energy, telecoms and water to provide their products and services to their customers.

Examples
SSE, Severn Trent Water, Biffa

We have private sector customers in adjacent industries, including transport and logistics, business process outsourcing, entertainment and leisure and professional services.

Maintel overview continued

Our People and Culture

It is our people who deliver our cloud and managed services and who add value to our clients helping them to transform their businesses for the better. We're proud of our people - they are our most valuable asset, who continually go above and beyond every day - and know that in today's information economy, despite the difficult external recruitment landscape we are still able to attract and retain our talent.

Our people strategy

Our people are front and centre in everything we do. Our people strategy is focused on attracting, retaining and developing the talent we need to be successful; creating a culture where our people are empowered and engaged, not only to drive the business forward, but also to develop a successful personal long-term career with Maintel.

We're proud of the diversity within our business, and the variety of talent we've been able to attract over the last year. Recognising and leveraging the benefits of differing experiences, backgrounds, cultures and personalities enables continually to evolve and embrace new ideas and approaches. We're also proud to have won the Gender Parity award at the 2022 CRN Women and Diversity in Channel Awards.

The HR team supports the business on all aspects of the employee journey, from the moment we welcome new talent into the business to the moment they retire. The continual creation of learning and development opportunities over the last year has been front and centre, whether this be through apprenticeships, coaching and mentoring potential, or cross functional secondments - recognising and rewarding our talented employee base has never been more important. This, coupled with our continued focus on employee wellbeing whilst also investing in our employee benefits offering, ensures we're fully able to support our people in today's post pandemic economy.

We recognise the importance of work/life balance and what this brings to our people, and over the last year, we've fully embraced hybrid working – with all of our teams now either working fully remotely or benefitting from a blended approach to office and home working. We will continue to review our ways of working to ensure optimum employee engagement whilst aligning with our customer needs.

Our culture

Our culture is an important aspect of who we are – how we enable our people to reach their full potential, how we service our customers, and how we ensure we stay ahead of the curve in a rapidly developing technology sector.

Our values

Our values inform every aspect of how we work with each other and with our customers, how we act corporately and individually, and our tactical and strategic decision making. At Maintel, we are aligned to this established set of values:

We play it straight
Honesty, transparency and integrity in our dealings with each other, our partners and our customers.

We enjoy what we do and work as a team
Enjoying being at work, being serious without taking ourselves too seriously. Valuing each and every individual, while putting what's right for the team first.

We are pioneering
Being courageous and resourceful, developing our business by improving those of our customers, anticipating change and challenging the status quo.

We are empowered, and accept accountability
Doing what's right and taking responsibility. Being accountable for our targets, actions and commitments.

We are agile and flexible
Flexible and agile people, processes and services – able to adapt quickly.

We constantly learn and grow
Always learning – never standing still.

The Strategic, Operational and Organisational Review

Following a disappointing performance in the second half of FY22 the Board appointed Carol Thompson as Executive Chairman to conduct a full strategic, organisation and operational business review, supported by the wider Operating Board, detailed industry research and independent due diligence process.

This review covered all areas of the business with the objective of addressing a number of strategic imperatives including gross margin improvement, revenue maximisation and data driven decision making. The review also aimed to make Maintel an easier place to work and to do business with, developing a more focused operating model standing on an agile and automated IT platform via our Digital Transformation (DX) Programme.

The process has included a full strategic review of our 'go to' market strategy, which identifies areas that we can focus in on, to capitalise on our existing competencies and successes in higher growth sectors. This includes a full review of our vendor partner landscape, to ensure that we are optimising the opportunities that they bring by aligning to their own growth strategies.

Another key outcome from this exercise has been a full business restructuring, delivering a permanent reduction in operating costs as a percentage of gross margin. To date, the business has been able to identify and secure annualised cost savings of circa £6.0m, and further savings to be delivered during the year are expected to increase the annualised total to circa £10.0m. We have also identified business areas where we can derive operational synergies, and have, already consolidated our Pre-Sales Design and Professional Services to create a better client experience and improved margins.

As a result of the above the Sales, Marketing and Product teams are now aligned to execute on this precise and carefully planned strategic evolution.

The outcome is an optimised organisation and a clear plan that can be deliver a return to normalised EBITDA levels in FY23 and growth thereafter. We have also had constructive conversations with HSBC which resulted in Maintel entering into an amended refinancing agreement that better aligns the covenants with the business transformation plan and supports the return to growth agenda and reshaping the business.

Longer term this underpins the business' ability to deliver a more scalable business model, more resilient to external factors and better prepared for growth.

Mergers and acquisitions

Maintel has focused on evolving its products, customer engagements and technological advantages in key areas such as SD Wan and CaaS, and therefore no acquisitions have been pursued. While focusing on organic growth strategies, and our market strategy in 2023, we remain open to new opportunities, ideas and partnerships so long as they are value accretive and do not require up-front investment.

Investing in Maintel's future

As a business we have invested consistently albeit modestly in our business proposition to ensure it stays relevant and best in class. Investment is expected to accelerate in FY23 and beyond.

- Maintel has always had a reputation as a good place to work but now our focus is on being a vibrant and contemporary place to work with an environment where new skills are encouraged, invested in and supported. This approach future proofs our people and our client base.
- Continuous enhancement of the ICON Portal, and our customer digital engagement platform. Alongside general enhancements, FY22 saw us introducing the ability for our customers to review any upcoming planned maintenance work that could impact their service and a new Mobile Dashboard providing access to billing analytics and invoices on demand. This modern and easy to use portal also allows users to view and download call summaries and reports and set-up usage alerts.
- Enhancement of our iQuote configure, price, quote (CPQ) application, which significantly reduces our time to quote, provides the starting point for the completely revised quote to cash process, and forms a critical pillar in our own digital transformation programme. Amongst other enhancements FY22 saw us develop a commercial modelling module for iQuote, completely removing spreadsheets from our quoting process.
- Improving our operational effectiveness – the continued development of our automation DevOps stack, including the ongoing development of Context; a new web-based frontend for our operational automation suite, allowing for faster and more accurate provisioning of our services, as well as significant efficiencies for in-life management of our services
- Increasing the capacity of our core ICON platform as we continue to grow our cloud and network footprint.

Glossary

Contact Centre as a Service (CCaaS)	The implementation of a contact centre platform without the need to install any on-premise equipment or purchase technology up-front. CCaaS is typically provided on a "per user, per month" basis, alongside alternate pricing models such as paying per transaction or perpetual licencing.
Communication Platform as a Server (CPaaS)	A public cloud-based API toolkit for communications. Making communications capabilities such as SMS, voice and social messaging readily available to the software development community via standardised API frameworks.
Customer Experience (CX)	The practice of using the experiences of customers as a competitive differentiator. Maintel's CX practice is primarily concerned with the design, implementation and support of technology to facilitate customer interactions via the contact centre or digital channels.
Digital Transformation (DX)	The use of digital technologies to optimise and automate internal systems and process, and to digitally engage with customers, partners and/or citizens.
Hybrid Cloud	The use of more than one cloud environment (normally two) to deliver a single IT application or infrastructure. For example, a unified communications application that's delivered from a private cloud, but with elements deployed on customer premise to provide resilience in the event of a loss of communication to the private cloud.
Infrastructure as a Service (IaaS)	The delivery of an infrastructure platform, where the provider is responsible for everything up to the physical servers and virtualisation layer and the customer is responsible for the rest. Often these providers offer many value-add services too. For example, Amazon Web Services, Microsoft Azure and Google Cloud Platform.
Internet of Things (IoT)	The use of the Internet for Machine to Machine (M2M) communication. The use cases are many and varied, from sensors of all variety reporting back central cloud data analytics and/or alerting platforms, to the connectivity of everyday objects such as fridges and televisions.
Multicloud	The use of more than one cloud environment by a single organisation, to deliver disparate IT applications and infrastructure. This can include both public and private cloud and SaaS, PaaS and IaaS based services. For example, using a particular IaaS provider for delivery of an ERP platform and a separate cloud SaaS provider to deliver a CRM application.
On-premise	Any equipment or software deployed within a customer's own office, branch or datacentre.
PBX	"Private Branch Exchange". The use of a locally deployed telephony system to act as an aggregation point for local users and external trunks.

Platform as a Service (PaaS)	The delivery of a platform capability from the cloud, where the provider is responsible for the layers of the platform up to and including the Operating System and API layer, and the customer is responsible for the application that consumes its service. For example, CPaaS providers such as Twilio and Amazon Connect.
Public Switched Telephone Network (PSTN)	The legacy analogue BT telephony network, which is being switched off in 2025 with exchange stop-sells occurring across the country each month between now and the forecast end date of this program.
Software as a Service (SaaS)	The delivery of an application from the cloud, where the provider is responsible for all layers of the platform and the customer simply consumes the application. For example, Salesforce.
Session Initiation Protocol (SIP) Trunking	SIP Trunking is the IP based digital replacement for all multi-line use cases of the legacy Public Switched Telephone Network.
Software Defined Wide Area Network (SD-WAN)	The latest generation of wide area networking technology which enables centralised and simple configuration and connection irrespective of the underlying circuit or wireless technology, plus a range of business-oriented networking services.
Unified Communications (UC)	Unified communications is a suite of tools to allow team members to collaborate, including instant messaging (IM), presence, screen and document collaboration and both audio and video conferencing.
Unified Communications as a Services (UCaaS)	The implementation of unified communications tools without the need for an organisation to install hardware or software on their premises or in their data centres. UCaaS is typically provided on a “pay as you go” basis with minimal up-front costs and sometimes with the ability to flex the capacity of the service up and down during the term of the agreement.

Business review

Results for the year

Revenues decreased by 12.4% to £91.0m (2021: £103.9m) and adjusted EBITDA decreased to £4.4m (2021: £9.6m). Recurring revenue as a % of total revenue (being all revenue excluding one-off projects) increased to 77.0% (2021: 69.2%). Recurring revenue increased because of:

- Managed Services revenue decline of £3.9m because of customer churn through the pandemic, price erosion on contract renewal and transition of customers to Cloud.
- Calls and Lines declined by 6.7% to £10.3m, down £0.7m from £11.0m in 2021, largely due to overall market decline in PSTN and transition to SIP and cloud.
- Data increased by 1.2% (£200k) to £16.5m, from £16.3 in 2021 mainly due to price increases.
- Mobile reduction of 7.7% (£0.4m) to £4.4m down from £4.8m in 2021 mainly due to customer contracts moving direct to network operator (Leicester County Council and Curry's).
- Cloud revenue grew by £3.0m in 2022 due to continued growth in public and private cloud contracts. This positive contribution resulted in an overall recurring revenue decline of £1.8m, whilst in the same period project revenue decreased by £10.3m.
- Cloud revenue increase year-on-year is enhanced by the capitalisation of third part licences, amounting to £1.2m in the current year (2021: £nil).

Gross profit for the Group decreased to £27.9m (2021: £34.1m) with gross margin decreasing to 30.6% (2021: 32.8%).

The Group delivered an adjusted profit before tax[a] of £1.6m (2021: £6.8m). Adjusted earnings per share (EPS)[a] decreased by 105% to a loss per share of 1.6p (2021: earnings per share of 33.2p) based on a weighted average number of shares in the period of 14.4m (2021: 14.4m).

On an unadjusted basis, the Group generated a loss before tax of £4.9m (2021: profit of £5.2m) and basic loss per share of 30.4p (2021: earnings per share of 32.5p). This includes £1.0m of net exceptional costs (2021: net exceptional income of £3.9m) (refer note 12) and amortisation of acquired intangibles of £5.4m (2021: £5.4m).

	2022 £000	**2021 £000**	**(Decrease)/ increase**
Revenue	**91,036**	103,895	(12.4%)
(Loss)/profit before taxation	**(4,889)**	5,237	(193.5%)
Add back intangibles amortisation	**5,437**	5,416	0.4%
Exceptional items	**904**	(3,901)	(123.2%)
Share based remuneration	**181**	49	269.4%
Adjusted profit before tax	**1,633**	6,801	(76.0%)
Adjusted EBITDA[a]	**4,356**	9,593	(54.6%)
Basic (loss)/earnings per share	**(30.4p)**	32.5p	(193.5%)
Diluted	**(30.4p)**	32.5p	(193.5%)
Adjusted (loss)/earnings per share[b]	**(1.6p)**	33.2p	(104.8%)
Diluted	**(1.6p)**	33.1p	(104.8%)

(a) Adjusted EBITDA is EBITDA of £3.3m (2021: £13.4m) adjusted for exceptional items and share based remuneration (note 11)
(b) Adjusted profit after tax divided by weighted average number of shares (note 10)

(a) see page 14 of business review for definition and reconciliation

Cash performance

The Group generated net cash flows from operating activities of £9.8m (2021: £4.4m) resulting in a cash conversion[c] of 245% for the full year (2021: 48%). This is due to rigorous working capital management.

(c) calculated as operating cash flow (being adjusted EBITDA plus working capital) to adjusted EBITDA

Review of operations

The following table shows the performance of the three operating segments of the Group.

Revenue analysis	2022 £000	2021 £000	(Decrease)/ increase
Managed services related	**25,572**	29,456	(13.2%)
Technology[d]	**20,937**	31,948	(34.5%)
Managed services and technology division	**46,509**	61,404	(24.3%)
Network services division	**40,093**	37,689	6.4%
Mobile division	**4,434**	4,802	(7.7%)
Total Group	**91,036**	103,895	(12.4%)
Cloud and Software Revenues	**£39.7m**	£35.7m	11.2%

(d) Technology includes revenues from hardware, software, professional services and other sales

Elements of cloud services revenues are currently accounted for in both the managed services and technology division (under the technology revenue line) and the network services division.

All revenues from cloud and software customers accounts for 44% of total Group revenues in the period (2021: 34%). Pure cloud subscriptions and associated managed services grew by 31.5% to £13.0m in the period (2021: £9.9m).

Managed services and technology division

The managed services and technology division contains two distinct revenue lines:

- **Managed services**: all support and managed service recurring revenues for hardware and software located on customer premises. This combines both legacy PBX and Contact Centre systems, which are in a managed decline across the sector as organisations migrate to more effective and efficient cloud solutions, with areas of technology such as Local Area Networking (LAN), WIFI and security, which are still very much current and developing technology areas and therefore enduring sources of revenue.
- **Technology**: all non-recurring revenues from hardware, software, professional and consultancy services and other non-recurring sales.

Services are predominantly provided across the UK, with some customers also having international footprints. The division also supplies and installs project-based technology, professional and consultancy services to our direct clients and through our partner relationships.

Business review continued

	2022 £000	2021 £000	(Decrease)/ increase
Division revenue	**46,509**	61,404	(24.3%)
Division gross profit	**11,399**	18,720	(39.1%)
Gross margin (%)	**25%**	30%	

This division decreased revenue by 24.3% to £46.5m. The revenue decrease was mainly driven by the semiconductor supply chain crisis, which significantly reduced our ability to deliver hardware dependent projects from the order book, with areas such as SD-WAN, LAN & WIFI being the worst affected, impacting technology (-31.1% LFL) and professional services (-40.4% LFL) revenues.

The declining on premise legacy support business further decreased by 9.6% (LFL), in line with and driven by the global market rate of decline in the legacy PBX and contact centre markets. Some of this decline did benefit the Network Services division with customers from our legacy managed service base transitioning to Maintel's cloud-based services during the period, with the most notable transformation contracts in the period being for a number of key NHS front line trusts, local government and retail customers.

Gross profit decreased in the division at a greater rate than revenue (-39.1% LFL), driven by a significant decline in Professional Services Gross Profit (-97.9%). Anticipating the imminent unwinding of the significant order book built up through the supply chain shortage, the Professional Services cost base was maintained at a level not supported by in year revenues to prevent an inability to successfully unwind a significant proportion of the order book during FY23.

Network Services Division

The Network Services division is made up of three strategic revenue lines:

- **Cloud –** subscription and managed service revenues from cloud contracts.
- **Data –** subscription, circuit, co-location and managed service revenues from Wide Area Network (WAN), SD-WAN, internet access and managed security service contracts.
- **Call traffic and line rental –** recurring revenues from both legacy voice and modern SIP Trunking contracts.

	2022 £000	2021 £000	(Decrease)/ increase
Call traffic	**2,921**	3,753	(22.2%)
Line rental	**7,391**	7,292	1.4%
Data connectivity services	**16,537**	16,342	1.2%
Cloud	**12,827**	9,869	30.0%
Other	**417**	433	(3.6%)
Total division	**40,093**	37,689	6.4%
Division gross profit	**14,639**	13,228	10.7%
Gross margin (%)	**37%**	35%	

Network services revenue grew by 6.4% and improved gross profit margin by 1.8%, the growth in the higher margin cloud revenue products and offsetting the decline in lower margin call traffic revenues. Cloud revenue increase year-on-year is enhanced by the capitalisation of third party licences, amounting to £1.2m in the current year (2021: £nil). Although the overall volume of voice minutes transacted in FY22 increased by 34%, our fixed line revenues (shown above under call traffic and line rental) declined by 6.6% to £10.3m (2021: £11m), reflecting the overall market decline for legacy Public Switched Telephone Network (PSTN) products plus the migration of some existing customers from legacy voice services with pence per minute call billing, to modern SIP Trunking or Cloud Communication services with all-inclusive call bundle based pricing.

Data connectivity revenues saw a modest increase in revenue of 1.2%. This is the first growth seen in this revenue stream since FY17, reflecting the increasing impact that our new Software Defined Wide Area Networking (SD-WAN) and managed Cloud Security Services are having on this division. Much of the business closed in these new areas has been delayed from delivery by the semiconductor supply shortage, but those deployments that were taken to revenue in FY22 have counteracted the decline in the legacy WAN business for the first time. This trend is set to continue and accelerate as the order book unwinds and we continue to close new contracts.

Our momentum in SD-WAN and cloud security continued in the period with key contract wins for one of the largest national housing associations, a leading international manufacturer of specialist superalloys, a not-for-profit national development agency and significant expansion project wins for the contracts closed in FY21 & FY22.

The number of contracted seats across our cloud communication services significantly increased, this time by 27% in the year to ~168,000 seats at the end of December (~132,000 at December 21), significantly outperforming forecasted market growth rates for this technology segment for the fourth consecutive year. Revenue from cloud and software customers amounted to £39.7m (2021: £35.7m), with a 30.0% growth in our recurring cloud subscriptions and associated managed services to £12.8m (2021: £9.9m).

For the first time public cloud seats represented the majority (67.2%) of overall cloud seats contracted in the period, highlighting the expected growing trend of a preference for public cloud services in many industry verticals. This trend was accelerated in FY22 by some significant wins in this space, including an 11,500 seat RingCentral Unified Communications win for a front line NHS trust, a 4,500 seat Microsoft Teams Unified Communications win for a local government organisation, a 6,500 seat RingCentral Unified Communications win for a tier 1 Insurance organisation and a strategic initial 600 agent Genesys Contact Centre win for one of the UK's "big four" supermarkets.

Our flagship ICON private cloud service sales also continued to perform well, with key wins such as; a 7,500 seat win for Welsh University Health Board, a 3,000 seat win for a premium retail household name and a 1,000 seat win for a leading UK liquefied petroleum gas (LPG) supplier. Demand for the Virtual Private Cloud service that our ICON platform offers continues to remain high across the Finance, Insurance, Healthcare and Housing verticals in particular. With the platform providing very high (99.99%) core service availability levels, guaranteed UK data sovereignty, security ringfenced customer instances, license and handset investment protection and the ability to allow customers to manage platform evolution at their own pace.

Our cloud communications pipeline remains strong, with key wins already closed so far in FY23.

Business review continued

Mobile Division

Maintel's mobile division generates revenue primarily from commissions received as part of its dealer agreements with O2 which scales in line with growth in partner revenues, in addition to value added services sold alongside mobile such as mobile fleet management and mobile device management.

	2022 £000	2021 £000	(Decrease)
Revenue	**4,434**	4,802	(7.7%)
Gross profit	**1,820**	2,163	(15.9%)
Gross margin (%)	**41.0%**	45.1%	
Number of customers	**354**	647	(45.3%)
Number of connections	**21,647**	27,478	(21.2%)

These revenues decreased by 7.7% to £4.4m (2021: £4.8m) with gross profits also declining by 15.9%, reflecting a post pandemic trend in the market for customers to stay with their incumbent Mobile providers. Customer churn was at an all-time low; however this lack of new business was compounded by downward price pressure on contract re-signs as customers were looking to their incumbent providers to drive down cost rather than move networks. Recognising these market challenges early in the year, we proactively resourced the mobile sales team to focus on customer retention as opposed to new business.

Maintel's mobile proposition continues to be multi-faceted, being network agnostic and ensuring we can provide competitive and complete coverage for the UK. This ensures we are always in a position to cater for our customers' requirements. Our mobile go to market proposition remains focused on the mid-market enterprise space (100 – 2,000 connections) and the launch of our new mobile reporting functionality within our ICON Portal digital customer engagement platform has resonated well with our customer base.

Other operating income

Other operating income of £0.5m (2021: £0.5m) relates to the recovery of one year's R&D tax credit of £0.5m (2021: £0.5m).

Other administrative expenses

	2022 £000	2021 £000	(Decrease)
Other administrative expenses	**25,902**	26,674	**(2.9%)**

Other administrative expenses for the Group decreased by 2.9% to £25.9m (2021: £26.7m).

Administrative expenses mainly comprise costs related to the sales and marketing teams, the support functions and the managerial positions, as well as the associated growth generating investments and general costs. On a life-for-like basis (i.e., excluding the other administrative expenses associated with Doc Sol), reduced from £26.4m in 2021. The net £0.5m reduction mainly reflects the savings from organisational optimisation initiatives.

The overall headcount dropped by 4.3% or 22 FTEs and now stands at 493 (2021: 515) as a result of the Group's programme of re-organisation and right sizing of the business to facilitate our continued transition to a cloud and managed services business as reported at the year-end 2021.

Exceptional items

Exceptional costs of £0.9m (2021: exceptional gains £3.9m) is substantially driven by staff-related restructuring costs (£0.4m) associated with the ongoing review of the Group's operating costs base.

Other exceptional costs include £0.3m in relation to foreign exchange impact on a specific contract, which has been delayed since 2021 as a consequence of the logistics issues related to the Covid pandemic; and fees relating to a revised credit facilities agreement of £0.2m.

In FY21, exceptional gains of £3.9m were substantially driven by the disposal of the Document Solutions business; net proceeds were £4.3m, after professional costs of £0.2m. Other exceptional gains included £0.1m associated with an onerous property lease provision release.

A full breakdown is shown in note 12.

Interest

The Group recorded a net interest charge of £1.1m in the year (2021: £1.1m), which includes £0.1m relating to IFRS 16 in line with the prior year (2021: £0.1m).

Taxation

The tax credit in the period of £0.5m is driven by a £0.9m increase in deferred tax in relation to tax losses (£0.7m) and fixed assets (£0.2m), offset by a £0.1m adjustment to prior period current tax and a £0.3m adjustment to prior period deferred tax for temporary taxable timing differences on intangible assets.

The prior year tax charge of £0.6m was driven by the net combined effect of the current taxation of profit of £0.8m, offset by deferred tax credits on PPE and intangibles of £0.2m.

Dividends and earnings per share

The continued impact of the pandemic throughout FY21 and into FY22, combined with external macro-economic challenges in global supply chain and recent conflicts in Ukraine means the Board is taking a prudent approach to dividend policy and again made the decision not to propose a final dividend for the full year 2022 (2021: nil pence per share). It remains the Board's intention to review returns to shareholders when economic conditions improve and financial performance permits.

Adjusted loss per share is at 1.6p, a decrease of 104.8% on prior year (2021: earnings per share at 33.2p). On an unadjusted basis, basic loss per share is at 30.4p (2021: earnings per share at 32.5p).

Consolidated statement of financial position

Net assets decreased by £4.1m in the year to £19.4m at 31 December 2022 (2021: £23.5m) with the key movements explained below.

Trade and other receivables decreased by £2.8m to £27.4m (2021: £30.2m), driven by a decrease in prepayment and accrued income to £13.7m (2021: £15.7m). Within this, accrued income decreased by £3.2m, driven by some large individual project accruals in the technology division which were subsequently delivered and billed in the year; prepayments increased by £1.2m, comprising mostly of increases in Data/Cloud (£1.5m increase), net off by reductions in support deferred costs (£0.4m) as Avaya Bulk Deal is completed in the year.

Trade and other payables increased by £3.2m to £47.5m (2021: £44.3m). This increase is the net of (i) higher trade payables of £7.8m in December 2022, due to delays in receiving certain materials from suppliers required for customer installations, including switches, (ii) an increase in deferred income of £1.5m driven by technology advance billings; and (iii) a reduction in Atos deferred consideration of £1.2m.

Borrowings of £22.7m (2021: £19.4m) represent the Group's drawn down debt, consisting of £17.5m Rolling Credit Facility and £5.4m Term loan, net of costs of issue of £0.2m.

Business review continued

Cash flow

As at 31 December 2022 the Group had net debt of £16.8m, excluding issue costs of debt of £0.2m, (31 December 2021: £19.4m), equating to a net debt: adjusted EBITDA ratio of 3.8x (2021: 2.0x). An explanation of the £2.6m decrease in net debt, excluding issue costs of debt, is provided below. (c) calculated as operating cash flow (being adjusted EBITDA plus working capital) to adjusted EBITDA

	2022 £000	2021 £000
Cash generated from operating activities	**9,839**	4,408
Taxation paid	**(491)**	(192)
Capital expenditure	**(3,337)**	(2,213)
Issue costs of debt	**(234)**	(39)
Interest paid	**(1,119)**	(907)
Free cash flow	**4,658**	1,057
Proceeds on disposal of Doc Sol (net of costs)	**16**	4,344
Payments in respect of business combination	**(1,227)**	(1,244)
Proceeds from borrowings	**25,500**	-
Repayments of borrowings	**(18,100)**	(3,000)
Lease liability payments	**(885)**	(1,155)
Increase in cash and cash equivalents	**9,962**	1
Cash and cash equivalents at start of period	**(3,869)**	(3,845)
Exchange differences	**43**	(25)
Cash and cash equivalents at end of period	**6,136**	(3,869)
Bank borrowings	**(22,900)**	(15,493)
Net debt excluding issue costs of debt and IFRS 16 liabilities	**(16,764)**	(19,362)
Adjusted EBITDA	**4,356**	9,593

The Group generated £9.8m (2021: £4.4m) of cash from operating activities and operating cashflow before changes in working capital of £3.5m (2021: £9.4m).

Cash conversion in 2022 was 245%[(c)], improving significantly from the 48% conversion level delivered in 2021. This is due to rigorous working capital management.

Capital expenditure of £3.3m (2021: £2.2m) was incurred relating to the ongoing investment in the ICON platform, IT infrastructure and continued development of Callmedia, the Group's contact centre product.

Payments in respect of business combinations of £1.2m (2021: £1.2m) relate to the deferred consideration amounts due associated with the acquisition of a customer base from Atos in 2018. This is fully settled as at 31 December 2022.

A more detailed explanation of the working capital movements is included in the analysis of the consolidated statement of financial position. Further details of the Group's revolving credit and overdraft facilities are given in note 21.

(c) calculated as operating cash flow (being adjusted EBITDA plus working capital) to adjusted EBITDA

Risk management

The Board has overall responsibility for setting the risk appetite for the business and for ensuring that the Group's ongoing risk profile aligns with this. The Board is also responsible for identifying the business risks and uncertainties faced by the Group that could have a material adverse effect on the business, most of which are beyond its control, and for determining the appropriate course of action to manage these. It reviews a dynamic risk report quarterly, the process behind which is monitored by the Audit and Risk committee. The most significant current risks and uncertainties are described below; the extent of the impact of each would naturally depend on the precise nature and duration of the event. This list is not exhaustive and there may be risks and uncertainties of which we are currently unaware, or which we currently believe are immaterial, that could have an adverse effect on the business.

Nature of risk	How do we mitigate the risk?	Trend
Disruptive technology changes the landscape of the market, and the Group may not keep pace with product and service innovation.	Maintel has a dedicated product function to ensure that the Group's product and service portfolio remains competitive. We have also re-structured the business to ensure focus on accelerating developments, including those of the ICON platform.	⟷
A catastrophic event – for example a power outage or pandemic - means that the Group is unable to service its customers.	All employees can work remotely, and the Group's operational and administrative servers are located and managed such that damage from an outage is minimised. A business continuity plan is in place which is reviewed regularly and enhanced from the results of testing. The Group is also increasingly moving to cloud based systems which are more readily available for a response to a catastrophic event. ISO22301- Business Continuity is maintained and externally audited on an annual basis..	⟷
Cyber-attacks on Maintel, customer or supplier systems rendering them unusable temporarily or permanently.	The Group has an outsourced Security Operations Centre (SOC) and compliments this with in-house systems and tools to ensure Maintel and its customer systems are secured. Customer networks and data are completely segregated from the Group's and data and systems are replicated in more than one location. Maintel holds several security accreditations including Cyber Essentials, ISO 27001 Information Security, ISO22301-Business Continuity and PCI DSS, all of which entail extensive external auditing of the Group's systems and processes. Maintel is also covered by cyber threat insurance.	↑

Business review continued

Nature of risk	How do we mitigate the risk?	Trend
Loss of key supplier through its business failure or termination of relationship with Maintel.	The Group has a multi-vendor strategy to reduce this risk and has defined product managers who work closely with each supplier to maintain constructive relationships and promptly identify potential issues, formalised by monthly internal review meetings. Due to the unprecedented semi-conductor shortage, we are monitoring our key suppliers more closely for adverse impacts and have raised the risk level accordingly.	↓
Loss of major customer through its business failure or termination of relationship with Maintel or Maintel's partners.	The impact of this risk is partly mitigated by the fact that no customer provides more than 10% of the Group's revenue. We have developed various initiatives to manage this risk including executive sponsorship and improved account management and engagement. We are actively monitor customer churn and continue to develop our customer offering and service delivery.	↔

↔ Risk unchanged from last year

↓ Risk reduced compared with last year

↑ Risk increased compared with last year

The Group's approach to financial risk management is further explained in note 23 to the financial statements.

COVID-19

The business has robust business continuity plans in place which have enabled us to continue our operations in the face of various adverse scenarios, especially in 2021 and 2022. These were implemented in response to the instruction to "work from home" in the first and second lockdown periods and have functioned well.

Enabling organisations to facilitate flexible and remote co-working with business continuity support and delivery has now become an embedded a core competency for Maintel. The capability to deliver, and remain engaged in projects with clients remotely is now part of the Maintel hybrid operating model.

Current Trading and Outlook

The Board conducted a strategic, organisational, and operational review in Q1 FY23 and enter FY23 with increased clarity on future market and product strategy with a lean and flexible cost base on which we can return the business to strong economic performance in the years to come. The review is described in more in the paragraph titled The Strategic, Operational and Organisational Review above.

The FY23 focus is on delivering improved EBITDA and cash generation, in line with recent historical levels.

In the first quarter, management has been focused on unwinding the significant order book built up through FY21 & FY22, driven by the semiconductor supply chain crisis. The Company has already recognised 11.3% of the order book carried forward from FY22. In turn this means the overall performance of the business, at the end of quarter one, is in line with management expectations and shows strong cash management and ability to service debt.

As regard to cost management, management has identified and secure annualised cost savings of circa £6.0m, and further savings to be delivered during the year are expected to increase this annualised total to circa £10.0m.

The Board expects FY23 to be a year of progress, as management continues to execute the recommendations that came out the of strategic review, with focus on margin improvement and high growth opportunities.

Dividend policy

The continued impact of the pandemic throughout 2021 and into 2022, combined with external macro-economic challenges in global supply chain with regards to semi-conductors and recent conflicts in the Ukraine means the Board is taking a prudent approach to dividend policy and again made the decision not to propose a final dividend for the full year 2021 (2020: nil pence per share). It remains the Board's intention to review returns to shareholders when economic conditions improve and financial performance permits. It remains the Board's intention to review returns to shareholders when conditions improve and financial performance permits.

Post year-end events

In January 2023, the Directors made the decision to discontinue the development of our own "Callmedia" Contact Centre product line, including the CX Now public cloud CCaaS variant. The product will be wound down by 31 January 2024. This decision was made as part of an ongoing strategic review of the business, in which we have engaged with third party specialist to undertake a full product review, the result of which will be implemented over the next financial year and period of growth for the business.

During Q1 2023, the group led a strategic, organisational and operational review to implement a plan to transform the business, focusing growth on higher margin product lines, adapting the delivery and support organisations to crystallise substantial cost savings while creating a scalable cost base to support future growth.

It is the intention of the Directors to liquate the dormant subsidiaries entities during the financial year ended 31 December 2023. This is part of a project to simplify the corporate structure.

There are no other events subsequent to the reporting date which would have a material impact on the financial statements.

Section 172 statement

A Director of a Company must act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172 of the Companies Act 2006 (s.172 CA).

Engaging with our stakeholders and acting in a way that promotes the long-term success of the Company, while taking into account the impacts of business decisions on our stakeholders, are central to the Directors' strategic thinking and duties in accordance with s.172 CA. We are aware that each stakeholder group requires a tailored engagement approach

Business review continued

in order to foster effective and mutually beneficial relationships. Our understanding of stakeholders is then factored into boardroom discussions, regarding the potential long-term impacts of our strategic decisions on each group, and how we might best address their needs and concerns. See pages 28-29 for who our key stakeholders are and how the Board has made principal decisions relating to each stakeholder group.

Throughout this Annual Report, including particularly the Corporate Governance Report, we provide examples of how we:

- Take into account the likely consequences of long-term decisions
- Foster relationships with stakeholders
- Understand the importance of engaging with our employees
- Understand our impact on our local community and the environment; and
- Demonstrate the importance of behaving responsibly.

As part of their induction, Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as Maintel, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to managers and details of this can be found in our Governance Report on pages 28-37.

The following paragraphs summarise how the Directors fulfil their duties:

Risk management

Maintel provides business-critical services to its clients. It is therefore vital that we effectively identify, evaluate, manage, and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and on how we manage our risk environment, please see pages 21-23, the Audit and Risk Committee Report on pages 35-36 and the Remuneration Committee Report on pages 38-43.

Responsible business

The Board's intention is to behave responsibly and ethically at all times, in line with our Company values, and to ensure that our management teams operate the business in a responsible manner and to the highest standards of business conduct and good governance. For further details on our people, please see page 29. A broader analysis of our activities can be found in the separate Sustainable Business Report.

Business relationships

Our strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the Group. To do this, we need to develop and maintain strong client relationships. We value and have continued to strengthen how we engage with our clients and suppliers during the year.

For further details on how we work with our clients and suppliers, please see pages 5-7.

Shareholders

The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors or private shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

For further details on how we engage with our shareholders, please see page 28.

Employees

The Board understands how vital our employees are to the success of our business. During 2022, the Board engaged with employees through regular consultations and CEO updates, in addition to providing our staff a voice on matters that concern them through a directly elected employee forum. Maintel also maintains a whistleblowing procedure and a prevention of modern slavery policy.

For further details on how we engage with our employees, please see page 29.

On behalf of the Board

Carol Thompson
Executive Chairman

26 April 2023

Corporate Governance

Board of Directors

Carol Thompson

Chairman / Interim CEO

Date of appointment: 1 October 2021

Board committees:
N Chairman

Previous experience:
Carol was appointed Executive Chairman of Maintel in November 2022. She is a Fellow of the Chartered Institute of Management Accountants and has considerable experience in strategy setting, business transformation and merger and acquisitions. Her operational experience was gained in global CFO and PE advisory roles having worked with government, private equity, complex multi-national technology, and professional services company transactions.

External appointments
Carol is a Non-Executive Director and Chair of the audit committee for Foresight Solar and Technology PLC and a Non-Executive Director of Quixant Plc.

John Booth

Deputy Chairman

Date of appointment: 7 June 1996

Board committees:
N A R Chairman (interim)

Previous experience:
John was appointed Deputy- Chairman in November 2022, before that he was Chairman of Maintel from 1996-2022. John's career has been spent in equity investment and broking where he has held several senior positions including Head of Equities at Bankers Trust and co-founder and Executive Chairman of the Link Group, acquired by ICAP Plc in 2008. He has extensive venture capital experience and holds a number of Non-Executive Directorships in investment management.

External appointments
John is Chairman of the London Theatre Company, Natilik Ltd and Rinkit Ltd, a Non-Executive Director of several private companies in investment management and a consultant to Herald Venture Partners. He is also Chairman of The Prince's Trust and the National Gallery, and a trustee of several other charities.

Nicholas Taylor

Independent
Non-Executive Director

Date of appointment: 1 January 2006

Board committees:
A N R Chairman

Previous experience:
Nick has extensive experience of working with growing organisations, principally in the media and communications industries. Having started his career as a management consultant working for a US strategy boutique, he went on to hold several senior positions – including both Chief Financial Officer and Chief Executive Officer – spanning private and quoted businesses as well as the not-for-profit sector.

External appointments
Nick undertakes a variety of consultancy work through his Company, Hopton Hill Ltd, and is a Non-Executive Director of Zinc Media Group Plc.

Board committees:
- N Nomination
- A Audit and Risk
- R Remuneration

Gabriel Pirona

Chief Financial Officer

Date of appointment: 2 May 2022

Board committees:
None

Previous experience:
Gabriel Pirona trained at PwC and has over 25 years of financial experience, gained in both industry and public practice. Prior to joining Maintel, he held the position of Group Chief Financial Officer at Agilisys, the fast-growing cloud and digital transformation specialists. Prior to Agilisys, he was Group Chief Financial Officer at Selecta, and has also served as Group Chief Financial Officer at Photo-Me International plc, and as Regional Chief Financial Officer at Recall, gaining extensive and relevant strategic financial and business transformation experience.

External appointments
No relevant external appointments

Dan Davies

Chief Technology Officer

Date of appointment: 11 September 2020

Board committees:
None

Previous experience:
Dan joined Maintel in 2014 as part of the acquisition of Proximity Communications, where he was the Product and Solutions Director and board member. With over 20 years' experience in the communications sector and an engineering and design consultancy background, he is driven by making sure our technology has a meaningful impact on our customers' organisations, with business focussed outcomes that help them to achieve success.

External appointments
No relevant external appointments

Report on Corporate Governance

Our purpose

The Board's overriding objective is to produce long-term value for its shareholders. We believe that this can best be achieved by understanding and recognising, alongside our shareholders' goals, the legitimate interests of our other stakeholders, and by ensuring that our conduct is in tune with the environmental and social concerns of society at large.

We believe that a sound and well understood governance structure is essential to achieving these objectives. The Board sets strategy and reviews operational performance in order to ensure that the Group's actions are consistently geared towards achieving its strategic aims.

In 2018 Maintel adopted the QCA Corporate Governance Code ("the Code") as a benchmark for measuring our adherence to good governance principles. The Code sets out 10 principles, which provide a framework for assessing our performance as a Board and as a Company:

The 10 Principles of the Code and the Company's application of them:

1. Establish a strategy and business model which promote long-term value for shareholders

The Group's strategy and business model are detailed in the Maintel overview section, in particular on pages 3-11.

The principal risks and uncertainties affecting the Group are shown on pages 21-23.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to providing shareholders with clear information on Maintel's financial position and strategy. We believe that a relationship of mutual trust between shareholders and the Board is essential for a well-governed Company to achieve its business objectives.

Twice-yearly meetings are held with larger shareholders following results announcements and the Company's broker provides formal (after the twice-yearly meetings) and informal ad hoc feedback on shareholder and prospective shareholder views. The Group's broker also produces research following the two results announcements and any other significant announcements.

The Company's AGM provides the opportunity for an exchange of views with private as well as institutional shareholders. The Board is committed to providing an open AGM and those who wish to attend the 2023 meeting will be welcome. Trading updates and other announcements are made to the market via the Regulatory News Service as required. Financial reports and other key documents are available on the Company's website.

The website also includes contact details for the Executive Chairman and Chief Financial Officer. The Company is currently recruiting for a Chief Executive Officer and a Senior Independent Director. Once appointed, their contact details will also appear on the website and both will make themselves available as appropriate.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Directors consider a range of stakeholders essential to the Group's success: our shareholders, who share in the success of the Company through dividends and through share price appreciation, and on whose long-term support the Company depends; our employees, whose talent, dedication and commitment both to the Company and its customers is essential for all aspects of our business operations; our customers – both direct and indirect – whom the Company exists to serve; our suppliers, who play a critical part in the products and services provided by the Company be that via technology or carrier capacity; and the wider society in which all our stakeholders exist.

Shareholders

As noted under Principle 2 above, the Directors maintain contact with shareholders with a view to understanding their needs and maximising their long-term returns. The Group's disappointing performance in the second half of 2022 has given a particular impetus to these engagements.

Employees
Maintel's success is dependent on the knowledge, skill and engagement of its employees and the Board actively seeks out their views. The Chief Executive Officer and other members of the executive management team held regular 'town hall' meetings, both across the Company's offices and online, backed up with e-mailed updates to all staff. The Group's employee representative and engagement forum, "Maintel Matters", met at regular intervals throughout the year, with regular attendance by the Executive Directors. At these forums, employee views on proposed actions were sought and gained, providing vital input to decision making around the development of hybrid working practices in the wake of the COVID-19 pandemic, environmental matters and much else.

Additional information about the Group's employment policies can be found on page 39.

Customers
The Group's product and service offerings are described in the Maintel overview section on pages 3-11, and these are sold by both a new business sales team and account managers who service existing customers. In addition to other contact points, such as project managers for installations and customer service teams, communication with customers and prospects also occurs via social media feeds, blogs, events, conferences and exhibitions. A customer newsletter is sent regularly to all subscribing customers keeping them informed of important updates and developments and key customers have an allocated executive sponsor.

This executive sponsorship programme allows the Group to communicate its activities directly to the senior decision makers within the most significant customers, and to hear first-hand about the evolving needs of those customers, which in turn informs the Group's decision-making around its product portfolio, managed service offerings and staffing levels.

Our success depends on our ability to provide the products and services that our clients need – when they need them. Those needs are not static, and the Group has placed additional emphasis in recent years on developing a more holistic approach to understanding our customers' businesses so that we can offer them business-enabling solutions rather than just technology.

Suppliers
Contacts are maintained at senior level with all the Group's main suppliers. The Group also employs product managers to monitor the changing products and services of existing and potential new suppliers and manage relationships with them. Key suppliers have an allocated executive sponsor, and throughout the year regular communication was in place to ensure good operations between the Company and its business partners for managing challenges such as the pandemic and supply-chain issues connected to Brexit and the global shortage of semiconductors. These key relationships also enable the Executive Directors to inform the Board about the view of the market from the perspective of suppliers – and in particular about future technological developments – providing vital input to the Board's Annual Strategic Review.

Other
The Board recognises the responsibilities it has not only to those stakeholders with whom it interacts directly but also to the wider social ecosystems in which it operates. Global challenges, whether short-term or long-term such as global warming, require all citizens – corporate and individual – to play their part.

2022 saw a continued focus on the Group's commitment to sustained improvements in its environmental, social and governance activities, following the move in 2021 to sign up to the Science Based Targets initiative and to align our journey specifically to the UN Sustainable Development Goals. There are many goals that we contribute to, and we are continuing to improve. The ones that we have identified as material to our business are:

- SDG 4 – Quality Education
- SDG 5 – Gender Equality

Report on Corporate Governance continued

- SDG 8 – Decent Work and Economic Growth
- SDG 9 – Industry Innovation and Infrastructure
- SDG 13 – Climate Action
- SDG 16 – Peace, Justice and Strong Institutions

We measure our contribution to those goals against defined metrics, using the official World Wide Generation G17ECO tracker.

The principal decisions that the Board of Directors have taken in the year with regard to its stakeholders are securing the 3-year refinancing agreement, investing in the Group's ESG strategy and reviewing the welfare and staff wellbeing agenda post Covid-19. Furthermore, the board made the decision to kick off a programme of transformation by appointment of Carol Thompson as executive chairman, followed by an in depth review of the Company's business review and markets.

More information about the Group's commitments to sound environmental, social and governance policies can be found in our separate Sustainable Business Report and section 172 statement.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board annually reassesses its risk appetite across six areas of operations:

- Financial
- Health and safety
- Environmental
- IT security
- Legal and regulatory compliance
- Strategic suppliers and partners

This exercise determines the risk profile the business is prepared to accept in pursuit of its strategy. The Group operates a robust risk management framework to identify, monitor and mitigate risks to the achievement of its strategic goals. The principal risks are reviewed by the Board quarterly, with newly identified or intensified risks being addressed as the need arises.

The Audit and Risk committee is responsible for the monitoring of risk, including reviewing the effectiveness of the risk management process annually; its report on pages 35-36 further describes its responsibilities and actions taken during 2022. The principal risks affecting the Group are described on pages 21-23.

5. Maintain the Board as a well-functioning, balanced team led by the chair

The structure of the Board of Directors is described on pages 34-35. The Chairman is responsible for ensuring that the Company has a well-balanced and qualified Board of Directors.

In May 2022, the Board appointed Gabriel Pirona as Chief Financial Officer. Mr Pirona is a chartered accountant and highly experienced finance professional, with significant additional knowledge of company strategy, public markets and M&A. More biographical details can be found on pages 26-27.

In October 2022 John Booth stepped down as Non-Executive Chairman to become Deputy Chairman and Carol Thompson became Executive Chairman.

Post the year-end, Ioan MacRae resigned as Chief Executive Officer of the Group and Carol Thompson stepped up her commitment to full time, assuming the CEO's responsibilities on an interim basis while the Board conducts a search for a replacement. To that end an executive search consultancy was appointed to seek candidates (internal and external) for the role and the Board will make a further announcement as soon as an appointment has been made.

As a further consequence of Mrs Thompson's change of role, the Board is also seeking to appoint a new Senior Independent Director (SID) and, again, will make an announcement as soon as an appointment is made. On appointment the new SID will be Chair of the Remuneration Committee.

On Mr Pirona's appointment as CFO, Mrs Thompson resumed her chairmanship of the Audit & Risk Committee, before handing over to Mr Booth on her appointment as Executive Chairman. As Chairman of the Company, Mrs Thompson also took over from Mr Booth as chair of the Nomination Committee. It is expected that the new Senior Independent Director, once appointed, will chair the Audit & Risk Committee.

The Board operates to a schedule of matters reserved to it, which is reviewed annually. It was last reviewed in June 2022 and is due to be reviewed again in June 2023.

Each Non-Executive Director must be able to devote sufficient time to the role to discharge his or her responsibilities effectively. The Chairman assesses the time commitment of the Non-Executive Directors as part of the annual review of their effectiveness, and the SID reviews the time commitment of the Chairman.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

The Remuneration Committee reviews the performance of the Executive Directors annually (see the report of the Remuneration Committee on pages 38-43). The Chairman reviews the performance of the Non-Executive Directors and, led by the SID, the Non-Executive Directors also meet without the Chairman present to discuss his performance. The Board reviews its effectiveness as a whole as set out under Principle 7 below.

The Directors are agreed that, as described in the Board of Directors section on pages 26-27, the Non-Executive Directors exercise independent judgement, challenge the Executive Directors effectively, and commit sufficient time to the fulfilment of their duties as Directors of the Company. Consequently, the Board is satisfied that it complies with the Code's recommendation that the Board contain at least two independent Non-Executive Directors.

Terms of reference of the Remuneration, Nomination and Audit and Risk committees are summarised on pages 35-36 and on the Company's website, maintel.co.uk. The Directors believe that, given the external roles they hold and have held, and the knowledge and insight gained as Directors of the Company, the members of each committee have the appropriate experience to fulfil their committee responsibilities.

The record of Directors' attendance at Board and committee meetings during 2022 can be found on page 37.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors' biographies on pages 26 and 27 show the depth of skills and experience of each Director, which the Board believes represents an appropriate balance.

The Board believes that its members are able to keep abreast of technological change with attendance at industry events and regular interaction with suppliers, customers and counterparts in other TMT companies, supported by a management team with frontline technical capabilities. Non-technical expertise is maintained and developed through attendance at financial, legal and other corporate events and regular liaison with advisers, together with input from senior internal sources including the Company Secretary.

New Directors receive an induction on their appointment to the Board which covers amongst other things the activities of the Group and its key business and financial risks, the schedule of matters reserved for the Board, the terms of reference of the committees and the latest financial performance of the Group.

The Company continues to employ the services of ONE Advisory Limited to assist the Board and senior management with advice on the AIM Rules, QCA Code compliance and the maintenance of good standards of governance. ONE Advisory was appointed as Company Secretary in 2021.

The Board regularly reviews the appropriateness of and opportunity for continuing professional development, whether formal or informal.

Report on Corporate Governance continued

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Board effectiveness is evaluated in several ways. The Nomination committee meets annually to review the structure, size, composition and effectiveness of the Board; it is also responsible for making recommendations on changes to Board membership. The Chairman and Chief Executive Officer also discuss the performance of the Board as a whole, while the Remuneration Committee reviews the performance of the Executive Directors individually against annual performance objectives defined for the purposes of bonus eligibility criteria; the latter are described in the Remuneration Committee report on page 38. Bonus eligibility is dependent on Group financial performance combined with individual role-specific objectives which are tailored to Group requirements for that year.

The Board aims to carry out a formal evaluation process involving both the Executive and Non-Executive members annually. However, in light of the significant changes in Board membership during 2022, it did not carry out a review during the year but plans to do so later in 2023. Recommendations from prior performance reviews are continuously monitored against current board performance to ensure progress is made in areas identified. Specifically in response to 2021 findings, the Board introduced Carol Thompson as executive chairman, along with two additional board members to broaden diversity of the Board. See biographical information on pages 26 and 27.

Directors retire in accordance with the Company's articles of association on a three-year rotational basis and in accordance with Corporate Governance recommendations if these require a shorter period, their reappointment being subject to shareholder approval.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises the importance of establishing and maintaining a consistent, positive corporate culture. The Group promotes a defined set of Maintel values, framing the culture of the Group in a range of areas. These values are designed to be applied to all aspects of the Group's operations, are regularly communicated to staff, enshrined in the Company handbook and set out separately on the Group intranet.

Given the increased emphasis on the environmental and social aspects of good governance and the changes in working practices that have been accelerated by the COVID-19 pandemic, and in line with its commitment to continuous improvement, the Group initiated a review of its culture and values in 2022 but paused this work in light of the financial headwinds faced towards the end of the year. It hopes to resume this important exercise later in 2023.

The Directors are committed to nurturing an open and communicative culture which encourages employee participation in the exchange of ideas, information, and suggestions. The board believes this culture is currently embedded in the Group not only through the way in which the senior leadership team behaves but also by way of regular employee communications: in person at each of the Company's offices; through online interactive meetings; using Maintel Matters - the Group's employee forum; and via regular emails and newsletters. The emphasis is on two-way communication, in order to ensure that cultural aspirations are authentically pursued.

As required by law, the Group complies with The Bribery Act (2010), The Modern Slavery Act (2015) and Data Protection regulations. It is also ISO14001:2015-Environmental certified and has been awarded EcoVadis Gold Medal Sustainable Business rating. The Group reports on its environmental policies on page 45 and in further detail within the separate Sustainable Business Report where key initiatives, targets and current progress surrounding Environment, Gender Equality and Quality Education are stated.

Our embedded and confidential Whistleblowing policy, which is linked to disciplinary processes, enables individuals to raise concerns that they may have about conduct of others in the business or the way in which the business is run with assurance that no detriment or victimisation of the reported will take place.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for the Company's governance, including overseeing the running of the Board, and ensuring that no individual or group dominates the Board's decision-making. The Chief Executive Officer is responsible for the management of the Group. The Board has delegated the day-to-day running of the Group to the Chief Executive Officer within certain limits, above which matters must be escalated to the Board for determination in line with the schedule of matters reserved for the Board. The Senior Independent Director's role is to act as a sounding Board for the Chairman, to serve as an intermediary for the other Directors where necessary and to be available to shareholders should they have concerns they have been unable to resolve through normal channels, or when such channels would be inappropriate. The Board's governance is continually reviewed as the Company grows and evolves. Further information on appointments to the CEO and SID roles is included under Principle 5 above.

The Board is supported by a Remuneration Committee, a Nomination Committee and an Audit and Risk Committee, whose terms of reference are reviewed regularly. Further information on the roles of these committees, together with reports of their activities during the year, are included on pages 34-43.

Other structures and processes underpinning the governance of the Group and its compliance with the Code are described throughout this report:

- Schedule of Matters reserved for the Board (Principle 5)
- Terms of Reference of Remuneration Committee, Nomination committee and Audit and Risk Committee (Principle 5)
- Risk appetite (Principle 4)
- Maintel values (Principle 8)
- Anti-bribery policy (Principle 8)
- Anti-slavery policy (Principle 8)
- ISO14001:2015 (Principle 8), ISO9001:2015, ISO 45001:2018 (Principle 3) and ISO27001:2013
- Streamlined Energy and Carbon Reporting (SECR) (Principle 8)
- EcoVadis sustainability (Principle 8)
- Shareholder communications (Principle 2).

All governance policies are subject to regular review.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The descriptions of the Group's application of Principles 2 and 3 on pages 28-30 explain the primary modes of communication with its shareholders and other stakeholders. The Strategic Report on pages 2-24 provides details of the Group's performance.

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders. It aspires to having close ongoing relationships with its private shareholders, institutional shareholders and analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. The Board maintains that, if there is a resolution passed at a general meeting with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action. At the Annual General Meeting in 2022, all resolutions passed with at least 90% support on a poll.

All corporate announcements including our Corporate Governance Statement can be found on the Company website, maintel.co.uk/investors, as can all Annual Reports, Interim Statements and Notices of General Meetings.

Three key committees of the Board also play a significant role in the governance of the Group: the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. Each committee's remit is defined by its Terms of Reference, which are reviewed by the Board annually. The reports of each of these committees can be found on pages 34 and 43.

Report on Corporate Governance continued

More detailed descriptions of the Group's Corporate Governance processes are given later in this report and in the report of the Directors.

Board of Directors

The Group is governed by the Board. More detail on the composition of the Board is given under Principle 5 above. The Chairman is responsible for the effective running of the Board, which reviews its effectiveness on an ongoing basis. The Chief Executive Officer is ultimately responsible for all operational matters and the financial performance of the Group. Post the year end, the Executive Chairman has taken on the duties of the Chief Executive Officer on an interim basis until a new Chief Executive Officer is appointed.

The Non-Executive Directors are independent of management and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Board is satisfied that the broad range and depth of experience and individual strength of character of each of the Non-Executive Directors underpins their ability to exercise independent judgement and apply unbiased rigour to Board decisions. It is also satisfied that they commit sufficient time to the fulfilment of their duties as Directors of the Company.

The Board acknowledges that the shareholdings and length of service might be seen to compromise the independence of the Non-Executive Directors. The Board has considered the issue of independence at length and has taken soundings from institutional investors and concluded that both Non-Executives act independently and are demonstrably able to challenge the rest of the Board. Further, the Board considers that the longevity of tenure of some of the Directors gives them valuable understanding of the business and industry, and that the Non-Executive Directors' shareholdings align their interests with those of other shareholders. However, in light of Carol Thompson's change of status in November 2022 from Non-Executive Director to Executive Chairman and in order to be seen to comply fully with the Code, the Company is seeking to appoint a new Senior Independent Director, as head of the Remuneration Committee and Nicholas Taylor will not seek reappointment at the Company's forthcoming AGM.

The Directors' biographies on pages 26 and 27 demonstrate the experience they bring to the Group.

The Board meets regularly, normally monthly, and reviews performance and assesses future strategy for the operating units and for the Group as a whole. It operates to a schedule of matters specifically reserved for its decision. This schedule requires that specific matters are referred to the Board for consideration and approval, including those relating to the overall leadership and management of the Group, budgets, strategy, performance against objectives, significant capital expenditure and contracts, external financial reporting, dividend and treasury policies, overall systems of internal controls and risk management, remuneration and governance, along with any significant proposed changes to business operations or to the structure or capital of the Company. The full schedule of matters reserved for the Board's decision is available from the Company Secretary.

During the year, the Chairman also held meetings with the other Non-Executive Directors in the absence of the Executive Directors, and with the Chief Executive Officer in the absence of the other Non-Executive Directors. The Non-Executive Directors also met in the absence of the Chairman.

The Directors are required by the Company's articles to retire on a three-year rotational basis, and to stand for reappointment by shareholders at the AGM. Although not required to retire this year in accordance with the articles, Corporate Governance guidance recommends that Non-Executive Directors with more than nine years' service are re-appointed annually, and John Booth will offer himself for re-appointment. The Board's view is that Mr Booth brings a valuable perspective to the Board, exercises independent judgement and effectively challenges as well as supports the Executive Directors.

In accordance with its articles, the Company provides an indemnity to all the Company's Directors in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as Directors. The Group also maintained insurance cover during the year for its Directors and Officers and those of subsidiary companies under a Directors' and Officers' liability insurance policy against liabilities that may be incurred by them while carrying out their duties. In each case, the Directors remain liable in the event of their negligence, default, breach of duty or breach of trust.

The Directors are able to seek independent professional advice as necessary, at the Company's expense within designated financial limits, and from time to time they do exercise this facility.

The following Board committees deal with specific aspects of the Group's affairs, reporting their deliberations and conclusions to the Board as appropriate.

Audit and Risk committee

Membership of the Audit and Risk committee is restricted to Non-Executive Directors and comprises John Booth (Chair) and Nicholas Taylor.

Since her appointment to the Board in 2021, Mrs Thompson had chaired the Audit and Risk Committee. However, in light of the additional support provided by her to the finance team while the Group was without a Chief Financial Officer, Nicholas Taylor temporarily chaired the Committee for part of the year. On Gabriel Pirona's appointment as CFO in May 2022, Mrs Thompson resumed her chairmanship of the committee but, on her appointment as Executive Chairman in November 2022, stepped down. The committee is now chaired by John Booth on an interim basis, pending the appointment of a new Senior Independent Director who it is intended should take on the chairmanship of this committee. The Board is satisfied that for the year under review and thereafter all members of the committee have adequate recent and relevant commercial and financial knowledge and experience to fulfil their roles.

The remit of the committee includes:

- Considering the continued appointment of the external auditors and their fees, terms of engagement and independence, including the appointment of the auditors to undertake non-audit work
- Liaising with the external auditors in relation to the nature and scope of the audit
- Reviewing the form and content of the financial statements and any other financial announcements issued by the Group, including consideration of significant issues, judgements, policies and disclosures
- Reviewing any comments and recommendations received from the external auditors and considering any other matters which might have a financial impact on the Group
- Reviewing the Group's risk management monitoring processes that identify, report and review corporate level risks and considering annually the requirement for an internal audit function; and
- Reviewing the Group's statements on internal control systems and risk management processes.

The Audit and Risk committee met four times during 2022. Attendees at committee meetings included the Chief Financial Officer, Chief Executive Officer, Group Financial Controller and representatives of the external auditors. All of these attended at the invitation of the Chairman of the committee to enhance the usefulness of the meetings. During the year the committee also liaised informally with the Executive Directors and met with the external auditors in the absence of Executive Management.

The principal issues addressed by the committee during the year were:

- The external auditor's year-end report for 2021, their observations on the internal financial controls arising from the annual audit, the review of the Group's 2021 results and the disclosures in the 2021 annual report
- The announcement of the 2022 half-year results
- The external audit plan for the 2022 financial statements, which included a review of the audit objectives, scope, timetable and deliverables
- The re-appointment of RSM UK Audit LLP as external auditors in respect of the 2022 results, their independence and objectivity and their fees

Report on Corporate Governance continued

- Regularly reviewing the output and operation of the risk reporting process and undertaking the annual review of the risk reporting process; and
- Undertaking the annual review of the need for an internal audit function.

The auditors are retained to perform audit and audit-related work for the Group. The committee monitors the nature and extent of non-audit work undertaken by the auditors, including reviewing the letter of independence provided by the auditors annually, which includes details of audit and non-audit work undertaken. The committee is satisfied that there are adequate controls in place to ensure auditor independence and objectivity. Details of audit and non-audit fees for the period under review are shown in note 7 of the financial statements.

It is the Company's policy to periodically review the appointment of the auditors, considering factors such as audit quality, value for money and period of tenure. The current auditor's tenure commenced for the year-ended 31 December 2019.

Remuneration Committee

Nicholas Taylor is Chair of the Remuneration Committee. Its other current member is John Booth. Carol Thompson served as a member of the committee until her appointment as Executive Chairman of the Company in November 2022. The committee met three times during the year. The committee's report to shareholders on Directors' remuneration is set out on page 42.

Nomination Committee

Carol Thompson is Chair of the Nomination Committee, having taken over from John Booth on her appointment as Executive Chairman of the Company in November 2022. The other members are Nicholas Taylor and John Booth. The committee's terms of reference include:

- Reviewing the structure, size, composition and effectiveness of the Board; and
- Identifying and nominating suitable candidates to fill vacancies on the Board.

The committee met twice during 2022.

During the year, the committee concluded the search for a successor to Mark Townsend as CFO with the appointment of Gabriel Pirona, and in light of the poor financial performance of the Group in the second half of 2022, recommended the appointment of Carol Thompson as Executive Chairman of the Group.

Board attendances

The following table shows the attendance of the Directors at meetings of the Board and the Audit and Risk, Remuneration and Nomination committees during the year.

	Board	Audit and Risk committee	Remuneration Committee	Nomination committee
Number of meetings in the year	11	4	3	2
C Thompson*	11	3	3	2
J D S Booth	11	4	3	2
N J Taylor	11	4	3	2
I MacRae (resigned 17 February 2023)	11	–	–	–
G J Pirona (appointed 2 May 2022)	8	–	–	–
D J Davies	11	–	–	–

* *Carol Thompson stood down from the Audit and Risk Committee and the Remuneration Committee following her appointment as Executive Chairman on 1 November 2022.*

In addition to the regular monthly meetings, additional Board meetings were held during the year relating to the approval of the 2021 year-end and 2022 interim results, the approval of new financing arrangements with HSBC UK and the approval of the issuing of a trading update.

Internal control

The Board is ultimately responsible for the Group's systems of internal control and for reviewing their effectiveness. Such systems can provide reasonable, but not absolute, assurance against material misstatement or loss. The Board believes that the Group has internal control systems in place appropriate to the size and nature of its business.

The Group maintains a comprehensive process of financial reporting. The annual budget is reviewed and approved by the Board before being formally adopted, following which the Board receives at least monthly financial reports of the Group's performance compared to the budget, with explanations of significant variances. Monthly cash flow forecasts are provided to the Board, as are budget reforecasts if deemed appropriate. The Executive Directors monitor key performance indicators on a monthly basis, management of these being delegated to the Group's Senior Management.

The key operational functions of the Group are subject to established processes, which are independently externally audited and held within the Maintel integrated Management System. This system encompasses multiple certifications, including ISO9001:2015-Quality, ISO45001:2018-Health and Safety, ISO27001:2013-Information Security, ISO14001:2015-Environmental, ISO22301:2019-Business Continuity, PCI-DSS, Cyber Essentials Plus, EcoVadis Sustainable Business rating, Avetta Corporate Social Responsibility certification, Financial Services Qualification System (FSQS), JOSCAR aerospace, defence and security sector pre-qualification, Financial Conduct Authority (FCA) Limited Credit Brokering, and Safe Systems in Procurement (SSIP): Safe Contractor, CHAS and Greenlight Safety. The Directors consider these certifications to be valuable additional internal and external control tools of the business.

Conflicts of interest

The Group has established procedures for the disclosure and review of any conflicts, or potential conflicts, of interest which the Directors may have and for the authorisation of such conflict matters by the Board. The Board considers that these procedures are operating effectively.

Report of the Remuneration Committee

On behalf of the Board, I have pleasure in presenting the report of the Remuneration Committee for 2022. The Group's policy on remuneration is designed to support the good functioning of the Board and the Executive Management Team, as described in the Report on Corporate Governance on pages 28-27, and its strategic aims, as set out in the Strategic Report on pages 2-24.

The information in this report is structured as follows:

- A description of the Group's remuneration policy and its alignment to Group strategy, setting out the key elements of this policy
- Details of how the remuneration policy was applied in 2022; and
- How the remuneration policy will be applied in 2023.

The Remuneration Committee is committed to structuring Senior Executive Remuneration that is competitive, incentivises and rewards good performance, and that will help the Group continue to grow profitably, thereby creating value for shareholders while also being mindful of the interests of other stakeholders. Each year the remuneration framework and the packages of the Directors are reviewed to ensure they continue to attract, retain and motivate executives and drive towards these objectives.

The committee's remit is to determine and agree with the Board:

- The broad policy regarding remuneration of the Executive Directors and certain Senior Managers;
- The individual remuneration and incentive packages for Executive Directors;
- In consultation with the Chief Executive Officer, the remuneration packages for key Senior Managers, including the share incentive plans and performance related pay schemes; and
- To provide oversight of the benefit structures across the Group.

The committee has access to independent, professional advice as necessary, at the Company's expense.

During the year, the membership of the committee changed. Carol Thompson became a member in January 2022 but ceased her membership on being appointed Executive Chairman in November 2022.

Remuneration policy

The Group operates in large competitive markets with areas of significant growth potential. The Group's Executive Director remuneration policy is designed to attract, reward, incentivise and retain Directors of the calibre required to maintain the Group's position in its marketplace.

The key features of remuneration and the policy for each element of the packages for Executive Directors are shown in the table below:

Element of remuneration	Purpose and link to strategy	Policy and approach
Base salary	To pay a competitive, sustainable level of fixed remuneration, taking into account experience and personal contribution to the Group's strategy; intended to attract and retain the talent (managerial and technical) required to execute the strategy.	Reviewed annually by the committee in Q1. Salary increases will normally be in line with pay review levels across the whole Group. However, reference is also made to changes in role and responsibility and to comparisons with companies of similar size and complexity.
Benefits	These complement an executive's basic salary and are designed to ensure the well-being of employees.	Benefits comprise pension contribution (typically 3% of basic salary), and membership of private health, permanent health and life assurance schemes. Because of the way in which the Group has grown partly by acquisition, a number of different pension schemes operate within the Group. A project to harmonise these schemes as far as possible was begun in 2022 and is ongoing. The Remuneration Committee is satisfied that there is no structural misalignment between the pension benefits offered to Executive Directors and those normally offered to the rest of the workforce.
Bonus	A cash bonus designed to incentivise specific short-term goals and objectives, both financial and non-financial.	Goals and objectives are set individually, with a significant weight being put on meeting annual financial targets. Other objectives include key performance indicators (KPIs) designed to measure the Group's progress towards achieving its strategic goals. Executive Directors' bonus targets for 2022 were set at between 30% and 60% of base salary. An additional 'over-achievement' bonus pool is created when the Company exceeds its profit plan, such that the rewards of over-achievement are shared between shareholders and senior managers. Awards from the pool are made at the discretion of the Remuneration Committee.
Long term incentive plan (LTIP)	To encourage and reward delivery of the Group's long-term growth objectives and provide alignment with shareholders through the use of share-based incentives.	All share-based incentives offered to Executive Directors have minimum three-year vesting schedules. While the Company has limited ability to award nominal priced options through a tax-efficient Company Share Option Plan (CSOP), the majority of its awards are market value options. Share-based incentives ensure that Executive Directors' incentives are directly aligned with the achievement of share price increases. Vesting is not typically subject to performance criteria other than continued employment. The plan rules include amongst other things claw-back and malus provisions and a limitation to ensure that new shares issued, when aggregated with all other employee share awards, must not exceed 10% of issued share capital over any ten-year period. When granting options, the committee considers the potential value that will be created under the performance conditions attached to the grant.

Report of the Remuneration Committee continued

The Remuneration Committee considers that the levels of bonus and LTIP payable are sufficient to motivate the Directors whilst being proportionate to the long-term value created for the benefit of shareholders.

In addition, a number of risks are taken into account when setting remuneration policy:

- Overall remuneration packages will not attract the right level of people to ensure that Maintel can achieve its long-term strategic objectives.

  The remuneration packages are benchmarked against both Maintel's key competitors and against other relevant comparators to ensure that they are at a competitive and fair level.

- Bonus payments are not aligned to company success.

  Bonus KPIs are set each year and are fully aligned to the corporate KPIs required to achieve the Company's goals. If these KPIs are not met, bonuses will be attenuated or not paid at all.

- Share option schemes vest even if the Company has not achieved its goals. The vast majority of share option schemes are now based on market priced options. They are therefore fully aligned with share price performance. The schemes also have claw-back and malus provisions as a further protection.

Details of LTIP awards granted during the year can be found on page 42.

Directors' service agreements

Each Executive Director has a six-month rolling service agreement. Copies of all Directors' service agreements and letters of appointment are made available for inspection upon request to the Company Secretary at the Company's registered office, 160 Blackfriars Road, London, SE1 8EZ.

Non-Executive Directors

The Non-Executive Directors each have a contract terminable on three months' notice. The level of remuneration of the Non-Executive Directors is recommended by the Executive Directors to the Board and is based upon the level of fees paid at comparable companies and taking account of the Directors' evolving responsibilities.

The Non-Executive Directors do not participate in the bonus or long-term incentive schemes.

Application of the remuneration policies in 2022

Base salary and benefits

A general company-wide salary increase envelope of 3% was agreed by the Board as part of the 2022 budgeting process.

In establishing appropriate salary increases for the Executive Directors, the Committee took into account both individual performance and benchmark data relating to similar positions in comparable companies. As a result, the Committee awarded a 8.6% increase to Ioan MacRae and a 5.3% increase to Dan Davies.

The Non-Executive Directors received a fee increase of 3%, in line with the average for the Group. No changes were made to benefit packages.

Bonuses

For 2022, each of the executive directors had the opportunity to earn a cash bonus of between 30% and 60% of base salary. In each case payment of the bonus was dependent on meeting a number of KPIs, covering both the financial performance of the Group as well as individual targets set to incentivise and reward progress towards meeting the Group's strategic goals. Some of the KPI targets had sliding scales for partial performance. Additional bonuses were accessible on a discretionary basis if the Group over-performed against the agreed budget, as was a relatively small discretionary bonus pool to reward exceptional individual performance.

The Remuneration Committee reviewed the Executive Directors' performance against the objectives agreed with them for 2022 in January 2023. Although each of the Executive Directors had met some of their KPI targets, either in full or in part, in light of the poor financial performance of the Group, particularly in the second half of the year, it was agreed that no bonuses would be paid.

Long term incentive plan

In accordance with its policy of providing long-term incentives to Senior Executives, aligned with the interests of shareholders and the long-term sustainability of the Group, in April 2022 the Committee awarded 97,000 share options to Ioan MacRae and 70,000 to Dan Davies, both at an exercise price of £3.35. Gabriel Pirona joined the Board as CFO in May 2022 and was awarded 50,000 options that month at an exercise price of £3.30. All these options had a vesting period of three years. Mr MacRae's options lapsed post year-end, following his resignation.

How the remuneration policy will be applied in 2023

Base salary and benefits

The Committee has reviewed the Company's remuneration policies and their application both to the Executive Directors and certain other senior members of staff specifically and to the wider workforce in general. In doing so, it took into account the macro-economic environment, including expectations for inflation and the state of the employment markets in which the Group operates; individual and Group performance; changes to individual roles and responsibilities; and comparative remuneration data supplied by third-parties.

As a result, the Committee recommended a Group-wide baseline increase of 5% for 2023 (2022: 3%) awarded in two stages in April and September, with scope to award pay increases above or below this baseline, depending on individual circumstances. The average pay increase awarded to the Executive Directors in April was 3%.

No changes were made to benefits packages.

Bonuses

The Committee has reviewed the operation of the Group's bonus scheme, which will operate for 2023 along the same lines as for 2022. Bonuses will be available to Senior Managers depending on the performance of the Group and on meeting individual, specific targets set in line with the strategic objectives of the Group. These include measures of the Group's transition to a predominantly cloud-based managed service provider, customer satisfaction and sound environmental and social governance.

Executive Directors' bonus targets for 2022 are set at between 50% and 60% of base salary.

No Executive Director's bonus target for 2023 is above 100% of base salary.

Long term incentive plan

The Committee also reviewed the operation of the Company's long term incentive plan and has decided to continue to incentivise Senior Executives using market value options. All options will continue to be subject to a three-year vesting period. We believe that this approach is both simple and fair, ensuring that Executive Directors' and other Senior Managers' incentive to achieve sustainable increases in the Company's share price align their interests directly with those of the wider shareholder base. Details of the LTIP awards made in 2022 can be found on page 42.

Report of the Remuneration Committee continued

Details of Directors' remuneration in 2022

The remuneration of the Directors in office during the year was as follows:

	Salaries/ fees	Benefits	Bonus/ commissions	Pension contributions	Total 2022[1]	Total 2021[1]
Non-executive Directors						
J D S Booth	49	–	–	1	**50**	50
N J Taylor	37	–	–	1	**38**	34
A P Nabavi[2]	–	–	–	–	**–**	24
Executive Directors						
C Thompson[3]	43	–	–	–	**43**	9
I MacRae[4]	247	2	77	9	**335**	313
G J Pirona[5]	153	–	–	–	**153**	–
D J Davies	179	8	38	6	**231**	220
M Townsend[6]	–	–	–	–	**–**	167
	708	**10**	**115**	**17**	**850**	**817**

[1] Excluding social security costs in respect of the above amounting to £109,000 (2021: £98,000).
[2] Annette Nabavi resigned as a Director on 30 June 2021. This represents her remuneration up to this date.
[3] Carol Thompson was appointed as a Director on 1 October 2021. This represents her remuneration from this date.
[4] Ioan MacRae resigned as a Director on 28 February 2023.
[5] Gabriel Pirona was appointed as a Director on 2 May 2022. This represents his remuneration from this date.
[6] Mark Townsend resigned as a Director 31 August 2021. This represents his remuneration up to this date.

Share scheme interests awarded in 2022

The following awards were made under the Maintel 2015 long-term incentive plan.

Directors	Number of options over shares	Award date	Option price
I MacRae[1]	97,000	5 April 2022	£3.35
D J Davies	70,000	5 April 2022	£3.35
G J Pirona[2]	50,000	5 May 2022	£3.30

[1] Ioan MacRae resigned as a Director on 28 February 2023 and his share options lapsed at the conclusion of his gardening leave.
[2] Gabriel Pirona was appointed as a Director on 2 May 2022.

The awards were made as market value priced options and the exercise price was determined by reference to the previous dealing day's closing middle market price. The awards are not subject to the achievement of performance conditions. The awards are subject to vesting periods of three years starting from the award dates.

Statement of Directors' Shareholding and Share Interests at 31 December 2022 and 31 December 2021

		Options			
	Beneficially owned shares	With performance conditions	Without performance conditions	Vested and unexercised	Exercised during the year
Executive Directors					
I MacRae[3]			277,000		
D J Davies	1,395		145,000		
G J Pirona			50,000		
Non-Executive Directors					
J D S Booth[1]	3,500,000				
N J Taylor	17,257				
Total 2022	**3,518,652**		**472,000**		
Total 2021[2]	3,518,652		255,000		

[1] John Booth also holds 4,000 non-beneficial shares which are held in a charitable foundation of which he is a trustee.

[2] Directors' Shareholding and Share Interests at 31 December 2021 includes amounts for directors who held office at 31 December 2021 and also directors who resigned in the period.

[3] Ioan MacRae resigned as a Director on 28 February 2023 and his share options lapsed at the conclusion of his gardening leave.

The report of the Remuneration Committee was approved by the Board on 26 April 2023.

Nicholas J Taylor
Chair of the Remuneration Committee

Report of the Directors

The Directors present their annual report together with the audited financial statements for the year-ended 31 December 2022.

Strategic Report

The Maintel overview, Chairman's statement and Business review on pages 2-24 comprise the Strategic Report, which is incorporated in the Directors' report by reference. The Business review also contains an indication of likely future developments for the business.

Results and dividends

The consolidated statement of comprehensive income is set out on page 55 and shows the loss of the Group for the year.

The Company did not pay any dividend during the year (2021: £nil).

Directors

I Macrae resigned as a director on 28 February 2023.

The Directors of the Company during the year and their interests in the ordinary shares of the Company at 31 December 2022 can be found on page 43.

Substantial shareholders

In addition to the Directors' shareholdings, the Company had been notified of the following shareholdings of 3% or more in the ordinary share capital of the Company at 31 March 2023:

	Number of 1p ordinary shares	% of issued ordinary shares
J A Spens	2,445,202	17.03
Harwood Capital LLP	2,386,000	16.61
A J McCaffrey	1,662,882	11.58
Herald Investment Trust Plc[1]	804,217	5.60

[1] John Booth is a shareholder in Herald Investment Trust Plc, which has notified the Company of an interest in 804,217 1p ordinary shares; this is in addition to Mr Booth's beneficial holding on page 43.

Share capital

Details of the share capital of the Company are shown in note 24 of the financial statements.

No new shares were issued in the year (2021: nil). No shares were repurchased during the year (2021: nil).

The existing authority for the repurchase of the Company's shares is for the purchase of up to 2,152,787 shares. A fresh authority, for the purchase of up to 2,152,787 shares, will be sought at the forthcoming annual general meeting.

Employees

Maintel's success is dependent on the knowledge, experience and engagement of its employees. Its ability to attract and retain those people is key and therefore the Group is committed to providing a competitive total employment package that includes both financial and non-financial rewards, to align employee interests with those of the Group.

The Group's Learning and Development function reflects the Group's ongoing commitment to its employees' careers and to developing high performing teams to support long-term success. This programme of work has included a clear focus on leadership development to underpin talent management and succession planning across the Group as well as technical skills development, to ensure the Group's capabilities remain appropriate for the developing environment.

Full and fair consideration is given to applications for employment from disabled persons, having regard to their aptitudes and abilities and to their training and career development. This includes, where applicable and possible, the retraining and retention of staff who become disabled during their employment.

The approach to communication with employees is reviewed on a regular basis to ensure relevance of both delivery methods and content of information. This currently includes channels such as face to face updates from the Operating Board and regular news updates emailed to all employees, as well as regular team and individual meetings with employees. Two-way communication is key to the success of the Group and an employee forum developed in previous years is now a well-established mechanism to achieve this, accompanied by an annual employee survey, with action taken on the results where practicable.

The Company established a Share Incentive Plan in 2006, allowing employees and Executive Directors to invest tax effectively in its shares, and so aligning employee interests with those of shareholders. Under the plan, shares are acquired by employees out of pre-tax salary, with ownership vesting at that time, and are held by trustees on behalf of the employees.

Maintel employs 156 women, 30.53% of our workforce. We believe that achieving greater gender equality strengthens our company by giving us a better understanding and an overall more balanced view. Our Sustainability report details our key activities and targets for Gender Equality and Quality Education. We have a long-term target of achieving 40% women employees.

Environment

The Group acknowledges its responsibilities for the environment and Maintel's environmental sustainability progress is externally audited through Streamlined Energy and Carbon Reduction (SECR) regulation, International standard ISO14001:2015-Environmental and EcoVadis Sustainable Business certification.

The review of energy consumption was carried out by an external consultancy, Inspired Energy Plc. Methodology used to estimate the quantities of emissions is in accordance with the Environmental Reporting Guidelines: GHG Reporting protocol – Corporate Standard and includes Streamlined Energy and Carbon Reporting Guidance.

In accordance with SECR, a full review of energy consumption across our offices and operations has been undertaken for the 12 months to December 2022. The SECR accounting period has been fully aligned to Maintel's financial year. The table below identifies the baseline reference measurement across all Maintel offices for gas and vehicles owned or controlled by Maintel within Scope 1, electricity within Scope 2 and transport within Scope 3.

Scope 1 = Direct emissions from Gas and vehicles owned or controlled by Maintel

Scope 2 = Indirect emissions associated with the purchase of electricity

Scope 3 = Indirect emissions associated with employee travel

This reflects an intensity ratio of 0.4 (2021:0.62) tonnes CO2 per employee (based on a full-time employee mean of 502.9 (2021:587.9)).

	2022		**2021**	
Total Energy Consumption	**Energy (kWh)**	**Carbon Emissions (Tonnes CO2)**	**Energy (kWh)**	**Carbon Emissions (Tonnes CO2)**
Total Annual Electricity	205,149	39.67	344,048.10	73.05
Total Annual Gas	0	0	14,467.28	2.65
Total Transport Consumption	703,120	161.66	1,046,975.10	288.92

Report of the Directors continued

The key focus during 2022 has been to reduce the electricity consumption across all offices with a range of initiatives and adherence to science-based targets. Our Sustainable Business Report contains further information.

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2022:

- **Removal of Fleet:** We have reduced our transport fleet and its associated emissions by providing our employees with a low carbon emissions salary sacrifice car purchase scheme, for those that commute to the office using a vehicle.

  The use of agile working has also reduced the amount of employee travel to offices.
- **Internal IT Systems change to Cloud-based software:** We are reducing energy by moving from older technologies to newer, more energy-efficient ones and making full use of cloud technologies.
- **Reducing electricity usage and carbon emissions:** We have installed energy-efficient systems in our office estate including LED sensor lighting and grade-A kitchen appliances, where possible.

  We are centrally controlling the use of heating and cooling throughout our estate, ensuring optimal temperature, when employees are in the office.

Measures prioritised for implementation in 2023:

- **Procurement of renewable energy:** For our landlord sites, we work with our landlords to increase the use of renewable energy consumed.
- **Reducing electricity usage and carbon emissions:** We are currently planning and assessing the reduction of our office estate, to further reduce our energy consumption.

We are also planning to implement overnight switch off for electricity points that are not required outside of office hours.

Going concern

The Group has a sound financial record including strong operating cash flows derived from a substantial level of recurring revenue across a range of sectors. During the year, The Group signed a new agreement with HSBC Bank plc ("HSBC") to replace the National Westminster Bank ("NWB") facility. The new facility with HSBC consists of a revolving credit facility ("RCF") of £20m with a £6m term loan on a reducing basis. Repayments started in October 2022, and at 31 December, £5.4m remained outstanding. The key covenants include net leverage ratio and interest cover tests, assessed on a quarterly basis. While the main terms of the financing facility remain unchanged, as a result of the reduction in the Adjusted EBITDA in 2022 the debt has been classified to current liabilities. Subsequent to the end of the period, the Company and HSBC agreed to accommodate further leeway in the covenants to allow for the temporary deterioration in profits, whilst the Company completes its transformation programme.

As highlighted in the risk management section (see pages 21-23) the Board has put robust business continuity plans in place to ensure continuity of trading and operations. Management believes the pipeline will enable Maintel to deliver upside from the budgeted revenue, whilst focusing on driving efficiency through cost base reduction and margin enhancement.

The Group's forecasts and projection models have been built on a prudent basis, taking into account uncertainty around the impact of the supply chain issues with regard to both project delivery and timing of pipeline conversion, allows for actual performance to exceed management forecasts in terms of revenue expectations. The Board has reviewed the model in detail, taking account of reasonably possible changes in trading performance, including sensitivities in pipeline conversion and renewal risk, together with further mitigating actions it could take such as overhead savings. As a result, the Board believes that the Group has sufficient headroom in its agreed funding arrangements to withstand a greater negative impact on its cash flow than it currently expects.

On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Corporate Governance Code

Maintel has adopted the QCA Corporate Governance Code ("the Code"). See page 28 for details.

Financial instruments

Details of the use of financial instruments by the Group are contained in note 23 of the Financial Statements.

Annual General Meeting

The Annual General Meeting of the Company will be held at its Blackfriars Road offices on 30 May 2023 at 2.00 pm.

Stakeholder engagement

Details of stakeholder engagement can be found on pages 28-30.

Research and development

In the year, there were no amounts (2021: £Nil) expensed to the statement of profit and loss in relation to research and development expenditure.

Post balance sheet events

In January 2023, the Directors made the decision to discontinue the development of our own "Callmedia" Contact Centre product line, including the CX Now public cloud CCaaS variant. The product will be wound down by 31 January 2024. This decision was made as part of an ongoing strategic review the business, in which we have engaged with third party specialist to undertake a full product review. The result of which will be implemented over the next financial year and period of growth for the business.

It is the intention of the Directors to liquate the dormant subsidiary entities during the financial year ended 31 December 2023. This is part of a project to simplify the corporate structure.

There are no other events subsequent to the reporting date which would have a material impact on the financial statements.

Auditors

- As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all of the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Signed on behalf of the Board

Carol Thompson
Chief Executive Director

Statement of Directors' responsibilities

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. Select suitable accounting policies and then apply them consistently;

b. Make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Maintel Holdings plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Independent Auditor's Report

to the members of Maintel Holdings Plc

Opinion

We have audited the financial statements of Maintel Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company 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 group and the parent 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 as applied to listed entities 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.

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition
Materiality	**Group** • Overall materiality: £367,000 (2021: £479,000) • Performance materiality: £275,000 (2021: £359,000)
	Parent Company • Overall materiality: £183,000 (2021: £239,500) • Performance materiality: £137,000 (2021: £179,000)
Scope	Our audit procedures covered 99% of revenue, 98% of total assets and 99% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description	The Group has a number of revenue streams. Details of the accounting policies applied during the period are given in note 2 (e). Management make judgements in relation to revenue recognition for Managed Services and Technology sales under IFRS 15. These include determining Maintel's performance obligations in its contracts with customers and whether, as at the reporting date, the group has completed its performance obligations such that: • Revenues on technology sales for supply and installation projects are recognised at a point in time where Maintel has completed its performance obligations. • Recognition of revenues for managed services only commences after the group has completed installation works, the technology equipment is fully operational in the customer's business and provision of the services have begun. We consider there to be a significant risk around the completeness and existence of some elements of revenue. We also consider there to be a risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the wrong financial period (cut-off).
How the matter was addressed in the audit	In order to address of the risks associated with these revenue streams we obtained an understanding of the process and controls around revenue recognition. Our procedures also included reviewing a sample of contracts to assess whether: • revenue had been recognised in accordance with the Group's accounting policy and IFRS 15 requirements; • revenue was recognised appropriately based on whether Maintel had completed its performance obligations under the contract prior to the reporting date by reference to its obligations stated in the customer contracts, correspondence with customers on supply and installation works and discussions with project managers; and • any other terms within the contract had any material accounting or disclosure implications. In addition, we have: • used data analytics software to test the sales cycle for all revenue transactions in the group and analysed the postings to identify any items which did not appear to match the expected transaction flows; • tested the reconciliation between the group's revenue recording systems; • traced cash book receipts to supporting invoices and bank statements; and • completed cut-off testing around the reporting date.

Independent Auditor's Report

to the members of Maintel Holdings Plc continued

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£367,000 (2021: £479,000)	£183,000 (2021: £239,500)
Basis for determining overall materiality	5% of average adjusted EBITDA	0.5% of Net assets The percentage applied to the benchmark has been restricted for the purpose of calculating an appropriate component materiality
Rationale for benchmark applied	Profit measure used for the trading activities of the Group.	Parent company is a holding company so net assets used as the benchmark.
Performance materiality	£275,000 (2021: £359,000)	£137,000 (2021: £179,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £18,300 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £9,200 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 3 components, all of which are based in the UK and the Republic of Ireland. Full scope audits were performed on 2 components and analytical procedures were performed on 1 component.

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	2	99%	98%	99%
Analytical procedures	1	1%	2%	1%
Total	3	100%	100%	100%

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing and evaluating management's three-year cash flow forecasts and the results of scenario analysis. Disclosure of the group's going concern assessment is disclosed on page 60 of the accounting policies and based on the results of the audit procedures outlined above, we have no observations to report.

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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 48, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent Auditor's Report

to the members of Maintel Holdings Plc continued

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

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

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted International Accounting Standards, FRS 101 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; and completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of any advice received from internal / external tax advisors; and consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	The audit procedures performed in relation to revenue recognition are documented in the key audit matter section of our audit report.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

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

David Clark (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

26 April 2023

Consolidated statement of comprehensive income

for the year-ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	4	91,036	103,895
Exceptional items	12	(278)	-
Other cost of sales		(62,900)	(69,784)
Cost of sales		(63,178)	(69,784)
Gross profit		27,858	34,111
Other operating income	7	540	476
Intangibles amortisation	13	(5,437)	(5,416)
Exceptional items	12	(626)	3,901
Share based remuneration	27	(181)	(49)
Other administrative expenses	7	(25,902)	(26,674)
Administrative expenses		(32,146)	(28,238)
Operating (loss)/profit	7	(3,748)	6,349
Financial expense	8	(1,141)	(1,112)
(Loss)/profit before taxation		(4,889)	5,237
Taxation credit/(charge)	9	528	(566)
(Loss)/profit for the year		(4,361)	4,671
Other comprehensive income/(expense) for the year			
Items that maybe reclassified to profit or loss:			
Exchange differences on translation of foreign operations		19	(12)
Total comprehensive (expense) / income for the year		(4,342)	4,659
(Loss)/earnings per share (pence)			
Basic	10	(30.4)p	32.5p
Diluted	10	(30.4)p	32.5p

The notes on pages 60 to 85 form part of these consolidated financial statements.

Consolidated statement of financial position

at 31 December 2022

	Note	31 December 2022 £000	31 December 2022 £000	31 December 2021 £000	31 December 2021 £000
Non-current assets					
Intangible assets	13		52,989		56,021
Right of use assets	16		2,263		3,173
Property, plant and equipment	15		1,381		1,091
Trade and other receivables	18		90		630
			56,723		60,915
Current assets					
Inventories	17	2,594		1,009	
Trade and other receivables	18	27,376		30,229	
Cash and cash equivalents		6,136		-	
Total current assets			36,106		31,238
Total assets			92,829		92,153
Current liabilities					
Trade and other payables	19	47,115		43,805	
Lease liabilities	22	820		906	
Income tax		-		267	
Borrowings	21	22,726		19,362	
Total current liabilities			70,661		64,340
Non-current liabilities					
Other payables	19	370		455	
Lease liabilities	22	1,452		2,251	
Deferred tax	20	958		1,558	
Total non-current liabilities			2,780		4,264
Total liabilities			73,441		68,604
Total net assets			19,388		23,549
Equity					
Issued share capital	24		144		144
Share premium	25		24,588		24,588
Other reserves	25		80		61
Retained earnings	25		(5,424)		(1,244)
Total equity			19,388		23,549

The consolidated financial statements were approved and authorised for issue by the Board on 26 April 2023 and were signed on its behalf by:

Carol Thompson
Executive Chairman

The notes on pages 60 to 85 form part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year-ended 31 December 2022

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 1 January 2021	144	24,588	73	(5,964)	18,841
Profit for the year	-	-	-	4,671	4,671
Other comprehensive expense:					
Foreign currency translation differences	-	-	(12)	-	(12)
Total comprehensive income for the year	-	-	(12)	4,671	4,659
Transactions with owners in their capacity as owners:					
Share based remuneration	-	-	-	49	49
At 31 December 2021	144	24,588	61	(1,244)	23,549
Loss for the year				(4,361)	(4,361)
Other comprehensive income:					
Foreign currency translation differences	-	-	19	-	19
Total comprehensive expense for the year	-	-	19	(4,361)	(4,342)
Transactions with owners in their capacity as owners:					
Share based remuneration	-	-	-	181	181
At 31 December 2022	144	24,588	80	(5,424)	19,388

The notes on pages 60 to 85 form part of these consolidated financial statements.

Consolidated statement of cash flows

for the year-ended 31 December 2022

	2022 £000	2021 £000
Operating activities		
(Loss)/profit before taxation	(4,889)	5,237
Adjustments for:		
Net gain on disposal of Doc Sol	(16)	(3,992)
Intangibles amortisation	5,437	5,416
Share based payment charge	181	49
Depreciation of plant and equipment	642	668
Depreciation of right of use asset	940	1,013
Interest payable	1,141	1,112
Other non-cash items	67	(105)
Operating cash flows before changes in working capital	3,503	9,398
(Increase)/decrease in inventories	(1,585)	676
Decrease/(increase) in trade and other receivables	3,469	(7,114)
Increase in trade and other payables	4,452	1,448
Cash generated from operating activities	9,839	4,408
Tax paid	(491)	(192)
Net cash inflows from operating activities	9,348	4,216
Investing activities		
Purchase of plant and equipment	(932)	(344)
Purchase of intangible assets	(2,405)	(1,870)
Consideration for previously acquired businesses	(1,227)	(1,244)
Net proceeds from disposal of Doc Sol	16	4,344
Net cash (outflows)/inflows from investing activities	(4,548)	886

Consolidated statement of cash flows

for the year-ended 31 December 2022 continued

	2022 £000	2021 £000
Financing activities		
Proceeds from borrowings	25,500	-
Repayment of borrowings	(18,100)	(3,000)
Lease liability repayments	(885)	(1,155)
Interest paid	(1,119)	(907)
Issue costs of debt	(234)	(39)
Net cash inflows/(outflows) from financing activities	5,162	(5,101)
Net increase in cash and cash equivalents	9,962	1
Bank overdrafts at start of year	(3,869)	(3,845)
Exchange differences	43	(25)
Cash and cash equivalents/(bank overdrafts) at end of year	6,136	(3,869)

The following cash and non-cash movements have occurred during the year in relation to financing activities from non-current liabilities:

Reconciliation of liabilities from financing activities

Loans and borrowings (Note 21)

	2022 £000	2021 £000
At 1 January	19,362	22,267
Proceeds from borrowings	25,500	-
Repayment of borrowings	(18,100)	(3,000)
Repayment of bank overdraft	(3,869)	-
Payments of interest on bank loans and overdraft	(1,022)	(770)
Interest expense on bank loans and overdraft (non-cash movement)	1,017	916
Movement on interest accrual (balance held within accruals – non-cash movement)	5	(146)
Issue costs of debt	(234)	-
Amortisation of issue costs (non-cash movement)	67	95
At 31 December	22,726	19,362

Lease liabilities (Note 22)

	2022 £000	2021 £000
At 1 January	3,157	3,965
Capital lease repayments	(885)	(1,155)
Interest repayments	(97)	(127)
Interest expense (non-cash movement)	97	127
New leases (non-cash movement)	-	391
Disposals (non-cash movement)	-	(44)
At 31 December	2,272	3,157
Current	820	906
Non-current	1,452	2,251

The notes on pages 60 to 85 form part of these consolidated financial statements.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022

1. General information

Maintel Holdings Plc is a public limited company incorporated and domiciled in the UK, whose shares are publicly traded on the Alternative Investment Market (AIM). Its registered office and principal place of business is 160 Blackfriars Road, London SE1 8EZ.

2. Accounting policies

The principal policies adopted in the preparation of the consolidated financial statements are as follows:

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

(b) Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The acquisition related costs are included in the consolidated statement of comprehensive income on an accruals basis. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

(c) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand unless otherwise stated.

(d) Going concern

The Group has a sound financial record including strong operating cash flows derived from a substantial level of recurring revenue across a range of sectors. During the year, The Group signed a new agreement with HSBC Bank plc ("HSBC") to replace the National Westminster Bank ("NWB") facility. The new facility with HSBC consists of a revolving credit facility ("RCF") of £20m with a £6m term loan on a reducing basis. Repayments started in October 2022, and at 31 December, £5.4m remained outstanding. The key covenants include net leverage ratio and interest cover tests, assessed on a quarterly basis. While the main terms of the financing facility remain unchanged, as a result of the reduction in the Adjusted EBITDA in 2022 the debt has been classified to current liabilities. Subsequent to the end of the period, the Company and HSBC agreed to accommodate further leeway in the covenants to allow for the temporary deterioration in profits, whilst the Company completes its transformation programme.

As highlighted in the risk management section (see pages 21-23) the Board has put robust business continuity plans in place to ensure continuity of trading and operations. Management believes the pipeline will enable Maintel to deliver upside from the budgeted revenue, whilst focusing on driving efficiency through cost base reduction and margin enhancement.

The Group's forecasts and projection models have been built on a prudent basis, taking into account uncertainty around the impact of the supply chain issues with regard to both project delivery and timing of pipeline conversion, allows for actual performance to exceed management forecasts in terms of revenue expectations. The Board has reviewed the model in detail, taking account of reasonably possible changes in trading performance, including sensitivities in pipeline conversion and renewal risk, together with further mitigating actions it could take such as overhead savings. As a result, the Board believes that the Group has sufficient headroom in its agreed funding arrangements to withstand a greater negative impact on its cash flow than it currently expects.

On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Revenue represents sales to customers at invoiced amounts and commissions receivable from suppliers, less value added tax.

Managed services

Managed services revenues are recognised over time, over the relevant contract term, on the basis that the customer simultaneously receives and consumes the benefits provided by the Group's performance of the services over the contract term. Where the Group's performance of its obligations under a contract exceeds amounts received, accrued income is recognised depending on the Group's billing rights. Where the Group's performance of its obligations under a contract is less than amounts received, deferred income is recognised as this is also the point where the Group transfers the benefits of the goods and services to the end customer.

Technology

Technology revenues for contracts with customers, which include both supply of technology goods and installation services, represent in substance one performance obligation and result in revenue recognition at a point in time, when the Group has fulfilled its performance obligations under the relevant customer contract. Under these contracts, the Group performs a significant integration service which results in the technology goods and the integration service being one performance obligation. Over the course of the contract, the technology goods, which comprise both hardware and software components are customised through the integration services to such an extent that the final customised technology goods installed on completion are substantially different to their form prior to the integration service. Revenue is recognised when the integrated technology equipment and software has been installed and accepted by the customer.

Network services

Revenues for network services are comprised of call traffic, line rentals and data services, which are recognised over time, for services provided up to the reporting date, on the basis that the customer simultaneously receives and consumes the benefits provided by the Group's performance of the services over the contract term. Amounts received in advance of the performance of the call traffic, line rentals and data services are recognised as performance obligations and released to revenue as the Group performs the services under the contract. Where the Group's performance of its obligations under a contract are less than amounts received, deferred income is recognised.

Mobile

Connection commission received from the mobile network operators on fixed line revenues, are allocated primarily to two separate performance obligations, being (i) the obligation to provide a hardware fund to end users for the supply of handsets and other hardware kit - revenues are recognised under these contracts at a point in time when the hardware goods are delivered to the customer and the customer has control of the assets; and (ii) ongoing service obligations to the customer - revenues are spread over the course of the customer contract term. In the case of (i) revenues are recognised based on the fair value of the hardware goods provided to the customer on delivery and for (ii) the residual amounts, representing connection commissions less the hardware revenues are recognised as revenues over the customer contract term.

Customer overspend and bonus payments are recognised monthly at a point in time when the Group's performance obligations have been completed; these are also payable by the network operators on a monthly basis.

(f) Leased assets

When the Group enters into a lease, a lease liability and a right of use asset is created.

A lease liability shall be recognised at the commencement date of the lease term and will be measured at the present value of the remaining lease payments discounted using the Groups' incremental borrowing rate. In determining the lease term, hindsight will be applied in respect of leases which contain an option to terminate the lease. The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in the income statement.

A right of use asset shall be recognised at the commencement date of the lease term. The right of use asset will be measured at an amount equal to the lease liability. The right of use asset will subsequently be measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation for leased property (disclosed as 'Land and buildings' in Note 16), motor vehicles and office and computer equipment is charged to the statement of comprehensive income on a straight-line basis over the shorter of the lease term and the useful economic life of the asset. The useful economic life of a right of use asset is based on that assigned to equivalent owned assets, as disclosed in the 'Property, plant and equipment' policy (n).

Where leases are 12 months or less or of low value, payments made are expensed evenly over the period of the lease.

Rentals receivable under operating leases are credited to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. The aggregate cost of lease incentives offered is recognised as a reduction of the rental income over the lease term on a straight-line basis.

In addition, the carrying amount of the right-of-use assets and lease liabilities are remeasured if there is a modification, a change in the lease term or a change in the fixed lease payments. The remeasured lease liability (and corresponding right-of-use asset) is calculated using a revised discount rate, based upon a revised incremental borrowing rate at the time of the change.

(g) Employee benefits

The Group contributes to a number of defined contribution pension schemes in respect of certain of its employees, including those established under auto-enrolment legislation. The amount charged in the consolidated statement of

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

comprehensive income represents the employer contributions payable to the schemes in respect of the financial period. The assets of the schemes are held separately from those of the Group in independently administered funds.

The cost of all short-term employee benefits is recognised during the period the employee service is rendered.

Holiday pay is expensed in the period in which it accrues.

(h) Exceptional items

Exceptional items are significant items of non-recurring income or expenditure that have been separately presented by virtue of their nature to enable a better understanding of the Group's financial performance. Non-recurring exceptional items are presented separately in the consolidated statement of comprehensive income.

(i) Interest

Interest income and expense is recognised using the effective interest rate basis.

(j) Taxation

Current tax is the expected tax payable on the taxable income for the year, together with any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits and taxable temporary differences will be available against which the asset can be utilised.

Management judgement is used in determining the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The amount of the deferred tax asset or liability is measured on an undiscounted basis and is determined using tax rates that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the deferred tax assets/liabilities are recovered/settled.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

(k) Dividends

Dividends unpaid at the reporting date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Proposed but unpaid dividends that do not meet these criteria are disclosed in the notes to the consolidated financial statements.

(l) Intangible assets

Goodwill

Goodwill represents the excess of the fair value of the consideration of a business combination over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired; the fair value of the consideration comprises the fair value of assets given. Direct costs of acquisition are recognised immediately as an expense. Goodwill is capitalised as an intangible asset and carried at cost with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Customer relationships

Customer relationships are stated at fair value where acquired through a business combination, less accumulated amortisation. Customer relationships are amortised over their estimated useful lives of six years to eight years.

Brands

Brands are stated at fair value where acquired through a business combination less accumulated amortisation. Brands are amortised over their estimated useful lives, being eight years in respect of the ICON brand.

Product platform

The product platform is stated at cost less accumulated amortisation. Where these have been acquired through a business combination, the cost is the fair value allocated less accumulated amortisation. The product platform is amortised over its estimated useful life of eight years.

Software (Microsoft licences and Callmedia)
Software is stated at cost less accumulated amortisation. Where these assets have been acquired through a business combination, the cost is the fair value allocated in the acquisition accounting. Software is amortised over its estimated useful life of (i) three years in respect of the Microsoft licences, (ii) five years in respect of the Callmedia software and capitalised systems software development costs.

Licences (third-party subscription licences)
Third-party subscription licences are stated at cost less accumulated amortisation. Where these assets have been acquired through a business combination, the cost is the fair value allocated in the acquisition accounting. Licences are amortised over their estimated useful lives of three years.

Other
Other intangible assets includes stock management platforms which is managed by third parties. Other intangibles are amortised over their estimated useful lives, being 5 years.

(m) Impairment of non-current assets

Impairment tests on goodwill are undertaken annually on 31 December. Customer relationships and other assets are subject to impairment tests whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (being the higher of value in use and fair value less costs to sell), the asset is written down accordingly in the administrative expenses line in the consolidated statement of comprehensive income and, in respect of goodwill impairments, the impairment is never reversed.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (being the lowest Group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to goodwill.

(n) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any impairment in value.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, other than freehold land, over their expected useful economic lives, at the following rates:

Office and computer equipment	-	25% straight line
Motor vehicles	-	25% straight line
Leasehold improvements	-	over the remaining period of the lease

Property, plant and equipment acquired in a business combination is initially recognised at its fair value.

(o) Inventories

Inventories comprise (i) maintenance stock, being replacement parts held to service customers' telecommunications systems, and (ii) stock held for resale, being stock purchased for customer orders which has not been installed at the end of the financial period. Inventories are valued at the lower of cost and net realisable value.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity of three months or less, held for meeting short term commitments.

(q) Financial assets and liabilities

The Group's financial assets and liabilities mainly comprise cash, borrowings, trade and other receivables, trade and other payables, lease liabilities and derivative financial instruments.

Trade and other receivables are not interest bearing and are stated at their amortised cost as reduced by appropriate allowances for irrecoverable amounts or additional costs required to effect recovery.

The Group reviews the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions. The Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customer sectors with different credit risk profiles and current and forecast trading conditions.

Trade and other payables are not interest bearing and are stated at their amortised cost.

Derivative financial instruments held by the Group represent foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. The Group enters into derivative financial instruments principally with financial institutions with investment grade credit ratings.

Foreign exchange contracts are held at fair value using techniques which employ the use of market observable inputs. The key inputs used in valuing the derivatives are the exchange rates at year end between Pound Sterling and US Dollar. Market values have been used to determine fair value

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

and have been obtained from an independent third party. Any movements in the fair value of the foreign exchange contracts are recognised in the consolidated statement of comprehensive income as no hedge accounting is applied.

(r) Borrowings

Interest bearing bank loans and overdrafts are initially recorded at the value of the amount received, net of attributable transaction costs. Interest bearing borrowings are subsequently stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method.

(s) Foreign currency

The presentation currency of the Group is Pound Sterling. All Group companies have a functional currency of Pound Sterling (other than Maintel International Limited ("MIL") which has a functional currency of the Euro) consistent with the presentation currency of the Group's consolidated financial statements. Transactions in currencies other than Pound Sterling are recorded at the rates of exchange prevailing on the dates of the transactions.

On consolidation the results of MIL, which are included in the consolidated statement of comprehensive income, are translated into Pound Sterling, at rates approximating those ruling when the transactions took place. The monetary assets and liabilities of MIL are translated at the rate ruling at the reporting date. Non-monetary items that are measured at historical cost are translated using rates approximating those ruling at the dates of the initial transactions.

Exchange differences on retranslation of the foreign subsidiary are recognised in other comprehensive income and accumulated in a translation reserve.

(t) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants received in the year ended 31 December 2021 in respect of the furlough of staff over the period of the COVID-19 pandemic, were recognised in the period when the related salary costs are incurred.

(u) Share-based payments

The Group uses the Black-Scholes Model to calculate the appropriate charge for options issued.

Where employees are rewarded using equity settled share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserves.

If vesting periods apply, the expense is allocated over the vesting periods, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current year. No adjustment is made to any expense recognised in prior years if share options that have vested are not exercised.

(v) Accounting standards issued

The following amendments to standards were issued and adopted in the year, with no material impact on the financial statements:

- Property, Plant and Equipment: Proceeds Before Intended Use - Amendments to IAS 16
- Reference to the Conceptual Framework - Amendments to IFRS 3
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020

There were no other new accounting standards issued that have been adopted in the year.

(w) Standards in issue but not yet effective

At the date of authorisation of these financial statements there were amendments to standards which were in issue, but which were not yet effective, and which have not been applied. The principal ones were:

Effective for annual periods beginning on or after 1 January 2023

- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Effective for annual periods beginning on or after 1 January 2024

- Lease Liability in a Sale and Leaseback Transaction - Amendments to IFRS 16
- Non-Current Liabilities with Covenants - Amendments to IAS 1

Effective date deferred until accounting periods starting not earlier than 1 January 2024

- Classification of Liabilities as Current or Non-Current - Amendments to IAS 1

The Directors do not expect the adoption of these amendments to standards to have a material impact on the financial statements.

3. Accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made various estimates, assumptions and judgements, with those likely to contain the greatest degree of uncertainty being summarised below:

Impairment of non-current assets

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The Group is also required to test other finite life intangible assets for impairment where impairment indicators are present. The recoverability of assets subject to impairment reviews is assessed based on whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of uncertain matters.

In particular, management exercises estimation in determining assumptions for revenue growth rates and gross margins for future periods which are important components of future cash flows, and also in determining the appropriate discount rates which are used across the Group's cash generating units (refer to Note 13).

4. Segment information

Year-ended 31 December 2022

For management reporting purposes and operationally, the Group consists of three business segments: (i) managed service and technology sales, (ii) network services, and (iii) mobile services. Revenue from managed services, network services and mobile is recognised over time and technology revenue is recognised at a point in time. Each segment applies its respective resources across inter-related revenue streams, which are reviewed by management collectively under these headings. The businesses of each segment and a further analysis of revenue are described under their respective headings in the Strategic Report.

The chief operating decision maker has been identified as the Board, which assesses the performance of the operating segments based on revenue and gross profit.

The Board does not regularly review the aggregate assets and liabilities of its segments and accordingly an analysis of these is not provided.

	Managed service and technology £000	Network services £000	Mobile £000	Total £000
Revenue	46,509	40,093	4,434	91,036
Gross profit	11,399	14,639	1,820	27,858
Other operating income				540
Other administrative expenses				(25,902)
Share based remuneration				(181)
Intangibles amortisation				(5,437)
Exceptional items				(626)
Operating loss				(3,748)
Financial expense				(1,141)
Loss before taxation				(4,889)
Taxation				528
Loss after taxation				(4,361)

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

Revenue is wholly attributable to the principal activities of the Group in the current and prior year.

Analysis of revenue by geographical location:

	2022 £000	2021 £000
United Kingdom	89,037	100,575
European Union	1,951	3,164
Rest of the world	48	156
	91,036	103,895

In 2022 the Group had no customer (2021: None) which accounted for more than 10% of its revenue.

Analysis of revenue by timing of recognition:

	2022 £000	2021 £000
Revenue recognised at a point in time	20,900	20,301
Revenue recognised over time	70,136	83,594
	91,036	103,895

Analysis of movements in deferred income:

	2022 £000	2021 £000
Deferred income – opening balance	(18,572)	(15,800)
Revenue recognised in the year	17,188	14,976
New revenue deferrals in the year	(18,751)	(17,748)
Deferred income – closing balance	(20,135)	(18,572)

Analysis of other expenses:

	Managed service and technology £000	Network services £000	Mobile £000	Central £000	Total £000
Other expenses					
Intangibles amortisation	-	-	-	(5,437)	(5,437)
Depreciation	-	-	-	(1,582)	(1,582)
Exceptional items	(278)	-	-	(626)	(904)

Exceptional items attributed to Managed service and technology relate to foreign exchange expenses on delayed orders. Please see Note 12 for further details.

Year-ended 31 December 2021

	Managed service and technology £000	Network services £000	Mobile £000	Total £000
Revenue	61,404	37,689	4,802	103,895
Gross profit	18,720	13,228	2,163	34,111
Other operating income				476
Other administrative expenses				(26,674)
Share based remuneration				(49)
Intangibles amortisation				(5,416)
Exceptional items				3,901
Operating profit				6,349
Financial expense				(1,112)
Profit before taxation				5,237
Taxation				(566)
Profit after taxation				4,671

Analysis of other expenses:

	Managed service and technology £000	Network services £000	Mobile £000	Central £000	Total £000
Other expenses					
Intangibles amortisation	-	-	-	(5,416)	(5,416)
Depreciation	-	-	-	(1,680)	(1,680)
Exceptional items	-	-	-	3,901	3,901

5. Employees

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

	2022 Number	2021 Number
Corporate and administration	88	92
Sales and customer service	175	184
Technical and engineering	230	239
Total employees	493	515

Staff costs, including Directors, consist of:

	£000	£000
Wages and salaries	27,004	28,398
Social security costs	3,317	3,387
Pension costs	748	772
Total staff costs	31,069	32,557

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

The Group makes contributions to defined contribution personal pension schemes for employees and Directors. The assets of the schemes are separate from those of the Group. Pension contributions totalling £167,000 (2021: £161,000) were payable to the schemes at the year-end and are included in other payables.

6. Directors' remuneration

The remuneration of the Company Directors was as follows:

	2022 £000	2021 £000
Directors' emoluments	833	794
Pension contributions	17	23
Total Directors' remuneration	850	817

Included in the above is the remuneration of the highest paid Director as follows:

	2022 £000	2021 £000
Director's emoluments	326	305
Pension contributions	9	8
Total remuneration of the highest paid Director	335	313

The Group paid contributions into defined contribution personal pension schemes in respect of six Directors during the year, two of whom were auto-enrolled at minimal contribution levels, three were on defined contributions and one on both auto-enrolment and defined contribution schemes (2021: five, two auto-enrolled, two defined contribution, one both defined contribution and auto enrolled).

Further details of Director remuneration are shown in the Remuneration Committee report on page 42.

7. Operating (loss)/profit

	2022 £000	2021 £000
This has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	642	668
Depreciation of right of use assets	940	1,012
Amortisation of intangible fixed assets	5,437	5,416
Other income:		
- Research and development expenditure credit	(540)	(461)
- Other	-	(15)
Fees payable to the Company's auditor for the audit of the parent and consolidated accounts	55	47
Fees payable to the Company's auditor for other services:		
- Audit of the Company's subsidiaries pursuant to legislation	113	106
- Audit-related assurance services	24	26
Fees payable to other advisors for tax compliance services	17	17
Foreign exchange movement	232	111
Government grant in respect of furloughed employees	-	(36)

8. Financial expense

	2022 £000	2021 £000
Interest payable on bank loans	1,017	916
Interest payable on deferred consideration	27	69
Interest expense on leases	97	127
Total financial expense	1,141	1,112

9. Taxation

	2022 £000	2021 £000
UK corporation tax		
Corporation tax on UK (loss)/profit for the year	-	682
Adjustment for prior year	67	119
	67	801
Overseas tax		
Corporation tax on overseas profit for the year	5	23
Total current taxation on (loss)/profit on ordinary activities	72	824
Deferred tax (Note 20)		
Current year	(895)	(246)
Adjustment for prior year	295	(12)
Total deferred taxation	(600)	(258)
Total taxation (credit)/charge on (loss)/profit on ordinary activities	(528)	566

The standard rate of corporation tax in the UK for the year was 19.00% (2021: 19.00%), and therefore the Group's UK subsidiaries are taxed at that rate. The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax are as follows:

	2022 £000	2021 £000
(Loss)/profit before tax	(4,889)	5,237
(Loss)/profit at the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	(929)	995
Effect of:		
Net income not taxable	(42)	(896)
Adjustments relating to prior years	465	107
Effects of overseas tax rates	(3)	(14)
Effects of changes in tax rates	6	374
Capital allowances in excess of depreciation	(25)	-
Total taxation (credit)/charge on (loss)/profit on ordinary activities	(528)	566

Included within 'Adjustments relating to prior years' is £103,000 (2021: £106,000) in relation to R&D expenditure credits for previous accounting periods. The remaining £362,000 adjustment for the year ended 31 December 2022 mainly relates to a £280,000 increase in deferred tax timing differences on intangible assets per the final 2021 trading subsidiary Corporation tax return as compared to the draft tax return available at the time of signing of the 2021 financial statements.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

Factors that may affect future tax charges/credits:

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when assets are realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. In the March 2021 Budget, the government announced an increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023), which was substantively enacted during the prior year. This corporation tax rate increase was reconfirmed in the Spring Budget 2023.

10. Earnings per share

Earnings per share is calculated by dividing the (loss)/profit after tax for the year by the weighted average number of shares in issue for the year, these figures being as follows:

	2022 £000	**2021 £000**
(Loss)/profit after tax	(4,361)	4,671
Adjustments:		
Intangibles amortisation (net of non-acquired element)	4,051	4,444
Exceptional items (Note 12)	904	(3,901)
Tax relating to above adjustments	(1,184)	(1,050)
Share based remuneration	181	49
Interest charge on deferred consideration	27	69
Tax adjustments relating to prior years (current tax)	67	107
Adjustment for the tax impact of the change in the deferred tax rate	81	374
Adjusted earnings used in adjusted EPS	(234)	4,763

Adjustment for intangibles amortisation is in relation to intangible assets acquired via business combinations.

	2022 Number (000s)	**2021 Number (000s)**
Weighted average number of ordinary shares of 1p each used as the denominator in calculating basic EPS	14,362	14,362
Potentially dilutive shares	11	20
Weighted average number of ordinary shares of 1p each used as the denominator in calculating diluted EPS	14,362	14,382
(Loss)/earnings per share		
Basic	(30.4)p	32.5p
Diluted	(30.4)p	32.5p
Adjusted - basic	(1.6)p	33.2p
Adjusted - diluted	(1.6)p	33.1p

The adjustments to (losses)/earnings have been made in order to provide a clearer picture of the trading performance of the Group after removing amortisation, the disposal of Doc Sol and other non-recurring expenses. In calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The Group has one category of potentially dilutive ordinary shares, being those share options granted to employees where the exercise price is less than the average price of the Company's ordinary shares during the period.

Potentially dilutive shares have not been included in the diluted EPS for the year ended 31 December 2022 on the basis that they are anti-dilutive, however they may become dilutive in future periods.

Therefore, as a loss has arisen for the year ended 31 December 2022, the basic and diluted earnings per share are the same.

11. Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)

	2022 £000	2021 £000
(Loss) / profit before tax	(4,889)	5,237
Financial expense	1,141	1,112
Depreciation of property, plant and equipment	642	668
Depreciation of right of use assets	940	1,012
Amortisation of intangible fixed assets	5,437	5,416
EBITDA	3,271	13,445
Share based remuneration	181	49
Exceptional items (Note 12)	904	(3,901)
Adjusted EBITDA	4,356	9,593

12. Exceptional items

The costs analysed below have been shown as exceptional items in the income statement as they are not considered to be part of the Group's recurring income or expenses:

	2022 £000	2021 £000
Exceptional items included within cost of sales		
Foreign exchange expense on delayed orders	278	-
Exceptional items included within administrative expenses		
Staff restructuring and other employee related costs	417	169
Fees relating to revised credit facilities agreement	162	40
Costs/(income) relating to an onerous property lease	63	(105)
Property related and other legal and professional incomes	-	(13)
Gain on disposal of Doc Sol	(16)	(3,992)
Total exceptional items	904	(3,901)

Exceptional items included within cost of sales

Foreign exchange expense on delayed orders of £278,000 (2021: £Nil) relates to the loss incurred on a contract that faced significant delay due to the industry-wide chip shortages. This is considered to be exceptional circumstances given the 18-month wait between orders with the supplier and installation for the client (15 months having elapsed at 31 December 2022). These delays resulted in the Group incurring a loss on fluctuating USD to GBP exchange rates as the required materials were invoiced in USD.

Exceptional items included within administrative expenses

Staff restructuring and other employee related costs of £417,000 (2021: £169,000) include redundancy costs.

Fees relating to the revised credit facilities agreement of £162,000 (2021: £40,000) include associated professional fees in negotiating the facility that commenced in the current year. This does not include the arrangement fee of £234,000, which has been recognised against Borrowings (Note 21) and is being amortised over the three-year HSBC loan agreement.

Onerous lease costs of £63,000 relate to the Fareham property and include the remaining expected costs of completion in relation to the onerous contract to July 2023. Onerous lease income of £105,000 in the prior year to 31 December 2021 related to Haydock the Parks and comprised the release of remaining onerous lease provision, dilapidations provision and lease creditor net of related professional fees.

In the year ended 31 December 2021, the gain on disposal of Doc Sol of £3,992,000 included proceeds of £4,344,000 net of professional costs of £156,000. The remaining costs incurred in the prior year of £352,000 (which were set against these proceeds to arrive at the £3,992,000 gain), relate to the apportionment of overheads and writing off of customer relationships relating to Doc Sol.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

13. Intangible assets

	Goodwill £000	Customer relationships £000	Brands £000	Product platform £000	Software and licences £000	Other £000	Total £000
Cost							
At 1 January 2021	40,516	43,879	3,480	1,845	7,434	-	97,154
Additions	-	-	-	431	1,189	250	1,870
Disposals	-	(158)	-	-	-	-	(158)
At 31 December 2021	40,516	43,721	3,480	2,276	8,623	250	98,866
Additions	-	-	-	362	2,043	-	2,405
At 31 December 2022	**40,516**	**43,721**	**3,480**	**2,638**	**10,666**	**250**	**101,271**
Amortisation and Impairment							
At 1 January 2021	317	29,880	2,114	1,025	4,205	-	37,541
Amortisation in the year	-	3,711	410	275	978	42	5,416
Disposals	-	(112)	-	-	-	-	(112)
At 31 December 2021	317	33,479	2,524	1,300	5,183	42	42,845
Amortisation in the year	-	3,419	410	316	1,242	50	5,437
At 31 December 2022	**317**	**36,898**	**2,934**	**1,616**	**6,425**	**92**	**48,282**
Net book value							
At 31 December 2022	40,199	6,823	546	1,022	4,241	158	52,989
At 31 December 2021	**40,199**	**10,242**	**956**	**976**	**3,440**	**208**	**56,021**

Amortisation charges for the year have been charged through administrative expenses in the statement of comprehensive income. Included within the amortisation charge for the year ended 31 December 2022 is £1,386,000 (2021: £972,000) relating to amortisation from non-acquired intangible assets (here meaning assets not acquired as part of a business combination).

Software and product platform include capitalised development costs, being internally generated assets. Other intangible assets include stock management platforms which are managed by third parties.

During the year, a review of the change in the scale of the Group's activities in use of third-party licences took place. Based on increases observed, it is deemed appropriate to begin to capitalise these items. These purchases were not material in previous reporting periods and material amounts that meet the criteria are being incurred for the first time. The 2022 results include capitalisation of subscription licenses of £1.124m.

Goodwill

The carrying value of goodwill is allocated to the cash generating units as follows:

	2022 £000	2021 £000
Network services division	21,134	21,134
Managed service and technology division	15,758	15,758
Mobile division	3,307	3,307
Total carrying value of goodwill	40,199	40,199

For the purposes of the impairment review of goodwill, the net present value of the projected future cash flows of the relevant cash generating unit are compared with the carrying value of the assets for that unit; where the recoverable amount of the cash generating unit is less than the carrying amount of the assets, an impairment loss is recognised.

Projected cash flows are based on a five-year horizon which use the approved plan amounts for years 1 to 3, and a pre-tax discount rate of 13.93% (2021: 12.5%) is applied to the resultant projected cash flows of each CGU.

Key assumptions used to calculate the cash flows used in the impairment testing were as follows:

Network services division: average annual revenue growth rate 7.6% (2021:13.3%), terminal growth rate 2.0% (2021: 2.0%), average gross margin 42.6% (2021: 34.1%).

Managed service and technology division: average annual revenue growth rate 3.9% (2021: 3.7%), terminal growth rate 2.0% (2021: terminal reduction rate 5.1%), average gross margin 25.7% (2021: 32.4%).

Mobile division: average annual revenue growth rate 1.9% (2021: 1.9%), terminal growth rate 0.1% (2021: 0.4%), average gross margin 45.7% (2021: 42.6%).

The Group's impairment assessment at 31 December 2022 indicates that there is significant headroom for each unit.

The discount rate is based on conventional capital asset pricing model inputs and varies to reflect the relative risk profiles of the relevant cash generating units. Sensitivity analysis using reasonable variations in the assumptions shows no indication of impairment.

14. Subsidiaries

The Company owns investments in subsidiaries including a number which did not trade during the year. The following were the principal subsidiary undertakings at the end of the year:

Maintel Europe Limited
Maintel International Limited

Maintel Europe Limited provides goods and services in the managed services and technology and network services sectors. Maintel Europe Limited is the sole provider of the Group's mobile services.

Maintel International Limited provides goods and services in the managed services and technology sector predominantly in Ireland.

In addition, the following subsidiaries of the Company were dormant as at 31 December 2022:

Maintel Voice and Data Limited
Maintel Finance Limited
District Holdings Limited
Intrinsic Technology Limited
Warden Holdco Limited
Warden Midco Limited
Datapoint Global Services Limited
Maintel Network Solutions Limited
Datapoint Customer Solutions Limited
Maintel Mobile Limited
Azzurri Communications Limited

It is the intention of the Directors to liquidate the above 11 dormant subsidiaries in the year ended 31 December 2023. Please see Note 29 for further information.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

Each subsidiary company is wholly owned and, other than Maintel International Limited, is incorporated in England and Wales. Maintel International Limited is incorporated in the Republic of Ireland.

Each subsidiary, other than Maintel International Limited, has the same registered address as the parent. The registered address of Maintel International Limited is Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland.

15. Property, plant and equipment

	Leasehold improvements £000	Office and computer equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2021	829	7,435	47	8,311
Additions	3	341	-	344
At 31 December 2021	832	7,776	47	8,655
Additions	6	926	-	932
Disposals	(325)	(6,589)	(47)	(6,961)
At 31 December 2022	**513**	**2,113**	**-**	**2,626**
Depreciation				
At 1 January 2021	496	6,353	47	6,896
Provided in year	97	571	-	668
At 31 December 2021	593	6,924	47	7,564
Provided in year	57	585	-	642
Disposals	(325)	(6,589)	(47)	(6,961)
At 31 December 2022	**325**	**920**	**-**	**1,245**
Net book value				
At 31 December 2022	**188**	**1,193**	**-**	**1,381**
At 31 December 2021	239	852	-	1,091

During the year, the Group underwent a review of its fixed asset registers and disposed of £0.325m Leasehold improvements, £6.589m Office and computer equipment and £0.047m Motor vehicles, all included within Property, plant and equipment. These assets had been fully depreciated and were no longer in revenue-generating use by the year end. No profit or loss on disposal was recognised on these disposals.

16. Right of use assets

	Land and buildings £000	Office and computer equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2021	5,650	822	340	6,812
Additions	31	391	-	422
Disposals	(174)	-	(152)	(326)
At 31 December 2021	5,507	1,213	188	6,908
Additions	30	-	-	30
Disposals	(229)	(822)	(188)	(1,239)
At 31 December 2022	**5,308**	**391**	**-**	**5,699**
Depreciation and impairment				
At 1 January 2021	2,264	499	241	3,004
Depreciation charge for the year	703	255	54	1,012
Disposals	(174)	-	(107)	(281)
At 31 December 2021	2,793	754	188	3,735
Depreciation charge for the year	656	284	-	940
Disposals	(229)	(822)	(188)	(1,239)
At 31 December 2022	**3,220**	**216**	**-**	**3,436**
Net book value				
At 31 December 2022	**2,088**	**175**	**-**	**2,263**
At 31 December 2021	2,714	459	-	3,173

During the year, the Group underwent a review of its fixed asset registers and disposed of £0.229m Buildings-related assets, £0.822m Office and computer equipment and £0.188m Motor vehicles, all included within Right of use assets. These assets had been fully depreciated and were no longer in revenue-generating use by the year end. No profit or loss on disposal was recognised on these disposals.

17. Inventories

	2022 £000	2021 £000
Maintenance stock	26	35
Stock held for resale	2,568	974
Total inventories	2,594	1,009
Cost of inventories recognised as an expense	10,992	16,808

Provisions of £10,000 were made against the maintenance stock in 2022 (2021: £33,000). This is recognised in cost of sales. No provisions were made against Stock held for resale in 2022 or 2021 as this balance represents new hardware awaiting installation at customer sites.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

18. Trade and other receivables

Current trade and other receivables	2022 £000	2021 £000
Trade receivables	12,975	13,668
Other receivables	713	778
Prepayments and accrued income	13,688	15,783
Total current trade and other receivables	27,376	30,229

All amounts shown above fall due for payment within one year.

Non-current trade and other receivables	2022 £000	2021 £000
Trade receivables	90	630
Total non-current trade and other receivables	90	630

In adopting IFRS 9, the Group reviews the amount of credit loss associated with its trade receivables and accrued income based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. In adopting IFRS 9, the Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses, after taking into account customer sectors with different credit risk profiles, and current and forecast trading conditions.

Movements in contract assets and liabilities were as follows:

- Accrued income decreased from £5.1m in 2021 to £1.9m at the reporting date;
- Prepayments increased from £10.7m in 2021 to £11.9m at the reporting date;
- Deferred income increased from £18.6m in 2021 to £20.1m at the reporting date; and
- Deferred costs net of accrued costs increased from £6.8m in 2021 to £9.6m at the reporting date.

The corresponding adjustments for these movements represent revenues and costs recognised in the income statement in the year, driven by an increase in cloud revenues and associated level of advance billings, combined with an increase in accrued revenue accruals due to timings of project milestone delivery.

19. Trade and other payables

Current trade and other payables	2022 £000	2021 £000
Trade payables	18,631	10,869
Other tax and social security	2,227	3,344
Other payables	2,823	3,900
Accruals	3,169	5,893
Deferred income	20,135	18,572
Deferred consideration in respect of business combination	-	1,227
Derivative financial instruments (Note 23)	130	-
Total current trade and other payables	47,115	43,805

The £7.8m increase in Trade payables in the year is predominantly due to delays in receiving certain materials from suppliers which were required for customer installations, in particular switches. The Group has agreements with suppliers to delay payment until the materials are delivered and installed. A payment was made to a key supplier in February 2023 for £4.2m of the outstanding balance, following the receipt of the related materials.

Non-current other payables	2022 £000	2021 £000
Intangible licences and other payables	118	194
Advanced mobile commissions	58	98
Other payables	194	163
Total non-current trade and other payables	370	455

20. Deferred taxation

	Property, plant and equipment £000	Intangible assets £000	Tax losses £000	Other £000	Total £000
Net (asset)/liability at 1 January 2021	(1,169)	3,081	(9)	(87)	1,816
Charge/(credit) to consolidated statement of comprehensive income	(107)	(151)	-	12	(246)
Adjustment to prior year to consolidated statement of comprehensive income	-	-	9	(21)	(12)
Net (asset)/liability at 31 December 2021	(1,276)	2,930	-	(96)	1,558
Charge/(credit) to consolidated statement of comprehensive income	370	(569)	(675)	(21)	(895)
Adjustment to prior year to consolidated statement of comprehensive income	(25)	280	-	40	295
Net (asset)/liability at 31 December 2022	**(931)**	**2,641**	**(675)**	**(77)**	**958**

The net deferred tax liability mainly arises on the recognition of an intangible asset in relation to the Maintel Mobile, Datapoint, Proximity, Azzurri, Intrinsic and Atos acquisitions. This is partially offset by a deferred tax asset in relation to tax timing differences on property, plant and equipment, as well as current year taxable losses which are expected to be utilised against future year taxable profits. Other items include timing differences in relation to provisions.

Included within 'Adjustment to prior year' is a £280,000 increase in deferred tax timing differences on intangible assets per the final 2021 trading subsidiary Corporation tax return as compared to the draft tax return available at the time of signing of the 2021 financial statements.

The Board has reviewed the Group forecasts and projection models covering three years from the year end, taking into account reasonably possible changes in trading performance. As a result, the Board determined that the Group will continue make sufficient profits in the future against which the losses can be utilised. There are no time restrictions on when these taxable losses can be utilised. The deferred tax asset relating to tax losses has therefore been recognised on this basis.

The net deferred tax liability balance at 31 December 2022 has been calculated on the basis that the associated assets and liabilities will unwind at 25% (2021: 25%).

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

21. Borrowings

	2022 £000	2021 £000
Current bank overdraft – secured	-	3,869
Current bank loan – secured	22,726	15,493
Total borrowings	22,726	19,362

On 24 March 2022, the Group signed a new agreement with HSBC Bank plc ("HSBC") to replace the previous facility. The new facility with HSBC consists of a revolving credit facility ("RCF") of £20m with a £6m term loan on a reducing basis. The maturity date of the agreement is 3 years from the signing date. The term loan is being repaid in equal monthly instalments, starting in October 2022. The year-end principal balance of the term loan was £5.4m and of the RCF was £17.5m.

Interest on the borrowings is the aggregate of the applicable margin and SONIA for Pound Sterling / SOFR for US Dollar / EURIBOR for Euros.

Covenants based on EBITDA to Net Finance Charges and Total Net Debt to EBITDA are tested on a quarterly basis. HSBC granted a waiver on the covenants at 31 December 2022 after the current reporting period had ended. Therefore, the total borrowings 31 December 2022 have been classified as current liabilities at year end. At the date of signing these financial statements, £3m of the term loan is not due to be repaid in the 12 months from 31 December 2022.

The current bank borrowings above are stated net of unamortised issue costs of debt of £0.2m (31 December 2021: £0.1m).

The facilities are secured by a fixed and floating charge over the assets of the Company and its subsidiaries. Interest is payable on amounts drawn on the revolving credit facility and loan facility at a covenant-depending tiered rate of 2.60 % to 3.25% per annum over SONIA, with a reduced rate payable on the undrawn facility.

The Directors consider that there is no material difference between the book value and fair value of the loan.

22. Lease liabilities

	2022 £000	2021 £000
Maturity analysis – contractual undiscounted cash flows		
In one year or less	872	1,003
Between one and five years	1,389	2,113
In five years or more	145	294
Total undiscounted lease liabilities at 31 December 2022	2,406	3,410
Discounted lease liabilities included in the statement of financial position		
Current	820	906
Non-current	1,452	2,251
Total lease liabilities included in the statement of financial position	2,272	3,157
Amounts recognised in the comprehensive income statement		
Interest expense on lease liabilities	97	127
Expenses relating to short term leases	89	91
Amounts recognised in the statement of cash flows		
Total cash outflow (including payments relating to short term leases)	1,071	1,373

During the years ended 31 December 2022 and 31 December 2021 there were no variable lease payments to be included in the measurement of lease liabilities and there were no sale and leaseback transactions. Income from subleasing right of use assets in the year was £Nil (2021: £Nil).

23. Financial instruments

The Group's financial assets and liabilities mainly comprise cash, borrowings, trade and other receivables, trade and other payables, lease liabilities and derivative financial instruments. The carrying value of all financial assets and liabilities equals fair value given their short-term nature.

	Financial assets measured at amortised cost	
	2022 £000	**2021 £000**
Non-current financial assets		
Trade receivables	90	630
Total	90	630
Current financial assets		
Trade receivables	12,975	13,668
Accrued income	1,920	5,102
Other receivables	713	778
Total	15,608	19,548

	Financial liabilities measured at amortised cost	
	2022 £000	**2021 £000**
Non-current financial liabilities		
Other payables	370	455
Lease liabilities	1,452	2,251
Total	1,822	2,706
Current financial liabilities		
Trade payables	18,631	10,869
Borrowings	22,726	19,362
Other payables	2,823	3,900
Accruals	3,169	5,893
Deferred consideration in respect of business combination	-	1,227
Lease liabilities	820	906
Total	48,169	42,157
Current financial liabilities		
Derivative financial instruments	130	-
Total	130	-

Derivative financial instruments held under current financial liabilities on the consolidated statement of financial position reflect the negative change in fair value of US Dollar foreign exchange contracts. These foreign exchange contracts are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases. Please refer to the *Foreign currency risk* section on page 81 for further information.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

The Group held the following foreign currency denominated financial assets and financial liabilities:

	Assets		Liabilities	
	2022 £000	**2021 £000**	**2022 £000**	**2021 £000**
US Dollars	327	326	3,965	1,799
Euros	526	500	43	22
Total	853	826	4,008	1,821

The maximum credit risk for each of the above is the carrying value stated above. The main risks arising from the Group's operations are credit risk, currency risk and interest rate risk, however other risks are also considered below.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers as deemed necessary based on, inter alia, the nature of the prospect and size of order. The Group does not require collateral in respect of financial assets.

At the reporting date, the largest exposure was represented by the carrying value of trade and other receivables, against which £389,000 is provided at 31 December 2022 (2021: £420,000). The provision represents an estimate of potential bad debt in respect of the year-end trade receivables, a review having been undertaken of each such year-end receivable. The largest individual receivable included in trade and other receivables at 31 December 2022 owed the Group £0.7m including VAT (2021: £1.2m). The Group's customers are spread across a broad range of sectors and consequently it is not otherwise exposed to significant concentrations of credit risk on its trade receivables.

The movement on the provision for trade receivables is as follows:

	2022 £000	**2021 £000**
Provision at start of year	420	336
Provision created	103	161
Provision reversed	(134)	(77)
Provision at end of year	389	420

A debt is considered to be bad when it is deemed irrecoverable, for example when the debtor goes into liquidation, or when a credit or partial credit is issued to the customer for goodwill or commercial reasons. The Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customer sectors with different credit risk profiles and current and forecast trading conditions. The Group's provision matrix is as follows:

	Current	**< 30 days**	**31–60 days**	**> 60 days**	**Total**
31 December 2022					
Expected credit loss % range	0%-1%	2%-5%	3%-10%	10%-100%	
Gross debtors (£'000)	11,004	931	289	1,262	13,486
Expected credit loss rate (£'000)	(40)	(30)	(11)	(308)	(389)
Accrued income	1,920	-	-	-	1,920
					15,017

	Current	< 30 days	31–60 days	> 60 days	Total
31 December 2021					
Expected credit loss % range	0%-1%	2%-5%	3%-10%	10%-100%	
Gross debtors (£'000)	10,746	1,612	393	1,967	14,718
Expected credit loss rate (£'000)	(60)	(41)	(27)	(292)	(420)
Accrued income	5,102	-	-	-	5,102
					19,400

Receivables are grouped based on the credit terms offered. The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if the Group determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

Foreign currency risk

The functional currency of all Group companies is Pound Sterling apart from Maintel International Limited, which is registered in, and operates from, the Republic of Ireland, and whose functional currency is the Euro. The consolidation of the results of that company is therefore affected by movements in the Euro/Sterling exchange rate.

In addition, some Group companies transact with certain customers and suppliers in Euros or US Dollars. Those transactions are affected by exchange rate movements during the year. Such transactions in Euros are not deemed material in a Group context and sensitivity to Euro exchange rate movements is considered to be immaterial.

Starting from the year ended 31 December 2022, the Group uses foreign exchange contracts to manage some of its foreign currency risk exposures for US Dollar transactions, in particular purchases. The US Dollar foreign exchange contracts are not designated as cashflow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 to 6 months.

The Group is holding the following foreign exchange contracts at 31 December 2022:

	Maturity					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
Foreign exchange contracts						
Contract amount (in $000)	-	2,500	2,000	-	-	4,500
Average contract rate (USD/GBP)	-	1.1685	1.1917	-	-	1.180

The carrying value of these foreign exchange contracts held under current financial liabilities on the Consolidated statement of financial position represents the negative change in their fair value. This carrying value is disclosed on page 76. The Group held no foreign exchange contracts as at 31 December 2021.

The Group enters into derivative financial instruments principally with financial institutions with investment grade credit ratings. Foreign exchange contracts are held at fair value using techniques which employ the use of 'Level 2' market observable inputs. The key inputs used in valuing the derivatives are the exchange rates at yearend between Pound Sterling and US Dollar. Market values have been used to determine fair value and have been obtained from an independent third party. The fair values of all other financial instruments are measured using Level 1 inputs.

If the USD/GBP rates had been 0.5% higher/lower during 2022, and all other variables were held constant, the Group's profit/loss for the year would have been £18,000 lower/higher due to the positive/negative change in fair value of foreign exchange contracts.

Interest rate risk

The Group had total borrowings of £22.7m at 31 December 2022 (2021: £19.4m). The interest rate charged is related to SONIA and bank rate respectively and will therefore change as those rates change. If interest rates had been 0.5% higher/lower during 2022, and all other variables were held constant, the Group's loss (2021: profit) for the year would have been £86,000 (2021: £106,000) higher/lower (2021: lower/higher) due to the variable interest element on the loan.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

Liquidity risk

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. This risk is managed by balancing the Group's cash balances, banking facilities and reserve borrowing facilities in the light of projected operational and strategic requirements.

The following table details the contractual maturity of financial liabilities based on the dates the liabilities are due to be settled:

Financial liabilities:

	0 to 6 months £000	6 to 12 months £000	2 to 5 Years £000	More than 5 years £000	Total £000
Trade payables	18,631	-	-	-	18,631
Other payables	2,414	409	370	-	3,193
Lease liabilities	435	437	1,534	-	2,406
Accruals	3,169	-	-	-	3,169
Borrowings (including future interest)[1]	892	23,765	-	-	24,657
Deferred consideration	-	-	-	-	-
Derivative financial instruments	130	-	-	-	130
At 31 December 2022	**25,671**	**24,611**	**1,904**	**-**	**52,186**

	0 to 6 months £000	6 to 12 months £000	2 to 5 Years £000	More than 5 years £000	Total £000
Trade payables	10,869	-	-	-	10,869
Other payables	2,856	1,044	455	-	4,355
Lease liabilities	533	470	2,113	294	3,410
Accruals	5,893	-	-	-	5,893
Borrowings (including future interest)	400	19,762	-	-	20,162
Deferred consideration	608	619	-	-	1,227
At 31 December 2021	**21,159**	**21,895**	**2,568**	**294**	**45,916**

[1] HSBC granted a waiver on the covenants over the Group's borrowings at 31 December 2022 after the current reporting period had ended. Therefore, the total borrowings 31 December 2022 have been classified as current liabilities at year end and the above maturity analysis has been presented on this basis. Please see Note 21 for further information on the Group's borrowings.

Market risk

As noted above, the interest payable on borrowings is dependent on the prevailing rates of interest from time to time.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders. Capital comprises all components of equity, including share capital, capital redemption reserve, share premium, translation reserve and retained earnings. Typically returns to shareholders will be funded from retained profits, however in order to take advantage of the opportunities available to it from time to time, the Group will consider the appropriateness of issuing shares, repurchasing shares, amending its dividend policy and borrowing, as is deemed appropriate in the light of such opportunities and changing economic circumstances.

24. Share capital

	Allotted, called up and fully paid			
	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary shares of 1p each	14,361,492	14,361,492	144	144

The Company adopted new Articles on 27 April 2016, which dispensed with the need for the Company to have an authorised share capital. The Company has one class of ordinary shares which carry no right to fixed income. All of the Company's shares in issue are fully paid and each share carries the right to vote at general meetings.

No shares were issued in the year (2021: Nil).

No shares were repurchased during the year (2021: Nil).

25. Reserves

Share premium, translation reserve, and retained earnings represent balances conventionally attributed to those descriptions. Other reserves include a capital redemption reserve of £31,000 (2021: £31,000) and a translation reserve of £49,000 (2021: £30,000).

The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled by the Company and is non-distributable in normal circumstances.

The Group having no regulatory capital or similar requirements, its primary capital management focus is on maximising earnings per share and therefore shareholder return.

The Directors have proposed that there will be no final dividend in respect of 2022 (2021: £Nil).

26. Share Incentive Plan

The Company established the Maintel Holdings Plc Share Incentive Plan ("SIP") in 2006, which was updated in 2016. The SIP is open to all employees and Executive Directors with at least six months' continuous service with a Group company and allows them to subscribe for existing shares in the Company out of their gross salary. The shares are bought by the SIP on the open market. The employees and Directors own the shares from the date of purchase but must continue to be employed by a Group company and hold their shares within the SIP for five years to benefit from the full tax benefits of the plan.

27. Share based payments

The Remuneration Committee's report on page 42 describes the options granted over the Company's ordinary shares. to the Directors

In aggregate, options are outstanding over 6.0% of the current issued share capital. The number of shares under option and the vesting and exercise prices may be adjusted at the discretion of the Remuneration Committee in the event of a variation in the issued share capital of the Company.

	2022 Number of Options	2022 Weighted Average Exercise price	2021 Number of Options	2021 Weighted Average Exercise price
Outstanding at 1 January	314,409	383.40p	246,082	378.14p
Granted during the year	637,870	331.31p	148,000	375.00p
Lapsed during the year	(101,958)	335.30p	(79,673)	351.55p
Outstanding at 31 December	850,321	350.09p	314,409	383.40p
Exercisable at year-end	23,652	608.80p	13,409	727.12p

The weighted average contractual life of the outstanding options was 4 years (2021: 8 years), exercisable in the range 221p to 880p.

No shares were exercised in the year by way of issue of new shares. No options have expired during the periods covered by the table above.

Notes forming part of the consolidated financial statements

for the year-ended 31 December 2022 continued

Outstanding share options by exercisable price range	**2022 Number of Share options**	**2021 Number of Share options**
Exercisable Price range		
221p to 274p	65,000	65,000
330p to 505p	771,912	236,000
675p to 880p	13,409	13,409
Total share options outstanding	850,321	314,409

The Group recognised £181,000 of expenditure related to equity-settled share-based payments in the year (2021: £49,000).

The fair value of options granted during the year is determined by applying the Black-Scholes model.

The expense is apportioned over the vesting period of the option and is based on the number which are expected to vest and the fair value of these options at the date of grant.

The inputs into the Black-Scholes model in respect of options granted in the period are as follows:

Date of grant	**5 April**	**27 April**	**5 May**
Number of options granted	167,000	420,870	50,000
Share price at date of grant	335.00p	330.00p	330.00p
Exercise price	335.00p	330.00p	330.00p
Option life in years	10	10	10
Expiry date	5 April 2032	27 April 2032	5 May 2032
Risk-free rate	1.55%	1.82%	1.96%
Expected volatility	38.49%	38.33%	38.27%
Expected dividend yield	0%	0%	0%
Fair value of options	0.933p	0.925p	0.929p

Expected volatility was determined by calculating the historical volatility of the Group's share price for the five-year period prior to the date of grant of the share option. The expected life used in the model is based on management's best estimate. The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

28. Related party transactions

Transactions with key management personnel

Key management personnel comprise the Directors and executive officers. The remuneration of the individual Directors is disclosed in the Remuneration Committee report. The remuneration of the Directors and other key members of management during the year was as follows:

	2022 £000	2021 £000
Short term employment benefits	1,605	1,584
Social security costs	206	196
Contributions to defined contribution pension schemes	41	46
	1,852	1,826

Other transactions – Group

During the year, the Group paid fees of £83,483 (2021: £5,400) to AAA Rated Limited, a company of which C Thompson is a shareholder and Director, in respect of consultancy fees provided for the refinancing of the Group. No amounts were outstanding at 31 December 2022 (2021: £Nil).

29. Post balance sheet events

In January 2023, the Directors made the decision to discontinue the development of our own "Callmedia" Contact Centre product line, including the CX Now public cloud CCaaS variant. The product will be wound down by 31 January 2024. This decision will trigger an impairment of the intangible assets capitalised to date of £2.3m. These are included in note 13 within software and licenses. This decision was made as part of an ongoing strategic review of the business, in which we have engaged with third party specialists to undertake a full product review. The result of this review will be implemented over the next financial year and is expected to result in a period of growth for the business.

It is the intention of the Directors to liquidate the 11 dormant subsidiaries during the financial year ended 31 December 2023 as disclosed in Note 14. This is part of a project to simplify the corporate structure.

There are no other events subsequent to the reporting date which would have a material impact on the consolidated financial statements.

30. Contingent liabilities

As security on the Group's loan and overdraft facilities, the Company has entered into a cross guarantee with its subsidiary undertakings in favour of HSBC Bank plc. At 31 December 2022 each subsidiary undertaking had a net positive cash balance.

The Company has entered into an agreement with Maintel Europe Limited, guaranteeing the performance by Maintel Europe Limited of its obligations under the lease on its London premises.

Company balance sheet

at 31 December 2022

Company number 3181729

	Note	31 December 2022 £000	31 December 2022 £000	31 December 2021 £000	31 December 2021 £000
Non-current assets					
Investment in subsidiaries	3		49,560		49,560
Deferred tax	4		312		-
Trade and other receivables	5		9,123		-
			58,995		49,560
Current assets					
Trade and other receivables	5	14		7,726	
Cash and cash equivalents		16		-	
Total current assets			30		7,726
Total assets			59,025		57,286
Current liabilities					
Trade and other payables	6	382		402	
Borrowings	7	22,726		19,997	
Total current liabilities			23,108		20,399
Total liabilities			23,108		20,399
Total net assets			35,917		36,887
Equity					
Issued share capital	8		144		144
Share premium			24,588		24,588
Capital redemption reserve			31		31
Retained earnings			11,154		12,124
Shareholders' funds			35,917		36,887

The Company has taken advantage of the exemption under S408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss for the year of the Company, after tax and before dividends paid, was £1.2m (2021: £1.2m).

The Company financial statements were approved and authorised for issue by the Board on 26 April 2023 and were signed on its behalf by:

Carol Thompson
Executive Chairman

The notes on pages 88 to 92 form part of these financial statements.

Company statement of changes in equity

for the year-ended 31 December 2022

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 January 2021	144	24,588	31	13,304	38,067
Loss and total comprehensive loss for year	-	-	-	(1,229)	(1,229)
Transactions with owners in their capacity as owners:					
Share based remuneration	-	-	-	49	49
At 31 December 2021	144	24,588	31	12,124	36,887
Loss and total comprehensive loss for year	-	-	-	(1,151)	(1,151)
Transactions with owners in their capacity as owners:					
Share based remuneration	-	-	-	181	181
At 31 December 2022	144	24,588	31	11,154	35,917

The notes on pages 88 to 92 form part of these financial statements.

Notes forming part of the Company financial statements

at 31 December 2022

1. Accounting policies

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

The principal accounting policies are summarised below; they have been applied consistently throughout the year and the preceding year.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with FRS 101 and the Companies Act 2006.

(b) Investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the Directors, there has been impairment to their value, in which case they are written down to their recoverable amount.

(c) Going concern

As highlighted in the risk management section (see pages 21-23) the Board has put robust business continuity plans in place to ensure continuity of trading and operations. Management believes the pipeline will enable Maintel to deliver upside from the budgeted revenue, whilst focusing on driving efficiency through cost base reduction and margin enhancement.

The Group's forecasts and projection models have been built on a prudent basis, taking into account uncertainty around the impact of the supply chain issues with regard to both project delivery and timing of pipeline conversion, allows for actual performance to exceed management forecasts in terms of revenue expectations. The Board has reviewed the model in detail, taking account of reasonably possible changes in trading performance, including sensitivities in pipeline conversion and renewal risk, together with further mitigating actions it could take such as overhead savings. As a result, the Board believes that the Group has sufficient headroom in its agreed funding arrangements to withstand a greater negative impact on its cash flow than it currently expects.

On this basis, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

(d) Financial assets and liabilities

The Company's financial assets and liabilities mainly comprise cash, borrowings, trade and other receivables, trade and other payables and derivative financial instruments.

Other receivables are not interest bearing and are stated at their amortised cost as reduced by appropriate allowances for irrecoverable amounts or additional costs required to effect recovery.

Trade and other payables are not interest bearing and are stated at their amortised cost.

Derivative financial instruments held by the Company represent foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. The Company enters into derivative financial instruments principally with financial institutions with investment grade credit ratings.

Foreign exchange contracts are held at fair value using techniques which employ the use of market observable inputs. The key inputs used in valuing the derivatives are the exchange rates at year end between Pound Sterling and US Dollar. Market values have been used to determine fair value and have been obtained from an independent third party. Any movements in the fair value of the foreign exchange contracts are recognised in the consolidated statement of comprehensive income as no hedge accounting is applied.

(e) Borrowings

Interest bearing bank loans and overdrafts are initially recorded at the value of the amount received, net of attributable transaction costs. Interest bearing borrowings are subsequently stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method.

(f) Taxation

Current tax is the expected tax payable on the taxable income for the year, together with any adjustments to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- Differences relating to investments in subsidiaries to the extent that it is probable that the differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Management judgement is used in determining the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The amount of the deferred tax asset or liability is measured on an undiscounted basis and is determined using tax rates that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the deferred tax assets/liabilities are recovered/settled.

(g) Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Proposed but unpaid dividends that do not meet these criteria are disclosed in the notes to the accounts.

(h) Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS101. Therefore, these financial statements do not include:

- Certain disclosures regarding the Company's capital
- A statement of cash flows
- The effect of future accounting standards not yet adopted
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly owned members of the Group headed by Maintel Holdings Plc.

In addition, and in accordance with FRS101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Maintel Holdings Plc. These financial statements do not include certain disclosures in respect of:

- Share based payments
- Impairment of assets
- Disclosures required in relation to financial instruments and capital management

(j) Judgements and key areas of estimation uncertainty

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The principal use of estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relates to the potential impairment of the carrying value of investments.

The Company assesses at each reporting date whether there is an indication that its investments may be impaired. In undertaking such an impairment review, estimates are required in determining an asset's recoverable amount; those used are shown in Note 13 of the consolidated accounts. These estimates include the asset's future cash flows and an appropriate discount to reflect the time value of money. The range of estimates reflects the relative risk profiles of the relevant cash generating units.

Notes forming part of the Company financial statements
at 31 December 2022 continued

2. Employees

Staff costs, including Directors, consist of:

	2022 £000	2021 £000
Wages and salaries	833	794
Social security costs	109	98
Pension costs	17	23
Total staff costs	959	915

	2022 Number	2021 Number
The average number of employees, including Directors, during the year was:	6	5

3. Investment in subsidiaries

	Shares in subsidiary undertakings £000
Cost	
At 1 January 2021, 31 December 2021 and 31 December 2022	**49,640**
Provision for impairment	
At 1 January 2021, 31 December 2021 and 31 December 2022	80
Net book value	
At 31 December 2022	**49,560**
At 31 December 2021	49,560

Details of the Company's subsidiaries are shown in Note 14 of the consolidated financial statements.

Based on the results of the current year impairment review of the carrying value of investments in subsidiary undertakings, no impairment charges have been recognised by the Company for the year ended 31 December 2022 (2021: £nil). Having assessed the anticipated future cash flows, the Directors do not currently foresee any reasonable changes in assumptions that would have led to such an impairment charge in the year ended 31 December 2022.

4. Deferred taxation

	Tax losses £000	Total £000
Net asset at 1 January 2021 and 31 December 2021	-	-
Credit to income statement	312	312
Net asset at 31 December 2022	312	312

The deferred tax asset arises on current year taxable losses which are expected to be utilised against future year taxable profits.

The Board has reviewed the Group and Company's forecasts and projection models covering three years from the year end, taking into account reasonably possible changes in trading performance. As a result, the Board determined that the Group will continue make sufficient profits in the future against which the Company's losses can be utilised. There are no time restrictions on when these taxable losses can be utilised. The deferred tax asset relating to tax losses has therefore been recognised on this basis.

The deferred tax asset balance at 31 December 2022 has been calculated on the basis that the associated assets and liabilities will unwind at 25%.

5. Trade and other receivables

Current trade and other receivables	**2022 £000**	**2021 £000**
Other tax and social security	14	10
Prepayments and accrued income	-	13
Amounts owed by subsidiary undertakings	-	7,703
Total current receivables	14	7,726

All amounts shown above fall due for payment within one year.

Non-current trade and other receivables	**2022 £000**	**2021 £000**
Amounts owed by subsidiary undertakings	9,123	-
Total non-current receivables	9,123	-

The amounts owed by subsidiary undertakings are unsecured, with no interest payable, and are repayable on demand. The Company has assessed the position of the balance at 31 December 2022, and concluded that classification as a non-current asset is more appropriate given that repayment of the balance is expected in more than 12 months from the year ends.

6. Trade and other payables

	2022 £000	**2021 £000**
Amounts due to subsidiary undertakings	145	156
Trade payables	27	1
Accruals and deferred income	80	245
Derivative financial instruments	130	-
Total payables	382	402

The amounts due to subsidiary undertakings are unsecured, with no interest, repayable on demand.

Refer to Note 23 of the consolidated financial statements for information regarding the derivative financial instruments.

7. Borrowings

	2022 £000	**2021 £000**
Current bank overdraft – secured	-	4,504
Current bank loans – secured	22,726	15,493
Total borrowings	22,726	19,997

On 24 March 2022, the Company signed a new agreement with HSBC Bank plc ("HSBC") to replace the previous facility. The new facility with HSBC consists of a revolving credit facility ("RCF") of £20m with a £6m term loan on a reducing basis. The maturity date of the agreement is 3 years from the signing date. The term loan is being repaid in equal monthly instalments, starting in October 2022. The year-end principal balance of the term loan was £5.4m and of the RCF was £17.5m.

Interest on the borrowings is the aggregate of the applicable margin and SONIA for Pound Sterling / SOFR for US Dollar / EURIBOR for Euros.

Notes forming part of the Company financial statements

at 31 December 2022 continued

Covenants based on EBITDA to Net Finance Charges and Total Net Debt to EBITDA are tested on a quarterly basis. HSBC granted a waiver on the covenants at 31 December 2022 after the current reporting period had ended. Therefore, the total borrowings 31 December 2022 have been classified as current liabilities at year end. At the date of signing these financial statements, £3m of the term loan is not due to be repaid in the 12 months from 31 December 2022.

The current bank borrowings above are stated net of unamortised issue costs of debt of £0.2m (31 December 2021: £0.1m).

The facilities are secured by a fixed and floating charge over the assets of the Company and its subsidiaries. Interest is payable on amounts drawn on the revolving credit facility and loan facility at a covenant-depending tiered rate of 2.60 % to 3.25% per annum over SONIA, with a reduced rate payable on the undrawn facility.

The Directors consider that there is no material difference between the book value and fair value of the loan.

8. Share capital

	Allotted, called up and fully paid			
	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary shares of 1p each	14,361,492	14,361,492	144	144

The Company adopted new Articles on 27 April 2016, which dispensed with the need for the Company to have an authorised share capital.

No shares were issued in the year (2021: Nil).

No shares were repurchased during the year (2021: Nil).

9. Related party transactions

Transactions with other Group companies have not been disclosed as permitted by FRS101, as the Group companies are wholly owned.

10. Contingent liabilities

As security on the Group's loan and overdraft facilities, the Company has entered into a cross guarantee with its subsidiary undertakings in favour of HSBC Bank plc. At 31 December 2022 each subsidiary undertaking had a net positive cash balance.

The Company has entered into an agreement with Maintel Europe Limited, guaranteeing the performance by Maintel Europe Limited of its obligations under the lease on its London premises.

11. Post balance sheet events

It is the intention of the Directors to liquidate the 11 dormant subsidiaries during the financial year ended 31 December 2023 as disclosed in Note 14 of the consolidated financial statements. This is part of a project to simplify the corporate structure.

There are no other events subsequent to the reporting date which would have a material impact on the financial statements.

Directors, Company details and advisers

Directors

C Thompson	Executive Chairman, Director
J D S Booth	Deputy Chairman, Non-Executive Director
G J Pirona	Chief Financial Officer
D J Davies	Chief Technology Officer
N J Taylor	Non-Executive Director

Secretary and registered office

ONE Advisory Limited, 160 Blackfriars Road, London, SE1 8EZ

Company number

3181729

Auditors

RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB

Nominated adviser and broker.

finnCap Ltd, One Bartholomew Close, London, EC1A 7BL

Registrars

Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Tel: 0370 707 1182

Designed and
printed by:

perivan

perivan.com

Maintel Holdings Plc
160 Blackfriars Road
London SE1 8EZ
www.maintel.co.uk