Registered number: 11331835

AGILICO GROUP LIMITED (FORMERLY TOKYO TOPCO LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

AGILICO GROUP LIMITED (FORMERLY TOKYO TOPCO LIMITED)

COMPANY INFORMATION

Directors	S A Davey P Jan L A Kingston S Smythe
Registered number	11331835
Registered office	C/O Harrison Clark Rickerbys Ellenborough House Wellington Street Cheltenham GL50 1YD
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY

AGILICO GROUP LIMITED (FORMERLY TOKYO TOPCO LIMITED)

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The directors present their Group Strategic Report for the year ended 31 March 2021.

Highlights

£41.6m	£6.1m	296	4.9
Revenues	Adjusted EBITDA	Employees	★ Trustpilot

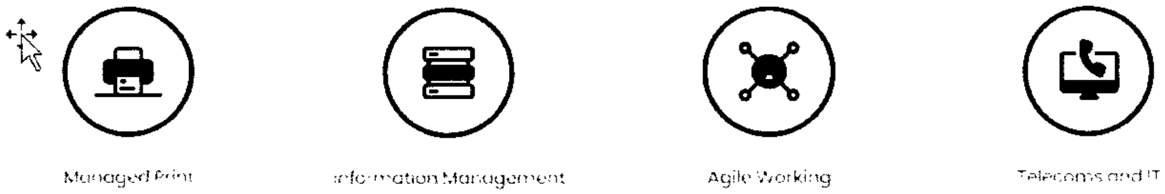
The business has demonstrated tremendous resilience in a year full of considerable challenges for all of our customers and employees. It is a testament to the quality of people in the organisation that we have managed to provide high levels of customer service and produce a strong set of financial results in such a difficult environment.

The outlook for the business is very much brighter than at this time last year. The UK's successful vaccine programme has brought with it much needed confidence and as a result underlying recurring revenues since year-end have improved significantly.

As we enter the new financial year we do so with a fully integrated business; a strong pipeline of acquisition opportunities; an enhanced set of products and services; and a new brand to bring the portfolio of businesses together with a single identity.

Vision and purpose

Agilico has evolved into a leading supplier of workplace technology and its services are broadly categorised into four key areas:



Our Agile Toolkit – a portfolio of products launched during the COVID-19 pandemic – includes an extensive range of problem-solving technologies so that we can fulfil our purpose to make work easy for our customers.

Over the second half of the financial year the Group witnessed a high-level of demand for these products and we anticipate that this demand will be sustained in a post-pandemic world.

Key management

The board of directors is as follows:

- Stewart Smythe, Chairman
- Simon Davey, CEO
- Philip Jan, CFO
- Luke Kingston, Non-executive director

On a day-to-day basis Agilico is led by the following senior management team:

Simon Davey, CEO

Phil Jan, CFO

Warren Colby, MD (North)

Paul Mitchell, COO

Chris Rixon, CMO

Andy Young, MD (South)

Business model & strategy

The evolution of the digital workplace, accelerated by COVID-19, has driven strong demand for new products and services, which supports the Group's strategy to evolve into a broader workplace technology business through continued acquisition; the cross-sale of new products to existing customers; and the development of new customer relationships.

The market that Agilico operates in is highly fragmented, and to that end the Board has an ambitious and robust approach to acquisitions with a focus on a broader set of workplace technology solutions to help ensure we can support customers with their digital transformation strategies.

As at March 2021, the Group had acquired seven businesses since receiving investment from Horizon Capital in 2018, including Artel Communications in the financial year. All acquired companies have been fully integrated under the leadership of the COO and Regional Managing Directors.

The Group completed its eighth acquisition post year-end with the addition of Diamond Group to add to its expanding Telecoms and IT division. This business will be fully integrated during 2021.

The Board will continue to pursue good, quality businesses and, using its well-rehearsed methodology, typically integrate them within three months of completion.

Financial performance

In an unprecedented trading environment, the Group traded successfully in the year despite the impact of the COVID-19 pandemic. The Group reported revenues of £41.6m, a decrease of 0.4% on the prior year. This was the result of the full year effect of acquisitions made in the prior year, offset by a reduction in revenues due to the impact of the pandemic. However, since year-end, the Group's revenues have increased significantly.

Building on from the recovery from the pandemic, revenues will be augmented by the broader set of technology solutions within the Agile Toolkit including Agilico Connect, our proprietary hosted telephony platform. In the year to March 2021, and despite headwinds presented by the pandemic, the number of seats on the platform grew by 23%. The Board is keen to expand its portfolio of proprietary software solutions to help its customers make work easy.

Gross profit margin decreased slightly to 54.5% *(2020: 55.1%)*. Adjusted EBITDA decreased from £8.1m in 2020 to £6.1m in 2021 due to the reduction in revenues (on a full year-basis) which were only partially mitigated by cost saving measures owing to the semi-fixed nature of the cost base.

Key performance indicators (KPIs)

KPIs are used throughout the business to monitor performance of all aspects of the business at individual, divisional and board levels. These include customer satisfaction; print volumes; MFD sales; and digital solution sales.

The directors consider turnover, gross profit, adjusted EBITDA, the number of machines in the field (MiF), and the number of seats on the Group's hosted telephony platform, Agilico Connect, as the key measures of business performance:

	2020 £'000	2021 £'000	Change %
Turnover	41,733	41,559	(0.4)
Gross margin %	55.1%	54.5%	
Adjusted EBITDA	8,067	6,054	(25.0)
No. of Machines in the field ("MiF") at 31 March	28,030	29,572	5.5
No. of Hosted seats on Agilico Connect	1,926	2,360	22.5

Adjusted EBITDA is a non-FRS 102 measure that the Group uses to measure its performance and is defined as earnings before interest, taxation, depreciation (other than on assets leased to customers) and amortisation and after add backs of costs related to acquisition, restructuring and other one-off costs incurred by the Group. A reconciliation from the statutory operating loss before interest and taxation to Adjusted EBITDA is provided below:

	2020 £'000	2021 £'000
Statutory operating loss before interest and taxation	(7,047)	(17,918)
Depreciation and amortisation of intangible assets	13,559	21,078
Non-recurring and separately reported items	1,555	2,894
Adjusted EBITDA	**8,067**	**6,054**

Non-recurring and separately reported items are described further in note 6 to the financial statements.

Risk management

The Group's operations expose it to a variety of risks, which are continually assessed by management and the directors with appropriate processes implemented to monitor and mitigate their effects. The key risks and the impact on the business are described below.

Economic Risk

The UK economy contracted sharply in the financial year. However, it is anticipated to recover to pre-COVID levels in 2022.

The primary factor driving the economic recovery is the UK's successful vaccine roll-out which has helped facilitate a greater level of confidence.

However, the Board is acutely aware that the recovery may differ by geography, sector and customer size. In the financial year the Group's activities in the South-East were affected by COVID-19 to a far greater extent than any other region and it is likely that this region will also be the slowest to return to pre-COVID levels. Similarly, the hospitality and travel sectors were impacted most severely albeit our exposure to these sectors is very limited.

The Board is mindful of the risk associated to setbacks such as (COVID-19) Variants of Concern and will take the necessary action to protect all stakeholders.

Liquidity Risk

As at 31 March 2021 the Group had cash balances of £10.1m and an undrawn revolving credit facility ("RCF") of £5m. During the year, the Group implemented several cash management measures to mitigate the impact of the downturn resulting from the pandemic.

As a result of these measures, the Group was able to meet the cash flow requirements of the business without the need for further funding. During the year, the Group repaid its RCF, which remains available for future use.

The Group's banking partners remain supportive of the Group and to that end agreed amended banking facilities post year-end in support of the strategic plan inclusive of acquisitive growth.

Liquidity risk continues to be managed through weekly monitoring of cash balances, weekly cash flow forecasting and working capital management.

Acquisition Risk

The Board operates within an M&A framework to help select key targets and is followed by a thorough diligence process including, but not limited to, financial and legal diligence all of which are reviewed by the Board. The Board is committed to its M&A strategy despite COVID-19 and will maintain a conservative approach to valuations and deal structures.

Operational Risk

Under the leadership of the COO the Group integrated all acquired entities into common systems and now has a well-developed methodology ahead of future acquisitions.

By harmonising systems, the Group is now able to better manage sales, operations, and finance and this will help the business expand efficiently.

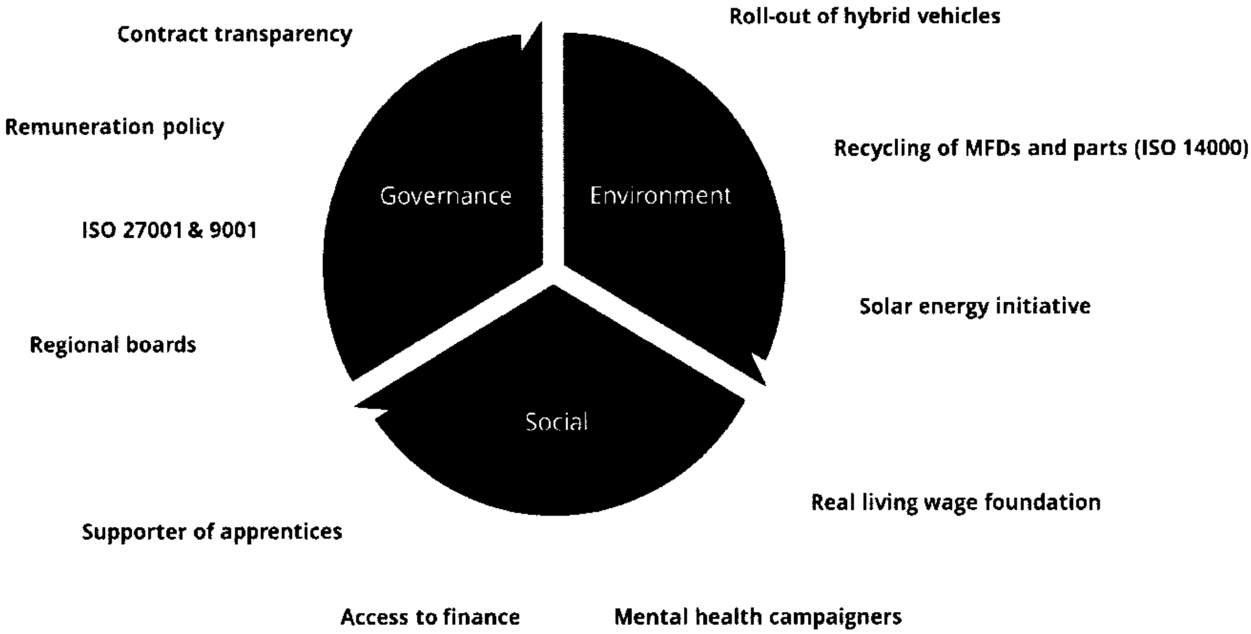
Supplier Risk

The Group's principal suppliers in the year were Sharp, Konica Minolta, Canon and Toshiba. In the second half of the financial year Agilico expanded its relationship with Ricoh and we anticipate a much higher level of spend in the financial year to March 2022.

Extensive discussions have been held with key suppliers to mitigate supply chain risks such as the global shortfall in micro-chips. As a key customer to most of the OEMs we anticipate receiving their full support as we grow the business. Moreover, the Group has access to high, quality reconditioned machines for those customers that support our ESG programme.

Environmental, social and governance (ESG)

The business enhanced its ESG strategy during the year and carried out a series of actions to support the goals of all stakeholders. The Board is committed to investing in ESG initiatives and since year-end has approved investments in solar energy and electric charging stations.



Section 172 (1) statement

During the year, the directors have considered the needs of the Group's stakeholders as part of their decision-making process. Specifically, the directors consider the likely consequences of its decisions in the long term and the need to act fairly between its stakeholders. The Group's key stakeholders, why they are important to the Group and how they have been considered and engaged are set out below:

Shareholders

Delivering for the Group's shareholders ensures that the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders. Engagement between the management team of the Group and its shareholders occurs through regular business review meetings and ongoing reporting and feedback.

Employees

Employees are central to the long-term success of any business and the same is true of Agilico. The senior management team regularly engage and communicate with its employees. The business has launched the "Agilico Hub", a company-wide intranet site which allows employees to engage with company news, important updates, and provides links to key resources and people. We are stronger together, so we will always give our colleagues a voice and listen to their thoughts, concerns, and ideas, from all corners of the business. The Group conducts a staff engagement survey, reinforcing its commitment to making Agilico a great working environment. Our colleagues have even helped build and develop our new brand name (launched during the year), which was chosen and voted for by hundreds of our team members.

Employee welfare is a critical component of our relationship with our employees. Good health and wellbeing are integral to building a strong, motivated, and happy team. During the year we introduced various initiatives to boost both the mental and physical health of our team members. Our 'Agile Perks' benefits and discounts hub, 'Team Agilico' exercise club and ongoing wellbeing campaign ensures our team has access to the right support and resources. The happiness and security of our colleagues is of paramount importance, and we will continue to invest in this area.

Customers

We pride ourselves on customer service and monitor KPIs such as engineer response times and call centre statistics. This is demonstrated by our average Trustpilot scores of 4.9 (out of a maximum of 5). We seek regular customer feedback and engage third party consultants to perform independent surveys of our customer experience. The evolving needs of our customers in the face of the COVID-19 pandemic remains central to our key priorities and has shaped the launch of our Agile Toolkit during the year.

Suppliers

Brexit, COVID-19 and the shortage of semi-conductors has created some challenges within the supply chain. However, our standing in the market and good relationships with manufacturers has helped ensure a relatively uninterrupted supply of products for our customers.

Communities

Supporting communities is high on the Agilico agenda. The Group has implemented a volunteer and corporate social responsibility (CSR) activity plan, which is designed to ensure we continue to enhance society and the environment. The Group encourages its employees to volunteer in the local community and offers paid time off for volunteering during each holiday year. Meanwhile, we raise funds and awareness for a great number of worthy causes, working alongside a variety of inspiring partners, clients, and charitable organisations.

Streamlined Energy and Carbon Reporting (SECR)

The Group is required to disclose the global energy use and associated greenhouse gas (GHG) for which it is responsible. The reporting is due according to the number of tonnes of carbon dioxide equivalent (CO_2-e) emitted. The Group collected data on its energy consumption and CO_2 emissions for the year taking into account all fuel purchased for company vehicles and gas and electricity purchased for company offices. Information was converted to equivalent tonnes of carbon dioxide in all cases. The Group has used 2020 emission conversion factors developed by the Department for Business, Energy and Industrial Strategy in the calculation of the GHG emissions and intensity metrics.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

The Group's energy usage for the year to 31 March 2021 is set out below. This is the first year of the Group's application of the SECR requirements and as such no comparatives are presented.

	Tonnes of CO2-e	MWh
Direct emissions - transport fuel use	282.4	
Indirect emissions - buildings related energy consumption - combustion of gas	80.1	393.3
Indirect emissions - buildings related energy consumption - purchase of electricity	108.1	493.9
Total CO2 and energy consumption (Scope 1 & 2)	**470.6**	
Intensity metric: Scope 1 and 2 GHG emissions per employee	1.5	

The Group attempts to limit unnecessary energy usage wherever possible whilst ensuring the continuity of the operational delivery of the products and services provided by the Group. We continue to conduct work to understand our environmental impact and quantify our carbon footprint, including undertaking modelling exercises on our buildings, people, vehicles, and processes as we progress with these activities.

With multiple office and warehouse locations across the UK, our goal is to power key sites with renewable energy as far as possible. Our programme begins with solar panels being fitted at our headquarters in Southampton in the autumn of 2021. Additional installations on our buildings across the country will progress as we continue our solar energy programme.

As a business, we are committed to building a company vehicle fleet which is sustainable. We aim to have 50% of our private vehicle fleet hybrid by 2022, rising to 80% by 2024.

We are also expanding our portfolio to include electric vehicles and expect these to represent 20% of our fleet by 2024. Consequently, we will also expand the number of charging points at our UK sites.

The Group is also committed to managing its waste responsibly and recycling multi-functional devices (MFDs). We have a continuous focus on recycling parts and devices at a local and national level and are investing in a new MFD refurbishment centre in our Midlands location, which will allow us to extend the life of used machines.

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

S A Davey
Director

Date: 27/09/2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The loss for the year, after taxation, amounted to £21,179k *(2020: £11,329k)*.

No dividends were paid or declared in the year *(2020: £Nil)*.

Directors

The directors who served during the year were:

S A Davey
P Jan (appointed 1 July 2020)
L A Kingston
S Smythe
N A Deman (resigned 1 July 2020)
T W M Maizels (resigned 11 March 2021)

Future developments

Where necessary, disclosures relating to future developments have been made in the Group Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Engagement with suppliers, customers and others

Disclosures relating to the Group's engagement with suppliers, customers and others have been made in the Group Strategic Report under the heading "Section 172 (1) statement".

Employees

The Group has adopted a policy of promotion from within and all staff are encouraged to make a real commitment to the growth of the Group. Full and fair consideration is given to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The Group's policy includes, where applicable, continued employment, training, and career development as appropriate for those who may become disabled.

Information is made available to employees on a regular basis through our Agilico 'employee hub' and regular communication from senior management. This allows employees the opportunity to consult on matters that affect their interests and to gain an awareness of all financial and economic factors affecting the Group's performance.

Qualifying third party indemnity provisions

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company

Disclosure of information to auditor

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

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

Post balance sheet events

The Group acquired Diamond Group (Holdings) Ltd and its subsidiary undertakings, based in Gateshead, in June 2021 which further consolidates the Group's managed print IT and telecommunications services in the Northern region.

In August 2021, the Group agreed an amendment and restatement to its senior facilities agreement with its lenders to reset the Group's banking covenants for the remaining terms of the facilities and to transition the interest rate from LIBOR to the sterling overnight index average (SONIA) risk-free rate.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

S A Davey
Director

Date: 27/09/2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF AGILICO GROUP LIMITED (FORMERLY TOKYO TOPCO LIMITED)

Opinion
We have audited the financial statements of Agilico Group Limited (formerly Tokyo Topco Limited) (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO GROUP LIMITED (FORMERLY TOKYO TOPCO LIMITED) (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 Group 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 Group 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 Group 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 11, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO GROUP LIMITED (FORMERLY TOKYO TOPCO LIMITED) (CONTINUED)

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

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

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Group's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group.

- Companies Act 2006 in respect of the preparation and presentation of the financial statements.
- FRS102 in respect of the preparation and presentation of the financial statements.
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- We enquired with the Group's management as to the existence of litigation and no material items were identified;
- We have enquired of legal correspondence throughout the year, and nothing has come to light in respect of non-compliance;
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations;
- We enquired of FCA correspondence as part of compliance with the laws and regulations and nothing has come to light in respect of non-compliance.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. We also considered performance targets and their influence on efforts made by management to meet external pressures in reporting the financial results or for personal interest of the directors.
Audit procedures performed by the engagement team on the areas where fraud might occur included:

- Testing of the recognition and recoverability of year-end trade debtors and accrued income;
- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities;
- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals;
- Testing the occurrence of revenue, specifically around the balance sheet date.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO GROUP LIMITED (FORMERLY TOKYO TOPCO LIMITED) (CONTINUED)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

25 Moorgate
London
EC2R 6AY
Date: 27/09/2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £000	*2020 £000*
Turnover	4	**41,559**	*41,733*
Cost of sales		**(18,889)**	*(18,724)*
Gross profit		**22,670**	*23,009*
Administrative expenses		**(42,407)**	*(30,290)*
Other operating income	5	**1,819**	*234*
Operating loss	6	**(17,918)**	*(7,047)*
Interest receivable and similar income		**4**	*8*
Interest payable and similar expenses	10	**(6,001)**	*(5,230)*
Loss before taxation		**(23,915)**	*(12,269)*
Tax on loss	11	**2,736**	*940*
Loss for the financial year		**(21,179)**	*(11,329)*

There was no other comprehensive income for 2021 *(2020: £Nil)*.

The notes on pages 25 to 52 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	12		**54,877**		*72,734*
Tangible assets	13		**2,181**		*2,998*
			57,058		*75,732*
Current assets					
Stocks	15	**9,613**		*10,750*	
Debtors: amounts falling due within one year	16	**9,157**		*10,802*	
Cash at bank and in hand	17	**10,110**		*15,468*	
		28,880		*37,020*	
Creditors: amounts falling due within one year	18	**(16,088)**		*(22,404)*	
Net current assets			**12,792**		*14,616*
Total assets less current liabilities			**69,850**		*90,348*
Creditors: amounts falling due after more than one year	19		**(86,930)**		*(83,516)*
Provisions for liabilities					
Deferred taxation	21	**(1,289)**		*(4,213)*	
Other provisions	22	**(178)**		-	
			(1,467)		*(4,213)*
Net (liabilities)/assets			**(18,547)**		*2,619*
Capital and reserves					
Called up share capital	23		**16,937**		*16,936*
Share premium account	24		**1,005**		*993*
Other reserves	24		**(3)**		*(3)*
Profit and loss account	24		**(36,486)**		*(15,307)*
Shareholders' (deficit)/funds			**(18,547)**		*2,619*

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

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

S A Davey	**P Jan**
Director	Director
Date: 27/09/2021	27/09/2021

The notes on pages 25 to 52 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note		2021 £000		2020 £000
Fixed assets					
Investments			-		-
			-		-
Current assets					
Debtors: amounts falling due within one year	16	23,891		25,471	
Cash at bank and in hand	17	184		30	
		24,075		25,501	
Creditors: amounts falling due within one year	18	(1,123)		(4,193)	
Net current assets			22,952		21,308
Creditors: amounts falling due after more than one year	19		(1,000)		(1,000)
Net assets			21,952		20,308
Capital and reserves					
Called up share capital	23		16,937		16,936
Share premium account	24		1,005		993
Profit and loss account brought forward		2,379		951	
Profit for the year		1,631		1,428	
Profit and loss account carried forward	24		4,010		2,379
Shareholders' funds			21,952		20,308

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

Philip Jan

S A Davey
Director

P Jan
Director

Date: 27/09/2021 27/09/2021

The notes on pages 25 to 52 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 April 2019 (as previously stated)	**11,572**	**913**	**(3)**	**(4,830)**	**7,652**
Prior year adjustment	-	-	-	852	852
At 1 April 2019 (as restated)	**11,572**	**913**	**(3)**	**(3,978)**	**8,504**
Comprehensive income for the year					
Loss for the year	-	-	-	(11,329)	(11,329)
Contributions by and distributions to owners					
Shares issued during the year	5,364	80	-	-	5,444
At 1 April 2020	**16,936**	**993**	**(3)**	**(15,307)**	**2,619**
Comprehensive income for the year					
Loss for the year	-	-	-	(21,179)	(21,179)
Contributions by and distributions to owners					
Shares issued during the year	1	12	-	-	13
At 31 March 2021	**16,937**	**1,005**	**(3)**	**(36,486)**	**(18,547)**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2019 (as previously stated)	11,572	913	99	12,584
Prior year adjustment	-	-	852	852
At 1 April 2019 (as restated)	11,572	913	951	13,436
Comprehensive income for the year				
Profit for the year	-	-	1,428	1,428
Contributions by and distributions to owners				
Shares issued during the year	5,364	80	-	5,444
At 1 April 2020	16,936	993	2,379	20,308
Comprehensive income for the year				
Profit for the year	-	-	1,631	1,631
Contributions by and distributions to owners				
Shares issued during the year	1	12	-	13
At 31 March 2021	16,937	1,005	4,010	21,952

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Loss for the financial year	**(21,179)**	*(11,329)*
Adjustments for:		
Amortisation of intangible assets	**20,484**	*13,260*
Depreciation of tangible assets	**1,057**	*486*
Loss on disposal of tangible assets	**49**	*179*
Interest paid	**6,001**	*5,230*
Interest received	**(4)**	*(8)*
Taxation credit	**(2,736)**	*(940)*
Decrease/(increase) in stocks	**1,213**	*(869)*
Decrease in debtors	**1,822**	*6,370*
(Decrease) in creditors	**(2,197)**	*(1,314)*
Increase in provisions	**178**	-
Corporation tax received/(paid)	**116**	*(867)*
Net cash generated from operating activities	**4,804**	*10,198*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(21)**	*(5)*
Purchase of tangible fixed assets	**(364)**	*(201)*
Sale of tangible fixed assets	**155**	*536*
Purchase of fixed asset investments	-	*(61,909)*
Interest received	**4**	*8*
Purchase of subsidiary undertakings, net of cash acquired	**(2,347)**	-
Net cash used in investing activities	**(2,573)**	*(61,571)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 **£000**	*2020* *£000*
Cash flows from financing activities		
Issue of ordinary shares	**13**	*66*
New secured loans	**-**	*94,619*
Repayment of loans	**(5,214)**	*(24,625)*
Other new loans	**3,109**	*561*
Repayment of finance leases	**(53)**	*(3)*
Interest paid	**(3,358)**	*(6,846)*
Redemption of shares	**(2,086)**	*(1,390)*
Proceeds from issue of preference shares	**-**	*297*
Loans to related parties	**-**	*2,327*
Net cash (used in)/generated from financing activities	**(7,589)**	*65,006*
Net (decrease)/increase in cash and cash equivalents	**(5,358)**	*13,633*
Cash and cash equivalents at beginning of year	**15,468**	*1,835*
Cash and cash equivalents at the end of year	**10,110**	*15,468*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**10,110**	*15,468*

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021

	At 1 April 2020 £000	Cash flows £000	Other non-cash changes £000	At 31 March 2021 £000
Cash at bank and in hand	15,468	(5,358)	-	10,110
Bank loans	(78,313)	5,502	(594)	(73,405)
Finance leases	(100)	53	-	(47)
Loan notes	(9,416)	(3,109)	-	(12,525)
Non-equity preference shares	(1,000)	-	-	(1,000)
	(73,361)	(2,912)	(594)	(76,867)

Other non-cash changes represent amortisation of capitalised debt issue costs.

1. General information

Agilico Group Limited (formerly Tokyo Topco Limited) is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 11331835). The registered office address is C/O Harrison Clark Rickerbys Ellenborough House, Wellington Street, Cheltenham, GL50 1YD.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical;
- No Statement of Cash Flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

In carrying out their duties in respect of going concern, the directors have reviewed the Group's forecast cash flows, liquidity, borrowing facilities and relating covenant requirements and the expected operational activities of the Group. This included an assessment of the impact of principal risks and uncertainties brought about by the current economic environment.

In March 2020, the World Health Organisation declared the coronavirus (COVID-19) outbreak a global pandemic. Consequently, the UK government declared a national lockdown on 23 March 2020, which led to people having to isolate in their homes. The March 2020 lockdown and subsequent further regional and national lockdowns resulted in a significant reduction in print volumes by the Group's customers coupled with a fall in machine sales, which had a negative impact on the Group's revenues, profits and cash generation in the financial year to 31 March 2021. In response to the pandemic, the management team implemented a COVID-19 action plan which included cost saving measures to mitigate the impact on the profitability and cash generation of the business.

Since the lifting of lockdown restrictions in April 2021, the Group has experienced an increase in trading activity compared to the initial phases of the pandemic, and management expects this recovery to continue in line with the return to the workplace of employees due to the success of the roll-out of the vaccination programme.

Throughout the COVID-19 affected period, the Group has used flexible modelling tools to assist in planning and adapting to a range of scenarios.

Post year-end, in August 2021, the Group agreed an amendment and restatement to its banking facilities, including a reset of the banking covenants from September 2021 to the end of the remaining term of the facilities. As part of this process, forecasts were prepared by the Group which contained latest trading following the lifting of lockdown restrictions. These forecasts were sensitised to reflect a phased recovery from the pandemic including assumed increases in both print volumes and machine sales, and the associated impact on the cost base. Headroom was built into these forecasts to incorporate sensitivities against these assumptions.

Under these sensitised forecasts, the Group is forecast to generate profits and cash in the year to 31 March 2022. The sensitised forecasts demonstrate that the Group has sufficient cash reserves and available headroom under its borrowing facilities and is forecast to remain in compliance with its financial covenants for a period of at least twelve months from the date of signing these financial statements.

The directors have applied extensive scrutiny to the forecasts and are satisfied that reasonable assumptions have been made for the going concern opinion. As such, the directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will have adequate resources to continue to operate for the foreseeable future. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.7 Operating leases: the Group as lessee

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

2.8 Government grants

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Interest income

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

2.10 Finance costs

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

2.11 Costs of acquisition and borrowing costs

Costs incurred in relation to a business combination are capitalised as part of the cost of investment where the costs are directly attributable to the acquisition.

Borrowing costs which are directly attributable to the issuance of debt are recognised as debt issue costs and amortised over the term of the debt.

Any costs which are incurred both for the issuance of debt and as part of the cost acquisition, but are not directly and wholly attributable to one or the other, are recognised based on a reasonable allocation between the cost of investment and borrowing costs. If recognised as borrowing costs, they are subsequently amortised over the term of the debt.

Where the costs do not relate to either the cost of the acquisition or the issuance of debt, they are expensed as incurred.

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

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

Other intangible assets

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

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

2.13 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Depreciation is provided on the following basis:

Freehold property	- 2% straight-line
Leasehold improvements	- over 10 years
Land and buildings leasehold	- 25% reducing balance and 10% straight-line and shorter of the life of the building or the lease term
Motor vehicles	- 30% reducing balance and between 25% - 33.3% straight-line
Fixtures, fittings and equipment	- 25% reducing balance and between 15% - 50% straight-line
Computer equipment	- 25% reducing balance and between 25% - 50% straight-line

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

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

2. Accounting policies (continued)

2.14 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.18 Pensions

Defined contribution pension plan

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

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

2. Accounting policies (continued)

2.19 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. Accounting policies (continued)

2.21 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider that the following judgements have had the most significant effect on amounts recognised in the financial statements:

Financial instruments classification
The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

The directors consider that the key sources of estimation uncertainty in preparing the financial statements are:

Intangible fixed assets
Intangible fixed assets include goodwill arising on business combinations and the fair value of customer contracts and trade names recognised on acquisition. Determining whether an impairment has occurred typically requires various estimates and assumptions, including what cash flows are directly attributable to the potentially impaired asset, the useful life over which the cash flows will occur and their amount.

Estimates of future cash flows and the selection of appropriate rates of amortisation relating to particular assets or groups of assets involve the exercise of a significant amount of judgement.

In determining the appropriateness of the carrying value of goodwill, an annual impairment review is carried out. The asset is impaired if the carrying value of the asset exceeds its recoverable amount. When assessing the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and the value in use, estimation is required. The value in use calculation requires the directors to group the assets at the lowest levels for which there are separately identifiable cash flows (cash generating units), estimate the future cash flows expected to arise from them and a suitable discount rate in order to calculate their present value. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Bad debt provision
At each reporting date and throughout the year, the Group's debtor balance is reviewed to identify any impairment required, and specific provisions are made against this balance. The value of these provisions at 31 March 2021 are £250k *(2020: £205k)*.

Toner in field valuation
Toner in the field is the value of the unutilised stock which has been supplied to customers and is held on site for future consumption. The value of toner per machine is an estimate, based on historical patterns of customer usage.

4. Turnover

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

	2021 £000	*2020 £000*
Managed print services (goods and services)	38,928	*38,687*
IT & telephone services	2,631	*3,046*
	41,559	*41,733*

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £000	*2020 £000*
Management charge under transitional services	-	*234*
Furlough income	1,819	*-*
	1,819	*234*

6. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Amortisation of intangible fixed assets	**20,484**	*13,260*
Depreciation of tangible fixed assets	**1,057**	*486*
Exchange differences	-	*12*
Bad debt expense	**10**	*(61)*
Other operating lease rentals	**379**	*777*

The below items form part of administrative expenses which form part of the operating loss:

	2021 £000	2020 £000
Non-recurring items		
Acquisition and integration expenses	**653**	*501*
Restructuring costs	**1,113**	*335*
Vacant property costs	**429**	-
Other	**499**	*302*
	2,694	*1,138*
Separately reported items		
Non-executive remuneration and shareholder costs	**246**	*312*
Asset disposals	**(46)**	*106*
	200	*418*
	2,894	*1,556*

Included within administrative expenses in the Consolidated Statement of Comprehensive Income are non-recurring and separate reported items.

Acquisition and integration expenses are those costs attributable to acquisitions, both successful and unsuccessful, made by the Group.

Restructuring costs, vacant property costs and other non-recurring items include one-off costs deemed to be non-operational as they are non-recurring and unrelated to the core operations.

Non-executive directors remuneration and shareholder costs and asset disposals are deemed to be separately reportable as they are specifically excluded from EBITDA for the measurement of bank covenants.

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	107	181
Fees payable to the Group's auditor and its associates for the audit of the Group's subsidiaries' annual financial statements	74	-
	181	181

Fees payable to the Group's auditor and its associates in respect of:

	2021 £000	2020 £000
Audit-related assurance services	3	3
Accounts preparation	19	21
	22	24

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Wages and salaries	13,497	11,087	-	-
Social security costs	1,253	731	-	-
Cost of defined contribution scheme	594	478	-	-
	15,344	12,296	-	-

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

	2021 No.	2020 No.
Sales	52	40
Administration	263	227
	315	267

9. Directors' remuneration

	2021 £000	*2020 £000*
Directors' emoluments	**328**	*330*
Company contributions to defined contribution pension schemes	**10**	*8*
	338	*338*

During the year retirement benefits were accruing to 3 directors *(2020: 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £135k *(2020: £150k).*

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4k *(2020: £5k).*

10. Interest payable and similar expenses

	2021 £000	*2020 £000*
Interest on bank borrowings	**4,187**	*2,056*
Interest on loan notes	**1,118**	*949*
Non-equity preference share dividends	**103**	*30*
Amortisation of debt issue costs	**593**	*2,195*
	6,001	*5,230*

11. Taxation

	2021 £000	*2020 £000*
Corporation tax		
Current tax on profits for the year	**54**	*862*
Adjustments in respect of previous periods	**146**	*86*
Total current tax	**200**	*948*
Deferred tax		
Origination and reversal of timing differences	**(3,004)**	*(1,985)*
Effect of changes in tax rates	**-**	*95*
Adjustments to deferred tax in respect of previous periods	**68**	*2*
Total deferred tax	**(2,936)**	*(1,888)*
Taxation on loss on ordinary activities	**(2,736)**	*(940)*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2020: higher than)* the standard rate of corporation tax in the UK of 19% *(2020: 19%)*. The differences are explained below:

	2021 £000	*2020 £000*
Loss on ordinary activities before tax	**(23,915)**	*(12,269)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2020: 19%)*	**(4,544)**	*(2,331)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,118**	*599*
Tax rate changes	**-**	*96*
Adjustments to tax charge in respect of prior periods	**89**	*88*
Deferred tax not recognised	**474**	*608*
Group relief	**127**	*-*
Total tax credit for the year	**(2,736)**	*(940)*

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Intangible assets

Group

	Software £000	Purchased goodwill £000	Customer contracts £000	Total £000
Cost				
At 1 April 2020	19	56,022	34,905	90,946
Additions	21	-	-	21
On acquisition of subsidiaries	-	1,545	1,060	2,605
At 31 March 2021	40	57,567	35,965	93,572
Amortisation				
At 1 April 2020	3	5,417	12,792	18,212
Charge for the year	3	5,619	14,862	20,484
At 31 March 2021	6	11,036	27,654	38,696
Net book value				
At 31 March 2021	34	46,531	8,311	54,876
At 31 March 2020	*16*	*50,605*	*22,113*	*72,734*

Purchased goodwill on acquisitions comprises goodwill arising on acquisitions completed during the year of £1,725k and adjustments of £(180)k to provisional amounts recognised in respect of acquisitions completed in the prior year.

13. Tangible fixed assets

Group

	Freehold property £000	Leasehold improvements £000	Land and buildings leasehold £000	Fixtures, fittings and equipment £000
Cost				
At 1 April 2020	141	1,264	33	1,632
Additions	-	-	-	296
Acquisition of subsidiary	-	-	-	19
Disposals	(141)	(31)	-	(119)
Transfers between classes	-	-	(8)	8
At 31 March 2021	-	1,233	25	1,836
Depreciation				
At 1 April 2020	1	169	33	445
Charge for the year	3	289	-	551
Disposals	(4)	(31)	-	(115)
Transfers between classes	-	-	(8)	8
At 31 March 2021	-	427	25	889
Net book value				
At 31 March 2021	-	806	-	947
At 31 March 2020	*140*	*1,095*	*-*	*1,187*

13. Tangible fixed assets (continued)

	Computer equipment £000	Motor vehicles £000	Total £000
Cost			
At 1 April 2020	333	483	3,886
Additions	67	1	364
Acquisition of subsidiary	-	45	64
Disposals	-	(191)	(482)
Transfers between classes	-	-	-
At 31 March 2021	400	338	3,832
Depreciation			
At 1 April 2020	145	95	888
Charge for the year	69	145	1,057
Disposals	-	(144)	(294)
Transfers between classes	-	-	-
At 31 March 2021	214	96	1,651
Net book value			
At 31 March 2021	186	242	2,181
At 31 March 2020	*188*	*388*	*2,998*

14. Fixed asset investments

Company

	Investment in subsidiary company £000
Cost	
At 1 April 2020	1
At 31 March 2021	1

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Agilico Holdco Limited (formerly Tokyo Holdco Limited)	Holding company	Ordinary	100%
Agilico Midco Limited (formerly Tokyo Midco Limited)	Holding company	Ordinary	100%
Agilico Bidco Limited (formerly Tokyo Bidco Limited)	Holding company	Ordinary	100%
Agilico Workplace Technologies (South) Limited (formerly DMC Business Machines Limited)	Supply and maintenance of office machines	Ordinary, Ordinary D	100%
Canotec South West Limited	Supply and maintenance of office machines	Ordinary A	100%
First Office Holdings Limited	Holding company	Ordinary	100%
Agilico Systems Limited (formerly DMC Technologies Limited)	IT & other telecommunications activities	Ordinary A, B & C	100%
Hobbs Parker 2000 Limited	Dormant	Ordinary A & B	100%
Canotec Limited	Dormant	Ordinary	100%
Faverglen Limited	Holding company	Ordinary	100%
Buscom Limited	Dormant	Ordinary	100%
U.C.O.S. Holdings Limited	Holding company	Ordinary	100%
Agilico Workplace Technologies (North) Limited (formerly United Carlton Office Systems Limited)	Supply and maintenance of office machines	Ordinary	100%
United Carlton Office Solutions Limited	Dormant	Ordinary	100%
United Carlton Digital Solutions Limited	Dormant	Ordinary	100%
Systems Technology (Holdings) Limited	Holding company	Ordinary A & B	100%
Systems Technology (S.E.) Limited	Supply and maintenance of office machines	Ordinary A & B	100%
Systems Support UK Limited	Dormant	Ordinary	100%
Condor Office Solutions Limited	Supply and maintenance of office machines	Ordinary	100%
CSL Group Holdings Limited	Holding company	Ordinary A & B	100%
Agilico Workplace Technologies (Midlands) Limited (formerly CSL Business Machines Limited)	Supply and maintenance of office machines	Ordinary	100%
Derby Office Machines Limited	Dormant	Ordinary	100%
Total Office Maintenance Limited	Dormant	Ordinary	100%
Copying Services (Leicester) Limited	Dormant	Ordinary	100%
CSL Nottingham Limited	Dormant	Ordinary	100%
McDowell & Co Limited	Supply and maintenance of office machines	Ordinary & Ordinary A	100%

All subsidiary undertakings are incorporated in England and Wales. The registered office for all subsidiary undertakings is C/O Harrison Clark Rickerbys, Ellenborough House, Wellington Street, Cheltenham, GL50 1YD.

15. Stocks

	Group 2021 £000	*Group 2020 £000*
Finished goods and goods for resale	**9,613**	*10,750*

16. Debtors

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Trade debtors	**6,194**	*8,597*	**-**	*-*
Amounts owed by group undertakings	**-**	*-*	**23,884**	*25,456*
Other debtors	**1,044**	*682*	**7**	*15*
Prepayments and accrued income	**1,919**	*1,523*	**-**	*-*
	9,157	*10,802*	**23,891**	*25,471*

17. Cash and cash equivalents

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Cash at bank and in hand	**10,110**	*15,468*	**184**	*30*

18. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans	-	5,213	-	-
Trade creditors	4,730	4,979	42	6
Amounts owed to group undertakings	-	-	948	2,070
Corporation tax	1,092	791	-	-
Other taxation and social security	3,073	2,747	-	-
Obligations under finance lease and hire purchase contracts	47	100	-	-
Other creditors	1,363	766	-	-
Accruals and deferred income	5,783	5,722	133	31
Preference shares	-	2,086	-	2,086
	16,088	22,404	1,123	4,193

Disclosure of the terms and conditions attached to the preference shares is made in note 23.

19. Creditors: Amounts falling due after more than one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans	73,405	73,100	-	-
Loan notes	12,525	9,416	-	-
Preference shares	1,000	1,000	1,000	1,000
	86,930	83,516	1,000	1,000

Disclosure of the terms and conditions attached to the preference shares is made in note 23.

20. Loans

An analysis of the maturity of loans is provided below:

	Group 2021 £000	*Group 2020 £000*
Amounts falling due within one year		
Bank loans	-	*5,213*
Amounts falling due 2-5 years		
Bank loans	73,405	*-*
Amounts falling due after more than 5 years		
Bank loans	-	*73,100*
Loan notes	12,525	*9,416*
	12,525	*82,516*
	85,930	*87,729*

In December 2019 the Group entered into a new senior facility agreement ("SFA") with a consortium of lenders. The facilities total £90.2m, comprising a Facility B of £55.2m, a committed acquisition facility ("CAF") of £30m, and a revolving credit facility ("RCF") of £5.0m. All borrowings under these facilities are secured by a debenture over the assets of the Group.

Subsequent to the year end, on 5 August 2021, an amendment and restatement of the SFA was agreed with the Group's lenders to reset the covenants for the remaining term of the facilities and to transition the interest payable from LIBOR to the sterling overnight index average ("SONIA") risk-free rate.

Terms of the facilities are as follows:
1) Facility B £55.2m and CAF £30m: Interest payable on these facilities was, for the years ending 31 March 2020 and 31 March 2021, LIBOR plus a margin percentage, which is currently 4.75%. The margin is adjusted based on leverage ratios and ranges between 4% and 6.5%. From the date of the amendment and restatement, interest is payable at SONIA plus the applicable margin percentage. Both Facility B and CAF are repayable by 6 December 2025.

2) RCF of £5m: Interest payable on the RCF was, for the years ending 31 March 2020 and 31 March 2021, LIBOR plus a margin percentage, which is currently 4.25%. The margin is adjusted based on leverage ratios and ranges between 3.25% and 6.0%. From the date of the amendment and restatement, interest is payable at SONIA plus the applicable margin percentage. The RCF is a short-term facility repayable at the end of a drawn period (1, 3 or 6 months) and has a termination date of 6 December 2024.

The loan notes are unsecured and are payable in the event of a listing or trade sale. Cumulative interest accrues at a rate of 10% per year and is payable when the loan notes are repaid.

The amounts drawn at the respective balance sheet dates under these facilities were as follows:

	2021 £000	2020 £000
Facility B	55,200	55,200
CAF	21,919	21,919
RCF	-	5,000
Gross bank loans under SFA	77,119	82,119
Other bank loans	-	213
Loan notes	12,525	9,416
Capitalised debt issue costs	(3,714)	(4,019)
Net borrowings	85,930	87,729

Debt issue costs are fees associated with the establishment of loan facilities and are capitalised and amortised over the payback period of the facilities to which they relate. During the year, £264k was capitalised in respect of debt issue costs *(2020: £4,456k)*.

21. Deferred taxation

Group

	2021 £000	2020 £000
At beginning of year	**4,213**	*682*
Credited to profit or loss	**(2,992)**	*(1,888)*
Adjustment in respect of prior periods	**68**	*-*
Arising on business combinations	**-**	*5,419*
At end of year	**1,289**	*4,213*

	Group 2021 £000	Group 2020 £000
Fixed asset timing differences	**(53)**	*27*
Short-term timing differences	**(33)**	*(15)*
Intangibles	**1,375**	*4,201*
	1,289	*4,213*

22. Provisions

Group

	Onerous lease £000
At 1 April 2020	-
Charged to profit or loss	**178**
At 31 March 2021	**178**

Where leasehold properties become vacant, the Group provides for all costs, net of any anticipated income, to the end of the lease or the anticipated date of the disposal or sub-lease.

23. Share capital

	2021 £000	*2020* *£000*
Shares classified as equity		
Allotted, called up and fully paid		
780,630 *(2020: 780,630)* A Ordinary shares of £0.01 each	**8**	*8*
206,070 *(2020: 200,120)* B Ordinary shares of £0.01 each	**2**	*2*
2,506,499 *(2020: 2,936,534)* A Preference shares of £1.00 each	**2,507**	*2,937*
5,067,257 *(2020: 5,067,257)* C Preference shares of £1.00 each	**5,067**	*5,067*
9,352,894 *(2020: 8,922,859)* L Preference shares of £1.00 each	**9,353**	*8,922*
	16,937	*16,936*

During the year, 5,950 B Ordinary shares *(2020: 58,400)* were issued at a nominal value of £0.01 per share. Total consideration received was £11,900 *(2020: £80,900)*.

Shares classified as debt		
Allotted, called up and fully paid		
Nil *(2020: 2,085,587)* B Preference shares of £1.00 each	**-**	*2,086*
1,000,000 *(2020: 1,000,000)* D Preference shares of £1.00 each	**1,000**	*1,000*
	1,000	*3,086*

A and B ordinary shares are voting shares and carry rights to receive dividends.

A, C, D and L preference shares are non-voting shares and carry the right to a fixed cumulative preferential dividend at the rate of 10% per annum subject to certain conditions being met.

B Preference shares are non-voting shares, carry no right to receive a dividend and carry the rights to return of capital subject to the order of priority set out in the Articles of Association.

24. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

25. Business combinations

On 7 January 2021, the Group acquired the trade and assets of Artel Communications ("Artel"). The trade and assets of Artel were acquired by Agilico Workplace Technologies (South) Limited, a wholly-owned indirect subsidiary of the Company. Artel's principal activity is the sale, hire and service of business machines and consumables.

Acquisition of Artel Communications

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	64	-	64
Intangible	-	1,060	1,060
	64	1,060	1,124
Current Assets			
Stocks	75	-	75
Debtors	183	-	183
Total Assets	322	1,060	1,382
Creditors			
Due within one year	(218)	(8)	(226)
Total Identifiable net assets	104	1,052	1,156
Goodwill			1,725
Total purchase consideration			2,881

Consideration

	£000
Cash	2,175
Deferred consideration	650
Directly attributable costs	56
Total purchase consideration	2,881

25. Business combinations (continued)

Fair value adjustments arising on acquisition relate to the separate recognition of intangible assets and the alignment of accounting policies in relation to holiday pay accruals.

Goodwill on the purchase of Artel is attributable to valuable customer lists and non-contractual customer relationships which Artel will bring to the group, and is considered to have a useful life of ten years.

The deferred consideration is non-contingent and was payable on 7 July 2021 at which date it was paid.

Artel contributed £363k to the Group's revenue and £62k to the Group's profit for the period from the date of acquisition to the balance sheet date.

26. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £594k *(2020: £478k)*. Contributions totalling £Nil *(2020: £79k)* were payable to the fund at the reporting date.

27. Commitments under operating leases

Lessee

At 31 March the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	*Group 2020 £000*
Not later than 1 year	**2,856**	*2,303*
Later than 1 year and not later than 5 years	**5,003**	*4,283*
Later than 5 years	**-**	*105*
	7,859	*6,691*

Lessor

The Group leases out a number of multi-functional devices to customers under non-cancellable operating leases for the following minimum lease payments. There are no contingent rents.

	Group 2021 £000	*Group 2020 £000*
Not later than 1 year	**1,983**	*2,146*
Later than 1 year and not later than 5 years	**3,190**	*3,282*
	5,173	*5,428*

28. Related party transactions

The Parent Company has provided a guarantee exempting the following subsidiaries from the requirements of audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Company name	Registered number	Country of incorporation
First Office Holdings Limited	03760206	England and Wales
Buscom Limited	03794969	England and Wales
Faverglen Limited	01428393	England and Wales
Canotec Limited	02765960	England and Wales
Canotec South West Limited	06933508	England and Wales
Agilico Systems Limited (formerly DMC Technologies Limited)	02511016	England and Wales
Hobbs Parker 2000 Limited	04027755	England and Wales
United Carlton Office Solutions Limited	09202448	England and Wales
United Carlton Digital Solutions Limited	05730667	England and Wales
Systems Support UK Limited	05646084	England and Wales
Copying Services (Leicester) Limited	03754376	England and Wales
CSL Nottingham Limited	02656126	England and Wales
Total Office Maintenance Limited	05652336	England and Wales
Derby Office Machines Limited	01234553	England and Wales
McDowell & Co Limited	05577405	England and Wales
CSL Group Holdings Limited	09875041	England and Wales
Agilico Workplace Technologies (Midlands) Limited (formerly CSL Business Machines Limited)	00953247	England and Wales
Systems Technologys (Holdings) Limited	04450116	England and Wales
Systems Technology (S.E.) Limited	02330639	England and Wales
U.C.O.S. Holdings Limited	04473115	England and Wales
Condor Office Solutions Limited	02206294	England and Wales

28. Related party transactions (continued)

Key management personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the directors. Total remuneration of key management personnel during the year was £338k *(2020: £381k)*.

During the year, costs were incurred with a shareholder of the Group totalling £257k *(2020: £163k)*. Part of the costs incurred relate to the issue of debt and equity instruments during the period. Those costs have been amortised over the expected useful life to which the instruments relate.

During the year, loan notes were issued to shareholders of the Group totalling £3,109k *(2020: £562k)*. The amount of shareholder loan notes outstanding at the year end was £12,525k *(2020: £9,416k)*. Interest on the loan notes has been accrued at 10%. The total interest recognised in the period was £1,118k *(2020: £949k)*. The amount of accrued interest outstanding at the year end was £2,158k *(2020: £1,040k)*.

During the year, the Company loaned £534k to a shareholder of the Group which was repaid in full during the year.

During the year, a shareholder acquired 430,035 A Preference shares from a former shareholder of the Group. These A Preference shares were subsequently redesignated into L Preference shares.

During the year, a shareholder acquired 13,415 Ordinary A Shares and 6,550 Ordinary B shares from a former shareholder of the Group. The 6,550 Ordinary B shares were subsequently sold to a director of the Group for a consideration of £13k.

During the year, 3,450 Ordinary B shares were issued to a director for total consideration of £7k.

During the prior year, 5,000 Ordinary B shares were issued to a director for total consideration of £5k. In addition, 5,000 Ordinary B shares were sold by a shareholder of the Group to a director for total consideration of £5k.

During the prior year, 296,566 L preference shares were issued to shareholders of the Group for total consideration of £297k.

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

29. Post balance sheet events

On 3 June 2021, the Group acquired the entire isssued share capital of Diamond Group (Holdings) Limited for a purchase consideration of £1,621k.

On 5 August 2021, the Group agreed an amendment and restatement to its senior facilities agreement with its lenders to reset the Group's banking covenants for the remaining term of the facilities and to transition the interest rate from LIBOR to the sterling overnight index average (SONIA) risk-free rate.

30. Controlling party

The immediate parent undertaking is Horizon Capital DMC Limited Partnership, registered in England and Wales.

The ultimate parent undertaking is Horizon Capital LLP, registered in England and Wales.