Horizon Group Holdco Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Consolidated accounts for the Year ended 30 April 2021 and Company accounts for the 6 month period ended 30 April 2021

Company Registration No. 13008348

Horizon Group Holdco Limited
DIRECTORS AND ADVISORS

DIRECTORS

The directors of the company who were in office up to the date of signature of the financial statements were:

JM Mitchell (appointed 10 November 2020)
CD Mucha (appointed 10 November 2020)
PJ Plumb (appointed 11 January 2021)
SR Davidson (appointed 11 January 2021)
DH McGovern (appointed 11 January 2021)
T Sweet-Escott (appointed 11 January 2021)

REGISTERED OFFICE

10 Back Hill
London
EC1R 5EN

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

REVIEW OF THE BUSINESS

Horizon Group Holdco Limited ("the Company") and its subsidiaries (together, "the Group") engages in the production of personalised printed products using its internet platform. The Group's continuing operations trade through the 'Photobox Group', that being Photobox SAS (France), Photobox Limited (UK), Hofmann S.L.U. (Spain) and posterXXL Gmbh (Germany).

Demerger and Refinancing

During the year the Group undertook a restructuring and refinancing, resulting in three material changes to the Group:

- The de-merger of the 'Moonpig Group', consisting of the trading brands of 'Moonpig' (primarily in the UK) and 'Greetz' (primarily in the Netherlands), resulting in a gain on disposal of £379,279,000. The results of the Moonpig Group have been presented as Discontinued Operations in both the current and prior years in accordance with IFRS 5.
- The refinancing of the Group's syndicated loan facility. The Group repaid in full its £55m and €200m term loans and its €40m second lien facility and drew down two new Euro denominated terms loans, a Term Loan A facility of €22.1m and a Term Loan B facility of €44.2m. Also included as part of the financing package was a new Revolving Credit Facility ('RCF') of €16.3m (of which £3.1m was drawn as at 30 April 2021). As part of the demerger of the Moonpig Group, an amount totalling £266.6m (comprising both principal and accrued interest) of the Shareholder Loan notes was also repaid. Shareholder loan notes totalling £68.0m were still in issue at year end.
- The re-organisation of the Group structure. Horizon Group Holdco Limited was inserted on top of the legacy Group consisting of Horizon Holdco Limited (the Company's immediate subsidiary) and its subsidiaries through a share for share exchange. This has been accounted for as a common control merger transaction, outside the scope of IFRS 3, and as a result the Group's financial statements are presented on an unchanged basis from that of the Consolidated financial statements of Horizon Holdco Limited. The Parent Company accounts are presented from the point of the Companies' incorporation (a 6 month period). More information can be found in note 1.1 (Basis of Preparation).

Whilst this project has had a material impact on the structure of the Group, the Photobox Group and the Moonpig Group were already largely operationally separate. Consequently, the de-merger and re-organisation have had little operational impact on the Photobox Group's operations and performance for the year and the new financing package allows the remaining Group to continue to operate with appropriate financing.

Performance of Continuing Operations

The Photobox Group has continued its strong performance from FY20. Revenue for the year was £247,761,000 (2020: £219,036,000) increasing 13.1% year on year thanks in part to an uplift resulting from Covid-19 measures across Europe increasing demand for its products as well as initiatives across the Group; including investment in and roll out of the new "flagship" mobile app and launches of innovative new products. The Group has continued to invest in a single technology platform for all brands and to integrate Hofmann and posterXXL into the Group operating model. Photobox has maintained market leadership in its core geographies, UK and FR, and grown its market share in the desktop, mobile web and mobile app segments.

The strong revenue growth along with the effects of cost saving projects from previous years contributed to Underlying EBITDA from Continuing Operations growing to £36,164,000 (2020: £29,348,000) and operating profit before exceptional items of £14,985,000 (2020: £11,043,000). Exceptional items of £30,695,000 (2020: £26,474,000) were incurred during the year relating mainly to business combination amortisation arising on consolidation and costs associated with the refinancing and restructuring project. This resulted in an operating loss for the year of £15,710,000 (2020: loss of £15,431,000). The Group generated £23,142,000 (2020: £33,580,000) of net cash flows from operating activities.

The Group has been impacted by the Covid-19 pandemic with local governments in all jurisdictions implementing lockdown policies at different points during the year. The Group has reacted by focusing both on its people and operations. In order to protect its employees, staff have been and are continuing to work from home where possible. In production facilities, where staff are unable to work from home, workspaces have been amended to allow for social distancing and shift patterns altered. There have been no significant issues with suppliers during this period and alternative outsourcers have been contracted where required. The Group has continued to operate safely and has continued to serve its customers.

The Group has also been impacted by the UK's exit from the European Union which has had some impact on the Group's shipping across borders and manufacturing processes. The Group continues to manage its response to Brexit through internal working groups, working with its carriers/outsourcers and with the support of external advisors.

The Group has long term loans from shareholders totalling £68,000,000 (2020: £309,922,000) along with bank borrowings comprising two Euro Term Loans (for €22,100,000 and €44,200,000 respectively) following its refinancing during the year. The directors are satisfied that with the net asset position of the Group of £18,073,000 (2020: net liability of £264,896,000), it has sufficient liquidity at the year end with adequate headroom in its RCF facility and cash flow forecasts to enable it to service its debts as they fall due.

RESULTS

The profit after tax for the year is £349,789,000 (2020: loss after tax of £32,413,000).

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks
Whilst consolidating its position as market leader in its core markets, the Group encounters significant competition from other online and mobile specialists and high street retailers who wish to have a presence in those markets. In addition, new mobile App based competitors have entered the market and are both attracting new customers to photo gifting as well as appealing to existing customers. The Group believes that, given the investment that we have made in Mobile Apps this trend poses a potential risk and also an opportunity for the Group.

Legislative risks
The Group is subject to consumer law in the jurisdictions in which it operates, including distance-selling and data-protection directives. The General Data Protection Regulation (GDPR) came into effect on 25 May 2018, changing the European privacy landscape. The regulation has introduced a new principle to data protection rules in Europe: that of accountability. GDPR requires that the controller is responsible for making sure all privacy principles are adhered to and that the Group can demonstrate compliance with all GDPR principles.

In addition, the Group's production facilities are subject to further legislation (for example, in respect of Health and Safety and Waste Processing). The Group continues to retain professional advisors in respect of the risk of non-compliance with new and existing directives.

The Group could be negatively impacted if the production facilities become impacted by Covid-19, either due to extensive local lockdowns or because of requirements to close a shift for a period of time in the instance that a Covid-19 case is reported. This risk is mitigated by the fact that, to a large extent, volumes can be redistributed between factories or to outsource partners.

The Group is impacted by the UK's exit from the European Union, which influences certain cross-border transactions including the movement of goods and services. The business is managing the impact by implementing a working Group comprising key stakeholders from various internal departments, who meet regularly to discuss impact and implement mitigation steps and optimisation strategies.

Technology risk
The Group uses a large scale public cloud provider (AWS) to operate its revenue facing web services. The services are implemented to scale in response to peak transaction volumes and are designed to be fault tolerant. Risk is mitigated by the use of telemetry and monitoring services to allow early detection of problems; and the use of on-call engineers to respond to any issues should they arise.

Cyber Security risk
The Group uses extensive internal and external services to assure the security of the product and platform. Recently implemented solutions protect every end point device and our services running in AWS. Risk is mitigated by using third party companies to regularly test the security of our services; and by a full time internal security team who provide Security Operations capabilities should a security event be detected.

FINANCIAL RISKS

Exposure to credit, liquidity and cash flow risks
The majority of Group revenues are derived from credit card transactions over the internet, reaching Group bank accounts in 3 to 4 days. Suppliers are generally paid on 30 day terms or more and therefore the Group's operational working capital risks are negligible. Seasonal variations to the business require large-scale project expenditure to be carefully planned and monitored over the year. The Group's banking facilities allow for management of liquidity and cashflow risk through the use of the RCF and flexibility in the timing of interest payments. The Group also utilises an automated cash pooling facility to efficiently distribute cash across the Group and minimise liquidity risk in its trading subsidiaries.

Foreign exchange risks
The Group transacts primarily in Sterling and Euro. The directors consider that the Group has a partial natural hedge in place with the Euro (where receipts and payments are broadly matched). The Group's new bank loans are denominated in Euros. The directors consider the risk posed by this to be minimal given that going forwards a larger proportion of the Group's revenues are derived in Euros and operating costs in Sterling resulting in higher Euro cash generation.

Interest rate risks
The Group has borrowings at the balance sheet date which include two Euro denominated term loans. These attract interest at EURIBOR plus a lending margin. The Group also has access to a multi-currency RCF totalling €16.3m, including a €5m overdraft, of which £1.7m (2020: £nil) and £1.1m (2020: £nil) are outstanding respectively at year-end. The RCF/overdraft is subject to interest at LIBOR/EURIBOR (depending on the currency utilised) plus a lending margin. The Group utilises a hedging strategy, including the use of derivative instruments, to minimise the interest rate risk on its bank loans.

KEY PERFORMANCE INDICATORS
Key Performance Indicators for the Group are noted in the table below:

Continuing operations:	**Year ended 30 April 2021**	**Year ended 30 April 2020**
New Customers (000)	5,312	3,055
Revenue (£'000)	247,761	219,036
Gross profit (£'000)	125,924	113,850
Gross profit as a % of revenue	50.8%	52.0%
Underlying EBITDA* (£'000)	36,164	29,348
Underlying EBITDA as % of revenue	14.6%	13.4%
Operating loss (£'000)	(15,710)	(15,431)
Capital Expenditure (£'000)	15,261	17,929

*The directors consider that operating profit before interest, tax, depreciation, amortisation, exceptional items, non-recurring items and foreign exchange (Underlying EBITDA) is a primary measure of operational profitability, and therefore considered to be a key performance indicator.

The Group consider New Customer acquisition and Capital Expenditure as key non-financial KPIs inherently linked to its strategy of growing market share and investing in new technology platforms.

Continuing operations:	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Operating loss	(15,710)	(15,431)
Depreciation	10,043	9,787
Amortisation	25,032	26,768
EBITDA	**19,365**	**21,124**
Exceptional items	18,048	6,691
Foreign exchange (gain)/loss	(1,760)	1,059
Non-recurring items*	511	474
Underlying EBITDA	**36,164**	**29,348**

*Non-recurring items are individually immaterial costs of a one-off nature incurred during the ordinary course of business primarily consisting of dual running costs and one-off legal fees.

SECTION 172 STATEMENT

The board receives updates on the legal duties of UK directors, including its duties under Section 172 to promote the success of the Group. In advance of board and committee meetings, the directors receive informational materials regarding matters that will be reviewed and acted upon at the meeting. Such pre-meeting materials typically describe the proposed action and the reasons for such proposed action (and any alternative actions as applicable), including with regard to the matters specified by Section 172. During the meetings, management present on such matters and the board is invited to ask questions on any matters presented. Once the matter is presented and discussed and the board has all relevant information, the board votes on such matter.

The board is responsible for directing the Group's purpose, values and strategy as well as promoting its culture and overseeing its conduct. The board meets regularly and makes decisions on a joint basis. The board regularly invites other senior managers (who are not formally part of the board) to board meetings to provide input where relevant.

The board's structure comprises executives responsible for the Group's day to day operations (The CEO and the CFO), plus non-executive directors and a non-executive chairperson. The board has an additional sub-committee; The remuneration committee, which is responsible for renumeration across the Group (including executive directors), including annual pay awards, bonus schemes and equity grants.

Amongst its other responsibilities, the board discuss issues such as risk management procedures and control environment, including the appointment of the Group's external auditors. This fulfils the role of an audit committee for the Group.

The board promotes effective engagement with its stakeholders to inform them of the Group's strategy and plans. The stakeholders of the Group include our shareholders, customers, employees, suppliers, lenders and others. The directors have regular engagement with employees to keep them informed of the Group's performance and strategy, details of this are set out in the employment policies section of the directors' report, see page 7. The Group interacts with its other key stakeholders in a number of ways, including customer satisfaction surveys, industry events, regular meetings and contact with key suppliers and meetings with lenders to discuss strategy and performance. The board also considers its impact on the wider community. This includes consideration of its carbon footprint (including committing to steps to reduce this - see the Streamlined Energy and Carbon Reporting on page 7) as well as having policies in place (and associated training available) for employees and other stakeholders on issues such anti-corruption, modern slavery and diversity.

At present, the Group does not formally follow a Corporate Governance code. Following the de-merger of the Moonpig Group, the board will continue to review this and ensure that its corporate governance arrangements are appropriate for the size of the business going forwards.

On behalf of the board

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Jonathan Mitchell
Director
24th September 2021

The directors present their report and the audited consolidated financial statements for the year ended 30 April 2021.

DIVIDENDS

The directors do not recommend the payment of a dividend (2020: £nil).

FUTURE DEVELOPMENTS

The directors expect the Group to continue its current activities. The Group expects to continue to improve gross margins through controlled management of expenditure. The Group will also continue to develop and enhance its common IT infrastructure platform. The Group has seen an increase in its customer base due to Covid-19 and expects sales to continue to serve these customers.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signature of the financial statements were:

JM Mitchell (appointed 10 November 2020)
CD Mucha (appointed 10 November 2020)
PJ Plumb (appointed 11 January 2021)
SR Davidson (appointed 11 January 2021)
DH McGovern (appointed 11 January 2021)
T Sweet-Escott (appointed 11 January 2021)

RESEARCH & DEVELOPMENT

During the year, the Group has focused its research and development activities on the improvement and reliability of the Group's website and the development of its "flagship" mobile app.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The statement headed "Going concern" on page 19 sets out certain factors relevant to the directors' consideration in reaching this assessment.

FINANCIAL RISK MANAGEMENT

The section of the strategic report headed "Financial Risks" on page 4 sets out the Group's approach to financial risk management.

TREASURY SHARES

During the year ended 30 April 2021, the Group acquired 9,500 (2020: 19,361) of its own shares from employees of the Group for £9,500 (£19,747) by way of an Employee Benefit Trust (EBT). The Group re-issued 24,172 (2020: 22,101) of the shares held by the EBT to employees of the Group for consideration of £90,172 (2020: £22,201). The Group also re-issued nil (2020: 2,500) shares from the EBT to another related party of the Group for £nil (2020: £2,500). All EBT held shares are held as treasury shares by the Group.

EMPLOYMENT POLICIES

The Group recognises the importance of our human capital in creating long term value. We focus our attention on the attraction, motivation and engagement and retention of our talent. The Group's recruitment policies focus on ensuring it hires the best talent without any discrimination of any kind and it proactively supports diversity initiatives when engaging with potential employees. The Group's engagement tools include regular two-way communication with its employees through forums such as all-hands meetings, open forum Q&A sessions hosted by the C-team, works council meetings where work councils are in place, weekly slack and email updates on performance and key milestones. It also runs regular engagement surveys throughout the year on a variety of topics to ensure that it has up to date feedback and data points to inform our people roadmap. Performance related bonuses are operated across the Group - there are two main schemes: one for office-based employees and one for production employees.

Throughout the year the Group has provided learning and development opportunities for employees. In addition the Group funds several structured programmes supporting Leadership Development, Line Management Skills, Women in Leadership support, Mentoring and Coaching for key talent as well as Company wide compliance training supporting financial obligations, data protection and diversity.

The Group have trained Mental Health First Aiders, which enables employees to reach out to a professionally trained individual on a confidential basis when they need additional support.

The Group supports its employees' health & wellbeing through a variety of initiatives which include provision of an Employee Assistance Programme available to all employees, regular workshops to support specific issues such as building resilience and mindfulness, the launch of a digital mental health learning platform, cycle to work schemes (where they exist locally) and most recently the introduction of mental health first aiders, to provide confidential and professional support to employees where needed. Health insurance is provided in most locations.

Diversity is taken seriously and throughout the year the Group has ensured that managers attend unconscious bias training. This is a dedicated pro-active Diversity forum which shares ideas and best practice. Should an employee's health status change we happily make all reasonable adjustments in order to support them and this includes employees who become registered disabled.

STREAMLINED ENERGY AND CARBON REPORTING

In line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 our energy use and greenhouse gas (GHG) emissions are set out below. The data relates to UK emissions for the 12-month period from 1 May 2020 to 30 April 2021. We exclude energy use and emissions data for Cards Holdco Limited and its subsidiaries which demerged from the group on 8 January 2021 in the numbers relating to May 2020 to April 2021, the prior year numbers are unchanged.

Horizon Group Holdco Limited Energy Use and Associated Greenhouse Gas Emissions

	May 2020-April 2021	**May 2019-April 2020**
Total Energy consumption	**2,229,917kWh**	**2,634,965 kWh**
Emissions from combustion of gas (Scope 1)	84 tCO2e	137 tCO2e
Emissions from combustion of fuel for the purposes of transport (Scope 1)	0 tCO2e	0 tCO2e
Emissions from purchased electricity (Scope 2)	393 tCO2e	482 tCO2e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	3 tCO2e	1 tCO2e
Total gross emissions	**480 tCO2e**	**620 tCO2e**
Emissions per £m UK revenue	**6.7 tCO2e**	**3.4 tCO2e**

Quantification and Reporting Methodology:
We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The 2020 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO2e. Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems. The report includes one office which is leased and where utilities are included in the rent. Benchmarking based on floor area against industry benchmarks has been used to provide estimated energy consumption in this building. For transport data where actual usage data (e.g. litres) was unavailable conversions were made using average fuel consumption factors to estimate the usage.

Intensity Ratio:
We have chosen to report our gross emissions against £m UK revenue.

Energy Efficiency Action:
Over the 12-month period covered by the above report, Horizon Group Holdco Limited and group companies have taken the following actions to increase our energy efficiency and reduce our environmental impact: *implemented the recommendations of a Phase 2 Energy Savings Opportunity Scheme report which suggested* reducing leakage on the compressed air system at Willen Field Road.

DISCLOSURE OF CHARITABLE DONATIONS

During the year, charitable donations amounting to £27,000 (2020: £Nil) were made by the Group.

INDEPENDENT AUDITORS

Pursuant to section 478 of the companies act 2006 the auditors will be deemed to be reappointed, therefore PricewaterhouseCoopers LLP will remain in office.

DIRECTORS' INDEMNITIES

The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of approval of this report.

On behalf of the board

Jonathan Mitchell
Director
24th September 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Report on the audit of the financial statements

Opinion

In our opinion:

- Horizon Group Holdco Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 30 April 2021; the Consolidated Statement of Comprehensive Income; the Consolidated and Company Statements of Changes in Equity; and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 April 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to transfer pricing arrangements, posting journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Auditing the risk of management override of controls, including through identifying and testing journal entries using a risk-based targeting approach for unexpected accounts combinations, and testing accounting estimates for potential management bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing relevant meeting minutes; and
- Reviewing transfer pricing arrangements for consistent application and documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2021

Horizon Group Holdco Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 April 2021

	Note	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Continuing operations:			
Revenue		247,761	219,036
Cost of sales		(121,837)	(105,186)
Gross profit		**125,924**	**113,850**
Administrative expenses		(141,634)	(129,281)
Operating loss	*3*	**(15,710)**	**(15,431)**
Operating profit before exceptional items		14,985	11,043
Exceptional items	*4*	(30,695)	(26,474)
Operating loss		**(15,710)**	**(15,431)**
Finance income	*5*	2,045	41
Finance costs	*6*	(51,096)	(47,553)
Loss before taxation		**(64,761)**	**(62,943)**
Taxation	*8*	1,451	(735)
Loss from continuing operations		**(63,310)**	**(63,678)**
Profit from discontinued operations	*9*	413,099	31,265
PROFIT/(LOSS) FOR THE YEAR		**349,789**	**(32,413)**

All the profit/(loss) for the year is attributable to the equity holders of the parent. The accompanying notes are an integral part of the financial statements.

	Note	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
PROFIT/(LOSS) FOR THE YEAR		**349,789**	**(32,413)**
Other comprehensive profit/(loss):			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		454	(155)
Exchange differences on translation of discontinued operations	*9*	(233)	(200)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**350,010**	**(32,768)**

Horizon Group Holdco Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 April 2021

	Note	30 April 2021	30 April 2020
		£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	*10*	165,788	328,253
Property, plant and equipment	*12*	17,789	28,013
Right of Use Assets	*11*	16,729	22,135
Investments in associates	*14*	36	36
Other non-current assets	*16*	2,771	1,503
Deferred tax assets	*8*	7,869	8,976
Total non-current assets		**210,982**	**388,916**
Current assets			
Inventories	*15*	5,828	10,071
Trade and other receivables	*16*	5,727	6,843
Corporation tax receivable		1,281	1,522
Cash and cash equivalents	*17*	4,332	48,806
Assets classified as held for sale	*9*	8,113	-
Total current assets		**25,281**	**67,242**
TOTAL ASSETS		**236,263**	**456,158**
LIABILITIES			
Current liabilities			
Trade and other payables	*18*	37,143	64,464
Deferred revenue		2,353	10,997
Lease liabilities	*11*	3,227	5,248
Borrowings	*19*	6,101	2,595
Provisions for other liabilities and charges	*20*	3,081	4,390
Liabilities directly associated with assets held for sale	*9*	6,588	-
Total current liabilities		**58,493**	**87,694**
Non-current liabilities			
Deferred tax liabilities	*8*	27,404	44,510
Borrowings	*19*	49,209	256,653
Shareholder loan notes	*19*	68,000	309,922
Lease liabilities	*11*	15,084	21,208
Provisions for other liabilities and charges	*20*	-	1,067
Total non-current liabilities		**159,697**	**633,360**
TOTAL LIABILITIES		**218,190**	**721,054**
NET ASSETS/(LIABILITIES)		**18,073**	**(264,896)**
CAPITAL AND RESERVES			
Equity attributable to owners of the parent			
Ordinary share capital	*21*	48	48
Treasury shares		(1)	(15)
Share premium		-	891
Merger reserve		891	-
Share-based payment reserve		10,370	-
Accumulated profits/(losses)		11,824	(261,974)
Foreign currency translation reserve		(5,059)	(3,846)
TOTAL EQUITY		**18,073**	**(264,896)**

The financial statements on pages 14 to 56 were approved by the board of directors and authorised for issue on 24th September 2021 and are signed on its behalf by:

....
Jonathan Mitchell
Director

Company Registration No. 13008348

Horizon Group Holdco Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2021

	Notes	Ordinary Share Capital £'000	Treasury Shares £'000	Share Premium £'000	Merger Reserve £'000	Share based payment reserve £'000	Accumulated profits/(losses) £'000	Foreign currency translation reserve £'000	Total equity £'000
At 1 May 2019		48	(19)	890	-	-	(229,561)	(3,491)	**(232,133)**
Loss for the year		-	-	-	-	-	(32,413)	-	**(32,413)**
Other comprehensive profit		-	-	-	-	-	-	(355)	**(355)**
Total comprehensive loss		-	-	-	-	-	(32,413)	(355)	**(32,768)**
Issue of ordinary share capital	*21*	-	-	1	-	-	-	-	**1**
Issue of treasury shares	*21*	-	25	-	-	-	-	-	**25**
Purchase of treasury shares	*21*	-	(21)	-	-	-	-	-	**(21)**
As at 30 April 2020		48	(15)	891	-	-	(261,974)	(3,846)	**(264,896)**
Profit/(loss) for the year from continued operations		-	-	-	-	6,132	(63,310)	-	**(57,178)**
Profit for the year from discontinued operations		-	-	-	-	4,238	413,099	-	**417,337**
Other comprehensive profit from continued operations		-	-	-	-	-	-	457	**457**
Other comprehensive profit from discontinued operations		-	-	-	-	-	-	(233)	**(233)**
Total comprehensive profit		-	-	-	-	10,370	349,789	224	**360,383**
Issue of ordinary share capital	*21*	-	-	-	-	-	-	-	-
Issue of treasury shares	*21*	-	16	-	-	-	-	-	**16**
Purchase of treasury shares	*21*	-	(2)	-	-	-	-	-	**(2)**
Share for Share exchange*		-	-	(891)	891	-	-	-	-
Bonus issue of ordinary share capital		600,000	-	-	-	-	-	-	**600,000**
Capital Reduction		(600,000)	-	-	-	-	40,153	-	**(559,847)**
Disposal of Moonpig Group		-	-	-	-	-	(116,144)	(1,437)	**(117,581)**
As at 30 April 2021		48	(1)	-	891	10,370	11,824	(5,059)	**18,073**

* on 7th April 2021, a Share for Share exchange was enacted placing Horizon Group Holdco Limited as the ultimate parent company of the Group (in place of Horizon Holdco Limited). See note 1.1 for further details.

Horizon Group Holdco Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 April 2021

	Note	**Year ended 30 April 2021 £'000**	**Year ended 30 April 2020 £'000**
OPERATING ACTIVITIES			
Cash generated from operations (continuing operations)	*22*	24,240	33,939
Interest received		-	943
Income tax paid		(1,098)	(1,302)
Net cash generated from operations (discontinued operations)	*9*	42,097	58,134
Net cash flows generated from operating activities		**65,239**	**91,714**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	*12*	(5,387)	(4,341)
Proceeds from the sale of property, plant and equipment		274	-
Purchase of intangible assets	*10*	(10,383)	(13,588)
Cash used in investing activities (discontinued operations)	*9*	(7,546)	(7,482)
Net cash flows used in investing activities		**(23,042)**	**(25,411)**
FINANCING ACTIVITIES			
Repayment of borrowings	*19*	(274,054)	(12,384)
Repayment of leases	*11*	(4,058)	(3,222)
Interest paid on leases	*11*	(1,211)	(833)
Interest paid on borrowings		(13,847)	(19,441)
Proceeds from issuance of ordinary share capital	*21*	-	1
Issue/(purchase) of treasury shares	*21*	14	4
Proceeds from borrowings	*19*	62,769	11,987
(Repayment)/Proceeds from shareholder loans		-	8
Transaction costs relating to the issue of debt		(5,897)	-
Net cash generated from disposal of Moonpig Group		171,077	-
Cash generated from financing activities (discontinued operations)	9	(2,200)	(2,568)
Net cash flows generated from financing activities		**(67,407)**	**(26,448)**
Net increase/(decrease) in cash and cash equivalents		**(25,210)**	**39,855**
Cash equivalents at beginning of year		48,806	8,991
Net foreign exchange difference		377	(40)
Cash disposed of with subsidiary undertakings	*9*	(21,003)	-
Cash and cash equivalents at end of year		**2,970**	**48,806**

Cash and cash equivalents for the purposes of the consolidated statement of cash flows include bank overdrafts of £1,362,000 (2020: £Nil).

1.1 CORPORATE INFORMATION

The company was incorporated on 10th November 2020. The company acts as a holding company, and since acquiring 100% ownership of Horizon Holdco Limited during the year, has acted as the ultimate parent company of the Group (see note 1.2 for further detail). The company is a private limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 10 Back Hill, London, EC1R 5EN. See page 61 for registered address of all subsidiaries and associates. The financial statements include the financial statements of the Group, the subsidiaries and associated undertakings listed in the following table:

Name of Company	**Country of incorporation**	**Proportion of voting rights and shares directly held**		**% Equity interest**	
		30 April 2021	**30 April 2020**	**30 April 2021**	**30 April 2020***
Subsidiaries:					
Horizon Holdco Limited	UK	100%	-	-	-
Horizon Debtco Limited	UK	-	-	100%	100%
Horizon Groupco Limited	UK	-	-	100%	100%
Horizon Midco Limited	UK	-	-	100%	100%
Horizon Bidco Limited	UK	-	-	100%	100%
Horizon Newco Limited	UK	-	-	100%	100%
PhotoBox Holdco Limited	UK	-	-	100%	100%
PhotoBox Holdco Gamma Limited	UK	-	-	100%	100%
PhotoBox Holdco Alpha Limited	UK	-	-	100%	100%
PhotoBox Holdco Beta Limited	UK	-	-	100%	100%
Photo Holdco Limited	UK	-	-	100%	100%
Cards Holdco Limited	UK	-	-	-	100%
Moonpig.com Limited	UK	-	-	-	100%
PhotoBox Limited	UK	-	-	100%	100%
Horizon France Holdings	France	-	-	100%	100%
PhotoBox SAS	France	-	-	100%	100%
PhotoBox GmbH	Germany	-	-	100%	100%
Hofmann Holdco S.L.U	Spain	-	-	100%	100%
Hofmann S.L.U	Spain	-	-	100%	100%
Hofmann Marketing y Tecnologia, S.L	Spain	-	-	100%	100%
Posterjack GmbH	Germany	-	-	100%	100%
PhotoBox Holdings Germany GmbH	Germany	-	-	100%	100%
posterXXL GmbH	Germany	-	-	100%	100%
MCIP UG & Co. KG	Germany	-	-	100%	100%
MCIP UG	Germany	-	-	100%	100%
Photobox Free Prints Limited	UK	-	-	100%	100%
Sticky9 Limited**	UK	-	-	-	100%
Horizon Bidco B.V	Netherlands	-	-	-	100%
Venspro B.V	Netherlands	-	-	-	100%
Greetz Holding B.V	Netherlands	-	-	-	100%
Kartenhuis Internet Services B.V	Netherlands	-	-	-	100%
Greetz Licencing B.V	Netherlands	-	-	-	100%
Greetz B.V	Netherlands	-	-	-	100%
Greetz Base B.V	Netherlands	-	-	-	100%
Full Colour B.V	Netherlands	-	-	-	100%
Greetz GmbH	Germany	-	-	-	100%
Associates:					
Online Print Décor Inc.	Canada	-	-	20%	20%
Bejing Board Arts & Crafts	China	-	-	40%	40%
Tung Fong Ltda Company Limited	China	-	-	20%	20%

*Equity interest at 30 April 2020 is presented on the basis of the Group's equity interest prior to the insertion of Horizon Group Holdco Limited as the ultimate parent company. This reflects the basis of consolidation for the year ended April 2020 – see note 1.1 for further details.
** Sticky9 Limited was liquidated on 6th October 2020.

1.2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for derivative financial instruments that have been measured at fair value at the end of each reporting period, explained in the accounting policies below and applied in accordance with the Companies Act 2006 as applicable to companies using IFRS. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

On 7th January 2021, as part of a group re-organisation, Horizon Group Holdco Limited acquired 100% of Horizon Holdco Limited (the Group's previous ultimate parent company) via a share for share exchange. The transaction was accounted for using common control merger principals - the shareholders and the control of the Group remained the same following the transaction. IFRS 10 (Consolidated Financial Statements) does not provide for the accounting of common control transactions and as such these Financial Statements have been presented on the following basis, being the director's best judgement of the fair presentation of the Group's performance and position whilst keeping to the overarching principals of IFRS 10 where possible:

- The year ended 30th April 2021 is presented on a consolidated basis for the full financial year. The Consolidated Statement of Financial Position shows the consolidated position of the Group at the year end with Horizon Group Holdco Limited as the ultimate parent. The Consolidated Statement of Comprehensive Income and Consolidated Statement of Cashflows show the results for the full year, including any changes resulting from the insertion of the company as the ultimate parent.
- The year ending 30th April 2020 is presented, without any adjustment with respect to the restructuring (except for certain disclosures where explicitly noted in a footnote), on a consolidated basis as presented in the previous year with Horizon Holdco Limited as the ultimate parent company.
- The Consolidated Statement of Changes in Equity presents the changes to the Group's consolidated equity resulting from the share for share exchange described above (and the point at which the Group became headed by Horizon Group Holdco Limited rather than Horizon Holdco Limited) as a movement during the period.

Going concern

The directors believe that the Group is well placed to manage its business risk successfully and to continue in operational existence for the foreseeable future through the Group's trading projections alongside its committed banking facilities. The Group had bank borrowings of £53,948,000 (2020: £259,248,000) at the year end, which are subject to a financial covenant (see Note 19). The Group also has committed but undrawn facilities at year end of £11,005,000 consisting of its RCF and Overdraft, plus an additional committed acquisition facility of £5,090,000, all of which will be used to manage seasonal fluctuations in cashflow.

Consequently, the directors have reviewed the cash flow projections for the Group taking into account;

- The forecast turnover and operating cash flows from the underlying operations, including a reasonably plausible downside scenario and the stress testing of these models
- The forecast level of capital expenditure; and
- The overall Group liquidity position, including the projected upstream of cash, remaining committed facilities available to it and its scheduled debt maturities
- The resulting position of the Group's financial covenants taking into account forecast trading and leverage.

Both the Group's base assumptions for its cashflow forecast as well its plausible downside scenarios result in the Group having sufficient headroom in its facilities and its covenants over the next 12 months to continue to trade and meet its obligations and liabilities as they fall due. However, if the Group's trading situation were to worsen beyond that of its downside scenario, the directors believe they would have further options to reduce the Group's cash outflow and remain within its committed facility limits. This could include reductions in the group operating cost base including reducing discretionary marketing spend and personnel hiring freezes, reductions in capital expenditure (both tangible and intangible), reductions in discretionary payments to employees and management of the Group's working capital position.

On the basis of the Groups' financial position at the year end, its financial forecasts, committed facilities and the additional levers described above, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

1.3 BASIS OF CONSOLIDATION

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control exists when the Company has the power to directly or indirectly manage the financial and operational policies of the subsidiary, so as to obtain advantages from its activities. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends eliminate in full. See note 1.1 for further details of the basis of preparation relating to the restructuring of the Group during the year resulting in Horizon Group Holdco Limited becoming the ultimate parent company of the Group.

1.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments and interpretations not yet adopted
There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting years and on foreseeable future transactions. The principal accounting policies are set out below. Policies have been applied consistently, other than where new policies have been adopted.

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included as an exceptional item within operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by or to the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

b) Investments in associates

Associated entities are those over which the Group has significant influence but not control. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated income statement reflects the Group's share of the results of operations of the associate. Any change in statement of comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. Due to the immaterial nature of the Group's interest this is not shown on the face of the consolidated income statement. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the consolidated income statement.
Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement.

c) **Foreign currency translation**

The Group's consolidated financial statements are presented in Sterling, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are converted into Sterling by applying the latest monthly average exchange rate in force at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies on the closing date are converted at the exchange rate in force on the closing date. The exchange differences that result from these operations are posted as income or expenses.

Non-monetary assets and liabilities expressed in foreign currencies are recorded and kept at the historic exchange rate in force on the date of the transaction. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in value of the item (i.e. translation differences on items whose gain or loss in value is recognised in the income statement will also be recognised in the income statement. Where the gain or loss is recognised in other comprehensive income, any translation difference on this amount will also be recognised in other comprehensive income).

ii) Financial statements expressed in currency

The Group's consolidated financial statements are presented in Sterling.

The results and financial position of all the Group entities that have a functional currency different from the Sterling presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

d) **Revenue**

The Group is principally engaged in the sale of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods, unless it is either impractical or immaterial, at which point this performance obligation is satisfied on dispatch of the relevant goods. Revenue from the sale of goods, as well as the related shipping and handling expenses billed to customers, are recognised in line with the satisfaction of the performance obligation noted above. Revenue is shown net of local sales tax and is reduced for provisions of customer returns and re-makes based on the history of such matters. Revenue is not recognised if there is significant uncertainty regarding recovery of the consideration due.

Where the Group acquires customers through a third party, the Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Where the Group holds the primary risks and rewards, the Group is deemed to be acting as the principal.

e) **Borrowing costs**

Qualifying borrowing costs from loan arrangements are capitalised as part of the value of the loan and spread over the life of the loan. These costs include the costs associated with the borrowing of funds. Interest is expensed in the year it occurs.

f) **Taxes**

Tax expense represents the sum of tax currently payable plus deferred tax.

i) Corporation tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

g) **Intangible fixed assets**

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

ii) Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as finite or indefinite.

Intangible assets with a finite useful life that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the asset's estimated useful life. The estimated useful life and amortisation are reviewed at the end of each reporting period with the effect of any change in estimate being accounted for on a prospective basis. Intangible assets with an indefinite useful life that are acquired separately are carried at cost less accumulated impairment losses.

iii) Internally generated research and development costs

Research costs are expensed as incurred. An internally generated intangible asset arising from development is recognised as an intangible asset when the Group can demonstrate:

- technical feasibility of completing the intangible assets so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the assets; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use.

	Useful lives	*Amortisation method*	*Internally generated or acquired*
Goodwill	Indefinite	Not applicable	Acquired
Trademark	Finite	Straight-line basis – 1 to 20 years	Acquired
Development costs	Finite	Straight-line basis – 3 years	Internally generated
Technology	Finite	Straight-line basis – 1 to 5 years	Acquired
Software	Finite	Straight-line basis – 3 to 10 years	Acquired
Customer database	Finite	Straight-line basis – 11 to 14 years	Acquired
Other intangibles	Finite	Straight-line basis – 2 to 4 years	Acquired

h) **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

i) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. They are not subject to revaluation. Subsequent expenditure (expenditure for replacement and expenditure for bringing up to standard) is capitalised and depreciated over the remaining useful life of the fixed asset to which it is related. All other servicing and maintenance costs are expensed as incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold property	-	3% - 4% on cost
Leasehold improvements	-	over the unexpired term of the lease
Plant and machinery	-	10% - 25% on cost
Fixtures and fittings	-	10% - 33% on cost
Computer equipment	-	25% - 33% on cost

Assets under construction are not depreciated. When the assets are ready for their intended use they are transferred into the appropriate asset category and depreciated accordingly. Assets under finance leases are depreciated over the shorter of the lease term and their useful life.

The carrying values of tangible fixed assets are reviewed for impairment at least annually or if events or changes in circumstances indicate the carrying value may not be recoverable. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the income statement.

j) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

k) **Leases**

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. For leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

l) Trade and other receivables

Trade and other receivables are initially measured at fair value, which for trade receivables is equal to the consideration expected to be received from the satisfaction of performance obligation, plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses including credit losses. In accordance with IFRS 9 the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as the ageing of the debt and the credit risk of the customers. An historical credit loss rate is then calculated for each company and then adjusted to reflect expectations about future credit losses, particularly in relation to Covid-19.

m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for both raw materials and goods for resale includes all expenditure incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred up to completion and disposal.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Any deposits with a maturity of more than 3 months but less than 1 year are classified as short-term investments.

For the purposes of the Consolidated Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above and bank overdrafts

o) Financial instruments

Financial assets
Initial recognition and measurement
Under IFRS 9, all financial assets are measured at amortised cost, fair value through profit or loss or fair value through OCI on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's financial assets include cash and cash equivalents, and trade and other receivables.

Impairment
The impairment model requires the recognition of impairment provisions based on expected credit losses. It applies to financial assets classified at amortised cost, debt instruments at fair value through OCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts.

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of financial instruments

A financial asset or liability is generally derecognised when the contract that gives right to it is settled, sold, cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13.

p) **Trade and other payables**

Trade and other payables are initially measured at fair value including any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised costs. The Group has contract liabilities in the form of deferred income which arises from consideration received in advance of the satisfaction of performance obligations.

q) **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

r) **Pensions and other post-employment benefits**

The Group contributes to defined contribution pensions schemes. Under these schemes, the Group pays defined contributions to an external pension fund or insurance company in return for services performed by employees. The amount charged to the profit and loss account in respect of pension costs and other post-employment benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

s) **Exceptional Items**

Events and transactions that are one-off in nature and/or arise from outside the usual course of the Group's business are considered and accounted for as exceptional items. Such items include but are not limited to; amortisation incurred on intangible assets arising from business combinations, transaction costs, impairment, purchase price adjustments falling outside the measurement year and material restructuring costs. These items have been separately presented and reported in the financial statements (See Note 4).

t) **Share Capital and Treasure Shares**

Ordinary shares are classified as equity.

Where any group company purchases the company's equity share capital (treasury shares), the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within the profit and loss account

u) **Merger Reserve**

The Group has recognised a merger reserve as a result of the common control merger accounting for the Group re-organisation.

v) **Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- *represents a separate major line of business or geographic area of operations;*
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- *is a subsidiary acquired exclusively with a view to resale.*

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.
When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

w) **Share Based Payment Arrangements**

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, *estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the* disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years. In addition, management has made certain judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Estimates and assumptions:

a) Carrying value of goodwill

An impairment exists when the carrying value of a cash generating unit ("CGU") exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. An impairment review will be performed on an annual basis. *Potential impacts of Covid-19 have been factored into the discounted cash flow models using the latest data* available and considering the impact on post year-end performance.

1.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

b) ***Carrying value of intangible assets in business combinations***
The Group holds a number of intangible assets that were acquired through business combinations. At each balance sheet date, management considers whether there are any indicators of impairment on each asset. Where this is the case, impairment reviews are conducted using value in use calculations. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The discount rate used was based on the latest data and comparative company analysis available as at 30th April 2021. Potential impacts of Covid-19 have been factored into the discounted cash flow models using the latest data available and considering the impact on post year-end performance.

c) ***Lease accounting***
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

d) ***Share Based Payments Arrangements***
The fair value of the expense arising from the Group's share-based payment arrangements is estimated using a Monte Carlo option pricing model and is recognised from the date of grant over the vesting period with a corresponding increase directly in equity. The model projects and averages the results for a range of potential outcomes for the vesting conditions, the principal assumptions for which are inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life.

Judgements:

a) ***Exceptional items***
Exceptional items are those items the Group considers to be material in nature and out of the normal course of business that should be brought to the reader's attention in understanding the Group's financial performance. See Note 4.

b) ***Lease accounting***
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The company considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

c) ***Uncertain tax positions***
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. See Note 8.
Provisions in relation to material uncertain tax positions are established on an individual basis when they can be reasonably quantified, considering whether the Group believes it more likely or not that the uncertainty will crystallise.

2 CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are:

- to maximise the return to shareholders; and
- to safeguard the Group's ability to continue as a going concern.

The Group's overall strategy remains unchanged. For the purposes of the Group's capital management, the Group's capital structure includes; borrowings (see Note 19), cash and cash equivalents, issued capital, share premium and all other equity reserves. Externally imposed capital requirements of the Group include a financial covenant on the Group's borrowings.

In order to achieve the Group's primary capital management objectives, the Group's capital management policies aim to ensure the Group meets the financial covenant attached to the interest-bearing loans and borrowings. There have been no breaches of the financial covenant of the interest-bearing loans and borrowings in the current year. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenant.

	At 30 April 2021	At 30 April 2020
	£'000	£'000
Interest bearing loans and borrowings	123,310	569,170
Less: Cash and cash equivalents	(4,332)	(48,806)
Net debt	**118,978**	**520,364**
Equity	18,073	(264,896)
Total capital	18,073	(264,896)
Capital and net debt	**137,051**	**255,468**

3 OPERATING PROFIT

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Nature of expenses charged/(credited) to operating profit from continuing operations:		
Depreciation and amounts written off property, plant and equipment:		
- owned assets	(5,677)	(6,497)
- leased assets	(4,366)	(3,291)
Amortisation of intangible fixed assets*	(25,032)	(26,768)
Auditors' remuneration:		
- For the audit of these financial statements	(55)	(55)
- Audit of subsidiary financial statements	(596)	(291)
- Audit related assurance services	-	(4)
- Tax compliance services	(39)	(174)
- Tax Advisory Services	(178)	(370)
- Corporate Finance Services	(1,255)	(541)
- Other Services	-	(135)
- Audit fees (excluding PricewaterhouseCoopers LLP)	(41)	(79)
Foreign exchange gain/(loss)	1,760	(1,059)
Gain/(loss) on disposal of property, plant and equipment and intangible assets	153	(45)
Exceptional items*	(30,695)	(26,474)

*Amortisation of intangible fixed assets arising on consolidation of £12,647,000 (2020: £19,783,000) is also classified within Exceptionals.

4 EXCEPTIONAL ITEMS

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Exceptional Income:		
Purchase price adjustment	-	438
VAT Recovery	-	221
Total exceptional gains	**-**	**659**
Exceptional losses:		
Amortisation of intangible assets arising from business combinations	(12,647)	(19,783)
Refinancing and De-merger costs	(1,858)	-
Restructuring and re-organisation costs	(3,418)	(7,350)
Employee benefits expenses	(10,704)	-
Corporate finance related costs	(2,068)	-
Total exceptional losses	**(30,695)**	**(27,133)**
Total exceptional items	**(30,695)**	**(26,474)**

4 EXCEPTIONAL ITEMS (Continued)

Exceptional items comprise:.

- Restructuring and reorganisation– The costs for the year ended 30 April 2021 relate to the restructuring of part of the Group's French operations announced during the financial year. The costs in the year ended 30 April 2020 related to the re-organisation of the Group to operationally separate the Photobox and Moonpig groups as well as the restructuring of the Group's German operations around a new operating model.
- Refinancing and de-merger – relates to the costs incurred in relation to the de-merger of the Moonpig group and associated refinancing of the Group's banking facilities.
- VAT Recovery - refund of VAT from costs associated with a previous acquisition
- Employee Benefit Expense – consisting of the Share-based payment charge for the period (see note 25) and recognition of the expected future cost of the Group's Long Term Incentive Plan
- Corporate finance costs – costs related to on-going corporate finance projects around the Group.

5 FINANCE INCOME

	Year ended 30 April 2021	Year ended 30 April 2020
	£'000	£'000
Interest receivable	2,045	41
Total finance income	**2,045**	**41**

6 FINANCE COSTS

	Year ended 30 April 2021	Year ended 30 April 2020
	£'000	£'000
Interest payable on leases (see note 11)	1,211	833
Bank interest payable	11,371	15,789
Amortisation of issue costs on loans	2,128	2,579
Release of unamortised issue costs on loans repaid during the year	5,630	-
Unrealised loss on interest rate swap	-	4
Amounts due in respect of interest rate swap	-	56
Gain on settlement of currency forward	148	-
Loan note interest	24,418	28,281
Net foreign exchange loss	6,190	11
Total finance costs	**51,096**	**47,553**

7 STAFF COSTS

	Year ended 30 April 2021	Year ended 30 April 2020
	£'000	£'000
Wages and salaries	38,704	33,030
Social security costs	6,147	7,332
Other pension costs	1,185	1,064
Long Term Incentive Plan cost	4,653	-
Share-based payment expense (note 25)	6,132	-
Total Staff costs	**56,821**	**41,426**

7 STAFF COSTS (Continued)

The average monthly number of employees (including directors) during the year was made up as follows:

	Year ended 30 April 2021 Number	Year ended 30 April 2020 Number
Management and administration	451	472
Production	472	505
	923	**977**

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Directors' emoluments		
Aggregate emoluments in respect of qualifying services	2,068	2,958
Pension costs	45	44
Health care costs	9	9
Termination costs	-	1,079
Long Term Incentive Plan	1,138	-
Share-based payment expense (note 25)	4,093	-
	7,353	**4,090**
The number of directors to whom retirement benefits are accruing under money purchase pension schemes was:	2	3

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
The amounts in respect of the highest paid director are as follows:		
Aggregate emoluments in respect of qualifying services	701	1,034
Pension costs	10	14
Health care costs	3	-
Long Term Incentive Plan	1,138	-
Share-based payment expense	945	-
Aggregate emoluments	**2,797**	**1,048**

8 TAXATION

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
(a) Tax on loss on ordinary activities		
The tax credit is made up as follows:		
Current tax:		
UK corporation tax on loss for the year	-	-
Foreign tax charge	1,921	1,628
Adjustment in respect of prior years	-	239
Discontinued operations	9,452	827
Total current tax	11,373	2,694
Deferred tax:		
Origination and reversal of temporary differences	(3,222)	(1,679)
Impact of changes in tax law and rates	(150)	547
Discontinued operations	(997)	(47)
Total deferred tax	(4,369)	(1,179)
Total tax charge for the year	**7,004**	**1,515**

The tax credit in the income statement is disclosed as follows:

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Tax (credit)/charge on continuing operations	(1,451)	735
Tax charge/(credit) on discontinued operations	8,455	780
Total tax credit for year	**7,004**	**1,515**

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
(b) The tax assessed for the year differs from the standard UK rate of corporation tax applicable of 19.00% (2020: 19.00%). The differences are explained below:		
Loss from continued operations before taxation	(64,761)	(62,943)
Loss multiplied by the UK tax rate	(12,305)	(11,959)
Effects of:		
Expenses not deductible for tax purposes	5,895	8,154
Non-taxable income	(48)	(649)
Effect of higher tax rates in overseas territories	(17)	(29)
Movement in unrecognised deferred tax	1,871	(927)
Tax underprovided in previous years	-	476
Change in tax laws and rate	(150)	547
Other permanent differences	51	7
Group relief surrendered to entities disposed of	3,252	5,115
Discontinued operations	8,455	780
Total tax credit for year	**7,004**	**1,515**

Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

8 TAXATION (Continued)

(c) Deferred tax

	Consolidated Statement of Financial position		Consolidated statement of Profit and Loss	
Deferred tax relates to following:	***30 April 2021*** **£'000**	***30 April 2020*** **£'000**	**Year ended** ***30 April 2021*** **£'000**	**Year ended** ***30 April 2020*** **£'000**
Decelerated/(Accelerated) capital allowances	(842)	(698)	143	687
Amortisation of intangible assets	(25,556)	(28,753)	(3,198)	(2,480)
Tax losses carried forward	2,920	3,290	369	1,380
Impairment of investment	1,929	1,944	16	-
Other timing differences	2,014	1,402	(703)	(719)
Discontinued operations	-	(12,718)	(997)	(47)
Deferred tax benefit			**(4,370)**	**(1,179)**
Deferred tax liability	**(19,535)**	**(35,534)**		

(d) Reconciliation of deferred tax

Deferred tax liabilities	Amortisation of intangible assets £'000s	Other £'000s	Total £'000s
At 1 May 2019	**(45,382)**	**(1,308)**	**(46,690)**
Credited/(charged) to the income statement	3,023	(843)	2,180
At 30 April 2020	**(42,359)**	**(2,151)**	**(44,510)**
Credited/(charged) to the income statement (continuing operations)	3,198	(86)	3,112
Credited/(charged) to the income statement (discontinued operations)	997	-	997
FX	4	-	4
Disposals (discontinued)	12,605	388	12,993
at 30 April 2021	**(25,555)**	**(1,849)**	**(27,404)**

Deferred tax assets	Tax losses c/f £'000s	Other £'000s	Total £'000s
At 1 May 2019	6,342	3,363	9,705
Credited/(charged) to the income statement	(1,791)	792	(999)
R&D tax asset	-	224	224
Other	-	46	46
at 30 April 2020	**4,551**	**4,425**	**8,976**
Credited/(charged) to the income statement from continued operations	(370)	641	271
Credited/(charged) to the income statement from discontinued operations	-	-	-
R&D tax asset	-	(91)	(91)
FX/Other	-	(11)	(11)
Disposals (discontinued)	(1,261)	(15)	(1,276)
at 30 April 2021	**2,920**	**4,949**	**7,869**

8 *TAXATION (Continued)*

The UK Group has tax losses of £26,300,000 (2020: £21,800,000) that are available indefinitely for offset against future taxable profits of the company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty as to when these losses will be recovered.

The Finance Act 2015 reduces the UK corporation tax rate to 19% with effect from 1 April 2018. The Finance Act 2017 received Royal Assent on 15 September 2017 and, this was set to reduce the UK corporation tax rate to 17% with effect from 1 April 2020. However, this change in rate was revoked by Finance Act 2020, and the 19% rate remained in place from 1 April 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurred on 24 May 2021, therefore, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax credit for the period by £2,031,000, to increase the deferred tax liability by £2,031,000.

9 DISCONTINUED OPERATIONS

De-merger of the Moonpig Group

On 8th January 2021, the Group disposed of 100% of Cards Holdco Limited and all its subsidiaries ("Moonpig Group"). All assets and liabilities of these companies no longer form a part of the remaining group from this date. The Moonpig Group was not previously classified as held-for-sale or as a discontinued operation. The comparative Consolidated Statement of Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

The Moonpig Group was disposed of as part of a wider series of transaction steps enacting a re-organisation of the Group. As part of the steps of this transaction, the company cancelled shares previously issued through a capital reduction (see note 21). This return of capital was settled *in specie* through the transfer of the Moonpig group to its new holding company. As such, the amount shown in part c) of this note for consideration received is the amount settled in the capital reduction.

a) Results from discontinued operation

	Note	Year ended 30 April 2021	Year ended 30 April 2020
		£'000	**£'000**
Discontinued operations:			
Revenue		227,172	172,835
Cost of sales		(106,665)	(81,303)
Gross profit		**120,507**	**91,532**
Administrative expenses		(77,686)	(58,581)
Operating profit		**42,821**	**32,951**
Finance income		-	6
Finance costs		(546)	(912)
Profit before taxation		**42,275**	**32,045**
Taxation		(8,455)	(780)
Profit after taxation		**33,820**	**31,265**
Gain on sale of discontinued operation		379,279	-
Profit from discontinued operation		**413,099**	**31,265**
Exchange difference on translation of discontinued operation		(233)	(200)
Other comprehensive income from discontinued operation		**(233)**	**(200)**

9 DISCONTINUED OPERATIONS (Continued)

b) Cash flows from (Used in) discontinued operation

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Net cash flows generated from operating activities	42,097	58,134
Net cash flows used in investing activities	(7,546)	(7,482)
Net cash flows used in financing activities	(2,200)	(2,568)
Net increase/(decrease) in cash and cash equivalents	**32,351**	**48,084**

c) Details of disposal of discontinued operation

	As at 8 January 2021 £'000
Consideration Received	559,846
Carrying amount of Net Assets sold	(180,567)
Gain on sale of discontinued operation before FCTR	**379,279**
Reclassification of Foreign currency translation reserve	(233)
Gain on sale of discontinued operation	**379,046**

The carrying amount of assets and liabilities as at the date of disposal were:	As at 8 January 2021 £'000
Intangible assets	144,264
Property, Plant and Equipment	9,236
Right of Use Assets	9,601
Other Non Current Assets	716
Inventories	8,457
Trade and Other Receivables	50,838
Cash and Cash Equivalents	21,003
Total Assets	**244,115**
Trade and Other Payables	(33,750)
Deferred Revenue	(3,441)
Lease Liabilities	(12,111)
Corporation Tax Payable	(919)
Provisions	(1,625)
Deferred Tax Liabilities	(11,702)
Total Liabilities	**(63,548)**
Net Assets	**180,567**

9 DISCONTINUED OPERATIONS (Continued)

Agreement for Sale of 2 Willen Field Road Site

On 23rd April 2021, the Group signed Heads of Terms for an agreement to transfer ownership of its UK manufacturing site, 2 Willen Field Road, to a third party. The transfer includes the Group's lease for the Property, Plant and Equipment installed at the site, inventory at the site and the TUPE of manufacturing staff working at the site. Although Heads of Terms have been signed, no legal change of ownership has yet taken place and therefore the assets and liabilities relating to this site are presented as a disposal group held for sale. The sale was completed on 1st August 2021.

Assets and liabilities of disposal group classified as held for sale

At 30 April 2021, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	At 30 April 2021 £'000
Property, Plant and Equipment	2,054
Right of Use Assets	5,451
Inventories	608
Assets Held for Sale	**8,113**
Lease Liabilities	5,768
Provisions	820
Liabilities associated with Held for Sale Assets	**6,588**

10 INTANGIBLE ASSETS

	Goodwill	Trademark	Technology and capitalised development costs	Customer database	Software	Other	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
1 May 2019	158,452	117,264	58,687	141,766	9,771	2,616	-	488,556
Additions	-	4	18,583	-	1,422	-	-	20,009
Disposals	-	-	(1,168)	-	(285)	-	-	(1,453)
Foreign exchange	-	(2)	7	33	41	9	-	88
30 April 2020	**158,452**	**117,266**	**76,109**	**141,799**	**10,949**	**2,625**	**-**	**507,200**
Accumulated amortisation and impairment								
1 May 2019	60,000	18,204	28,290	33,375	6,751	568	-	147,188
Charge for the year	-	6,362	13,891	10,708	1,374	794	-	33,129
Disposals	-	-	(1,168)	-	(285)	-	-	(1,453)
Foreign exchange	-	-	5	4	74	-	-	83
30 April 2020	60,000	24,566	41,018	44,087	7,914	1,362	-	178,947
Net book value 30 April 2020	**98,452**	**92,700**	**35,091**	**97,712**	**3,035**	**1,263**		**328,253**
Cost								
1 May 2020	158,452	117,266	76,109	141,799	10,949	2,625	-	507,200
Additions	-	143	11,295	-	1,135	-	3,047	15,620
Disposals	-	-	(5,291)	-	(11)	-	-	(5,302)
Discontinued operations	*(67,652)*	*(42,911)*	*(24,603)*	*(54,353)*	*(817)*	*(1,432)*	-	*(191,768)*
Foreign exchange	-	(3)	(2)	120	(13)	(1)	-	101
30 April 2021	**90,800**	**74,495**	**57,508**	**87,566**	**11,243**	**1,192**	**3,047**	**325,851**
Accumulated amortisation and impairment								
1 May 2020	60,000	24,566	41,018	44,087	7,914	1,362	-	178,947
Charge for the year	-	5,461	16,952	9,866	1,434	184	-	33,897
Disposals	-	-	(5,291)	-	(11)	-	-	(5,302)
Discontinued operations	-	(10,470)	(14,494)	(20,722)	(282)	(1,536)	-	(47,504)
Foreign exchange	-	-	-	37	(12)	-	-	25
30 April 2021	**60,000**	**19,557**	**38,185**	**33,268**	**9,043**	**10**	**-**	**160,063**
Net book value *30 April 2021*	**30,800**	**54,938**	**19,323**	**54,298**	**2,200**	**1,182**	**3,047**	**165,788**

Other intangible assets include non-compete agreements, and information content for products and software.

10 INTANGIBLE ASSETS (Continued)

Goodwill and intangible assets acquired through business combinations in the prior year has been allocated to two CGUs, for impairment testing as follows:

- Photo CGU
- Poster CGU

The Moonpig CGU and the Greetz CGU were disposed of during the year (see Note 9).

Carrying amount of goodwill and intangibles allocated to each of the CGUs:

	Goodwill	Trademark	Technology and capitalised development costs	Customer database	Software	Other	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Photo CGU	11,516	48,387	25,861	48,475	2,647	10	-	136,896
Moonpig CGU	61,000	26,622	8,795	25,400	285	-	-	122,102
Poster CGU	19,300	10,272	383	10,820	74	949	-	41,798
Greetz CGU	6,636	7,419	52	13,017	29	304	-	27,457
30 April 2020	**98,452**	**92,700**	**35,091**	**97,712**	**3,035**	**1,263**	**-**	**328,253**
Photo CGU	11,500	45,320	19,258	44,709	2,057	233	3,047	126,124
Poster CGU	19,300	9,618	65	9,589	143	949	-	39,664
30 April 2021	**30,800**	**54,938**	**19,323**	**54,298**	**2,200**	**1,182**	**3,047**	**165,788**

The Group performed its annual impairment test at 31st January 2021 over the Photo, and Poster CGUs. The key inputs used in these tests are shown in further detail below. The Group continues to report the Poster CGU (Poster XXL operations) separately to the Photo CGU (including both the Photobox and Hofmann operations). This is in line with how management currently monitor and make decisions on the Group's operations.

Value in use assumptions
The Group calculated the recoverable amount of each CGU based on a value in use calculation using cash flow projections from financial forecasts approved by senior management. The budget has been prepared to 30th April 2022, together with a projection for a further 4 years. The discounted cash flow model is prepared after making assumptions around growth rate of turnover, operating margin rate, growth rate of other operating charges, variation in working capital requirements and the level of investment. These assumptions are based on past experience of growth rates in both existing and new territories. The table below shows key assumptions used in the value in use calculations.

	30 April	30 April
Photo CGU	**2021**	**2020**
Approximate pre-tax discount rate	14.7%	13.4%
Average medium-term revenue growth rate	4.6%	2.3%
Long-term growth rate	2.0%	2.0%

	30 April	30 April
Poster CGU	**2021**	**2020**
Approximate pre-tax discount rate	16.9%	17.1%
Average medium -term revenue growth rate	8.9%	2.3%
Long-term growth rate	2.0%	2.0%

10 INTANGIBLE ASSETS (Continued)

Discount rate
The Group uses a CGU specific discount rate based on a local Weighted Average Cost of Capital ("WACC") for each CGU, applying local government bond yields and tax rates to each CGU on a geographical basis. The discount rate applied to a CGU represents an approximate pre-tax rate that reflects the market assessment of the time value of money as at 31 January 2021 and the risks specific to the CGU.

Sensitivity analysis
A sensitivity analysis was performed for each of the significant CGUs or group of CGUs to test the point at which each CGU would require impairment. Each of the key assumptions and variables were changed whilst holding all other variables constant with the base case scenario.

The directors have concluded that no reasonably possible change in any of the key assumptions would result in the carrying value of the Poster CGU exceeding its recoverable amount.

Other finite lived intangible assets
At each reporting period date, the Group reviews the carrying amounts of other finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

11 LEASES

This note provides information for leases where the Group is a lessee. The Group does not act as a lessor.

i) Amounts recognised on the balance sheet

Right-of-use assets:	**30 April 2021**	**30 April 2020**
	£'000	**£'000**
Buildings	14,039	18,450
Equipment	2,690	3,661
Vehicles	-	24
Total Right of Use Assets	**16,729**	**22,135**

Lease Liabilities:	**30 April 2021**	**30 April 2020**
	£'000	**£'000**
Current	3,227	5,248
Non-Current	15,084	21,208
Total Lease Liabilities	***18,311***	***26,456***

Additions to the right-of-use assets during the 2021 financial year were £15,307,000 (2020: £3,283,000).

Disposals of right-of-use assets during the 2021 financial year were £9,601,000 (2020: £Nil) and relate to the disposal of the Moonpig Group- see Note 9 for details.

Right-of-use assets moved to assets held for sale as at 30 April 2021 financial year amounted to £5,451,000 and relate to the Willen Field Road Factory- see Note 9 for details.

ii) Amounts recognised in the statement of profit or loss

	Year ended 30 April 2021	**Year ended 30 April 2020**
	£'000	**£'000**
Depreciation charge of right-of use assets:		
Buildings	3,229	1,899
Equipment	1,113	1,334
Vehicles	24	56
Total	**4,366**	**3,289**
Interest expense (included in finance costs)	1,211	833
Total	**1,211**	**833**

The total cash outflow for leases from continuing operations in 2021 was £5,269,000 (2020: £4,054,000).

iii) Maturity of leases payable

Lease liabilities are payable as follows:

	30 April 2021	**30 April 2020**
	£'000	**£'000**
Within one year	4,124	6,568
Between one and five years	12,878	16,906
Beyond five years	4,423	8,151
Total minimum lease payments	**21,425**	**31,625**
Effect of discounting	(3,113)	(5,169)
Total lease liability	**18,312**	**26,456**

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Plant and machinery	Fixtures and fittings	Leasehold improvements	Computer equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
1 May 2019	10,250	46,745	6,318	8,240	10,005	257	**81,815**
Additions	-	3,066	576	527	1,149	86	**5,404**
Disposals	-	(877)	(711)	(288)	(830)	-	**(2,706)**
Transfers	-	65	3	-	31	(99)	**-**
Foreign exchange	19	305	15	25	23	(2)	**385**
30 April 2020	**10,269**	**49,304**	**6,201**	**8,504**	**10,378**	**242**	**84,898**
Accumulated depreciation and impairment							
1 May 2019	2,722	33,791	3,865	3,527	7,053	-	**50,958**
Charge for the year	210	4,076	1,023	887	1,685	-	**7,881**
Disposals	-	(860)	(698)	(282)	(825)	-	**(2,665)**
Foreign exchange	9	600	72	9	21	-	**711**
30 April 2020	**2,941**	**37,607**	**4,262**	**4,141**	**7,934**	**-**	**56,885**
Net book value							
30 April 2020	**7,328**	**11,697**	**1,939**	**4,363**	**2,444**	**242**	**28,013**
Cost							
1 May 2020	10,269	49,304	6,201	8,504	10,378	242	**84,898**
Additions	-	5,156	642	833	844	220	**7,695**
Disposals	-	(3,014)	(162)	(54)	(2,451)	-	**(5,681)**
Discontinued operations	(3,999)	(7,213)	(1,246)	(4,148)	(2,279)	-	**(18,885)**
Transfers	-	137	(1)	248	24	(408)	**-**
Held for sale	-	(3,652)	(1,209)	(756)	(137)	-	**(5,754)**
Foreign exchange	26	20	(12)	8	18	(31)	**29**
30 April 2021	**6,296**	**40,738**	**4,213**	**4,635**	**6,397**	**23**	**62,302**
Accumulated depreciation and impairment							
1 May 2020	2,941	37,607	4,262	4,141	7,934	-	**56,885**
Charge for the year	165	3,894	734	854	878	-	**6,525**
Disposals	-	(2,903)	(155)	(54)	(2,448)	-	**(5,560)**
Discontinued operations	(1,881)	(4,185)	(668)	(1,551)	(1,364)	-	**(9,649)**
Held for sale	-	(2,852)	(663)	(79)	(106)	-	**(3,700)**
Foreign exchange	(4)	14	(8)	(4)	14	-	**12**
30 April 2021	**1,221**	**31,575**	**3,502**	**3,307**	**4,908**	**-**	**44,513**
Net book value							
30 April 2021	**5,075**	**9,163**	**711**	**1,328**	**1,489**	**23**	**17,789**

The net book value of plant and machinery includes £Nil (2020: £Nil) in respect of assets held under hire purchase contracts.

13 FINANCIAL ASSETS AND LIABILITIES

Fair values

	Carrying Amount		Fair Values	
	30 April 2021 £'000	30 April 2020 £'000	30 April 2021 £'000	30 April 2020 £'000
Financial assets				
Loans and receivables:				
Trade and other receivables*	4,660	4,409	4,660	4,409
Cash	4,332	48,806	4,332	48,806
	8,992	**53,215**	**8,992**	**53,215**
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	37,143	64,420	37,143	64,420
Interest-bearing loans and borrowings:				
Floating rate borrowings	53,948	259,248	49,372	255,176
Shareholder loan notes	68,000	309,922	83,897	371,243
Overdraft	1,362	-	1,362	-
Financial liabilities at fair value through profit or loss				
Interest rate cap	-	44	-	44
	160,453	**633,634**	**171,774**	**690,883**

*excludes prepayments

The fair value of floating rate borrowings and shareholder loan notes has been calculated by discounting the expected future cash flows at prevailing market interest rates.

Financial risk management objectives and policies

Market risk

Interest rate risk

Interest rate risk is the risk that the Group is impacted from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term borrowings and revolving cash facility. The Group considers whether it needs to manage its exposure to interest rate risk on an ongoing basis.

The fair value of interest rate caps held by the Group has been calculated as a liability of £nil (2020: £44,000) and an asset of £nil (2020: £nil) respectively with the movement in the year taken to the income statement. The previous balance was settled on 27 May 2020 for £44,000. The Group has entered into a EUR denominated Cap which is effective from 1st May 2021. This limits EURIBOR at 0.5% for 100% of the EUR loans. Any future change in the value of this interest rate cap will be taken to the income statement. The new cap matures on 31 October 2023.

13 FINANCIAL ASSETS AND LIABILITIES (Continued)

A movement in the forecast EURIBOR rate of +/- 0.25% would lead to an increase / decrease of the total interest cost as shown below:

	Impact on profit or loss before tax	
	2021	2020
	£'000	£'000
+ 0.25% increase in interest rates	(28)	(165)
- 0.25% reduction in interest rates	28	138

Foreign currency risk

The Group is exposed to foreign currency risk arising from movements in foreign exchange. The Group's exposure to the risk of changes in foreign currencies relates primarily to the Group's operating activities. The Group transacts mainly in Sterling and Euros. The directors consider that the Group has a partial natural hedge in place as regards the Euro (where receipts and payments are broadly matched).

The Group's bank loans are denominated in Euro. The directors consider the risk posed by this to be minimal given that going forwards a larger proportion of the Group's revenues are derived in Euros and operating costs in Sterling resulting in higher Euro cash generation.

The Group's exposure to foreign currency risk at the end of the reporting year, expressed in Sterling, was as follows:

	2021		2020	
	GBP	EUR	GBP	EUR
	£'000	£'000	£'000	£'000
Cash and equivalents	2,082	2,250	31,878	16,930
Trade receivables	147	1,149	139	1,021
Trade payables	(5,181)	(4,861)	(8,051)	(10,114)
Bank loans	-	(53,948)	(53,835)	(205,413)
Shareholder loan notes	(68,000)	-	(309,922)	-
Overdraft	-	(1,362)	-	-

The Group's sensitivity to foreign currency risk has been analysed below by calculating the impact on the Group's profit by a 10% strengthening or weakening of the Euro. This is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management assessment of the reasonably possible change in foreign exchange rates. During the previous financial year, the Group undertook a rationalisation of intercompany balances to reduce exposure to foreign currency risk in the income statement by way of a partial natural hedge.

	Impact on profit or loss before tax	
	2021	2020
	£'000	£'000
+ 10% strengthening of Euro	17,259	15,349
- 10% weakening of Euro	(17,370)	(15,487)

Credit risk

Credit risk is the risk that a customer or counterparty will not meet its contractual obligations resulting in a financial loss for the Group. The Group considers its credit risk to be very low as virtually all Group revenues are derived from credit card transactions over the internet, reaching the Group bank accounts in 3 to 4 days.

13 FINANCIAL ASSETS AND LIABILITIES (Continued)

At 30 April 2021, the Group had net trade receivables of £1,296,000 (2020: £1,160,000). Trade receivables are reviewed regularly for any risk of impairment and provisions are booked where necessary. At the year end, the Group had nil (2020:nil) customers that owed the Group more than £250,000 (2020: £250,000).

The maximum exposure to credit risk is the trade receivable balance at the year end. The Group has assessed its exposure below:

	Trade receivables	
	2021	2020
	£'000	£'000
Up to 30 days	1,138	964
Past due but not impaired:		
30 to 90 days	75	233
More than 90 days	187	229
Gross	1,400	1,426
Less: allowable for impairment	(104)	(266)
Net Trade Receivables	**1,296**	**1,160**

Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its obligations as they fall due. The Group manages this risk through regular monitoring of short-term and long-term cash flows to identify liquidity requirements. Liquidity and forecast headroom over the Group's borrowings covenants for the coming 12 months are reviewed by the Group Chief Financial Officer.

The Group has access to a revolving credit facility 'RCF' of €16,300,000 including a €5,000,000 overdraft, in addition to its existing term borrowings to meet any shortfall. As at 30 April 2021, £1,737,000 was drawn on RCF (2020: £nil) and £1,362,000 (2020: £nil) was drawn on overdraft (see Note 19).

The table below summarises the maturity profile of the Group's financial liabilities. All borrowings include estimated future interest payments on a cashflow basis.

Year ended 30 April 2021	Less than 1 year	1 to 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000
Floating rate borrowings	5,494	63,012	-	**68,506**
Shareholder loan notes	-	-	106,983	**106,983**
RCF	1,737	-	-	**1,737**
Overdraft	1,362	-	-	**1,362**
Trade and other payables	37,143	-	-	**37,143**
	45,736	**63,012**	**106,983**	**215,731**

Year ended 30 April 2020	Less than 1 year	1 to 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000
Floating rate borrowings	14,899	289,736	-	**304,635**
Shareholder loan notes	-	-	541,499	**541,499**
Trade and other payables	64,464	-	-	**64,464**
	79,363	**289,736**	**541,499**	**910,598**

13 FINANCIAL ASSETS AND LIABILITIES (Continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

At 30 April 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	***£'000***	***£'000***	***£'000***
Financial liabilities for which fair values are disclosed:				
Floating rate borrowings	-	49,372	-	**49,372**
Shareholder loan notes	-	-	83,897	**83,897**
Interest rate cap	-	-	-	**-**

At 30 April 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial liabilities for which fair values are disclosed:				
Floating rate borrowings	-	252,707	-	**252,707**
Shareholder loan notes	-	-	371,243	**371,243**
Interest rate cap	-	44	-	**44**

14 INVESTMENTS IN ASSOCIATES

The following is summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements:

	30 April 2021 £'000	**30 April 2020 £'000**
Group's carrying amount of the investment	36	36

15 INVENTORIES

	30 April 2021 £'000	**30 April 2020 £'000**
Raw materials and consumables	5,323	8,631
Goods for resale	1,362	2,315
Total inventory	6,685	10,946
Less: Provision for write off of:		
- raw materials and consumables	(660)	(634)
- goods for resale	(197)	(241)
Net inventory	**5,828**	**10,071**

15 INVENTORIES (Continued)

The cost of inventories recognised as an expense and included in cost of sales during the year amounted to £30,507,000 (2020: £60,642,000).

16 TRADE AND OTHER RECEIVABLES

	At 30 April 2021 £'000	At 30 April 2020 £'000
Due within one year:		
Trade receivables	1,400	1,426
Less: loss allowance	(104)	(266)
Trade receivables – net	1,296	1,160
Other receivables	593	1,746
Prepayments	3,838	3,937
	5,727	**6,843**
Due after more than one year:		
Other receivables	**2,771**	**1,503**

Provision for loss allowance

	At 30 April 2021 £'000	At 30 April 2020 £'000
At 1 May	266	224
Charge for the year	19	97
Utilised	(146)	(57)
Discontinued operations	(41)	-
Foreign exchange	6	2
At 30 April	**104**	**266**

17 CASH AND CASH EQUIVALENTS

	At 30 April 2021 £'000	At 30 April 2020 £'000
Cash and bank balances	3,670	43,819
Cash equivalents	662	4,987
Total Cash and Cash equivalents	**4,332**	**48,806**

Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

18 TRADE AND OTHER PAYABLES

	At 30 April 2021	At 30 April 2020
	£'000	£'000
Due within one year:		
Trade payables	10,042	18,165
Other payables	5,470	2,840
Other taxation and social security	614	9,159
Accruals	21,017	34,300
	37,143	**64,464**

Other payables includes £4,653,000 in respect of the Group's liability for its Long Term Incentive Scheme. This is expected to be settled in fully within the next 12 months. This amount recognised in Exceptional costs during the year (see note 4).

19 BORROWINGS

	At 30 April 2021	At 30 April 2020
	£'000	£'000
Current		
Bank loans	4,739	2,595
Bank overdraft	1,362	-
	6,101	**2,595**
Non-current		
Bank loans	49,209	256,653
Shareholder loan notes	68,000	309,922
	117,209	**566,575**
Total borrowings	**123,310**	**569,170**

Banking Facilities

On 8th January 2021, the Company refinanced its debt facilities. The Group's £55m term loan, €200m term loan and €40m 2nd lien facility were all repaid in full. To facilitate this, the Group drew down a Term Loan A facility of €22.1m and a Term Loan B facility of €44.2m.

Bank loans at 30 April 2021 comprise:

a) A €22,100,000 Term Loan A facility (£19,197,000). This carries interest at EURIBOR (minimum 0.0%) plus a maximum of 4.25% margin (which varies according to gross leverage). Costs accrued amortising over the life of the loan are £2,156,000. The Group makes regular repayments of principal on this loan, including £2,880,000 due within the next 12 months.
b) A €44,200,000 Term Loan B facility (£38,395,000). This carries interest of EURIBOR (minimum 0.0%) plus a maximum of 4.75% margin (varying according to gross leverage). Costs accrued amortising over the life of the loan are £3,347,000.
c) RCF drawn-down of €2,000,000 (£1,737,000). This carries interest at EURIBOR (minimum 0.0%) plus a maximum of 4.25% margin (which varies according to gross leverage).
d) Interest accrued of £28,000 relating to the utilisation and management of the RCF.

19 BORROWINGS (Continued)

Bank loans at 30 April 2020 comprise:

a) An amount of £55,000,000 relating to the GBP term loan. This carries interest of LIBOR plus a maximum of 5.5% margin (varying according to gross leverage). Costs accrued amortising over the life of the loan are £1,764,000 and interest accrued at the year end is £599,000.

b) An amount of £173,807,000 relating to the EUR term loan. This carries interest of EURIBOR plus a maximum of 5.0% margin (varying according to gross leverage). Costs accrued amortising over the life of the loan are £4,680,000 and interest accrued at the year end is £1,448,000.
c) An amount of £34,761,000 relating to the Second Lien facility. This carries interest of EURIBOR plus a margin of 8.0%. Costs accrued amortising over the life of the loan are £472,000 and interest accrued at the year end is £463,000.

The two term loans and RCF are secured on the assets of the Horizon Midco Limited consolidated group (note 23). The bank loan agreement includes a financial covenant over Gross Leverage. The first covenant test falls on the quarter ending 31 July 2021. Based on performance and forecasts, management does not anticipate any covenant breaches.

Included within bank loans is also debt factoring of £94,000 (2020: £86,000).

Shareholder Loan Notes

Year-end borrowings include shareholder loan notes of £68,000,000 (2020: £309,922,000) of which £66,105,000 are repayable in January 2026 and £2,062,000 are repayable in August 2028. The loan notes carry interest of 10% which compounds annually. At year end, costs accrued amortising over the life of the loan are £106,000 (2020: £636,000) and interest accrued is £26,354,000 (2020: £102,356,000). The loan notes are listed on The International Stock Exchange "TISE".

On 3rd February 2021, £266,622,000 of the notes were repaid. The repayment consisted of £166,282,000 of principal and £100,340,000 of accrued interest.

20 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Restructuring Provision £'000	Warranty provision £'000	Other provisions £'000	Total £'000
At 1 May 2019	**2,334**	**124**	**2,437**	**4,895**
Charge for the year	883	673	3,821	5,377
Utilisation	(3,059)	(618)	(715)	(4,392)
Release of provision in the year	-	-	(449)	(449)
Foreign exchange	47	-	(21)	26
At 30 April 2020	**205**	**179**	**5,073**	**5,457**
Charge for the year	2,317	756	1,385	4,458
Utilisation	(211)	(802)	(3,562)	(4,575)
Discontinued operations	-	-	(1,625)	(1,625)
Held for sale	-	-	(820)	(820)
Foreign exchange	15	-	171	186
At 30 April 2021	**2,326**	**133**	**622**	**3,081**

20 PROVISIONS FOR OTHER LIABILITIES AND CHARGES (Continued)

Warranty provision relates to the estimated cost for re-production of products which may require re-work. It is expected that most of these costs will be incurred in the next financial year.

The Restructuring provision relates to the restructuring of part the Group's operations in France. This amount was recognised in exceptional costs during the year (see note 4). It is expected that these costs will be fully incurred in the next financial year.

Other provisions relate to various litigation matters and dilapidation provisions. It includes £Nil (2020: £1,067,000) that is not expected to be settled within the next financial year.

21 ORDINARY SHARE CAPITAL

	At 30 April 2021	At 30 April 2020*
	£	£
Allotted, issued and fully paid:		
412,847 A1 Ordinary shares of £0.01 each *(2020: 412,849)*	4,128	4,128
400,463 A2 Ordinary shares of £0.01 each *(2020: 400,463)*	4,005	4,005
15,150 B1 Ordinary shares of £0.01 each *(2020: 15,148)*	151	151
1,540 B2 Ordinary shares of £0.01 each *(2020: 1,540)*	15	15
86,850 C1 Ordinary shares of £0.01 each *(2020: 85,616)*	869	850
5,150 C2 Ordinary shares of £0.01 each *(2020: 5,150)*	52	52
78,000 C3 Ordinary shares of £0.50 each *(2020: 78,000)*	39,000	39,000
	48,220	**48,201**

*Share capital shown at 30 April 2020 is that of Horizon Holdco Limited, which at the time was the ultimate parent company of the Group (see note 1.1 for further details). The equity structure of Horizon Holdco Limited is identical of that of Horizon Group Holdco Limited.

The issued share capital of the Company is divided into the following classes of shares: (i) A1 Ordinary shares; (ii) A2 Ordinary shares; (iii) B1 Ordinary shares; (iv) B2 Ordinary shares; (v) C1 Ordinary shares; (vi) C2 Ordinary shares; (vii) C3 Ordinary shares.

C3 shareholders are entitled to exercise 5% of the total votes at a general meeting provided that; the total voting rights held by C3 shareholders shall never exceed 20%, and such voting rights shall only be held by the first four holders of C3 shares and their permitted transferees. A2 Shares, B1 shares and C1 shares shall carry no right to attend or vote at any general meeting of the company. All remaining voting rights at a general meeting shall vest in the A1 shares, B2 shares and C2 shares, which shall rank pari passu in respect of such rights based on the number of each such share in issue. Employees (including directors) of the Group who own shares in the Group can be required to sell their shares back to the Group (via its Employee Benefit Trust) on leaving employment of the Group. This is at the discretion of the Group's controlling party (Exponent Private Equity LLP).

Dividends payable and return of capital upon winding up are distributed amongst the shareholders of all ordinary shares pari passu.

On the 6th January 2021, the company issued the following shares as part of the share for share exchange, placing Horizon Group Holdco as the ultimate parent of the Group:

- 412,846 A1 Ordinary shares of £0.01 each in exchange for 412,847 A1 Ordinary shares in Horizon Holdco Limited
- 400,463 A2 Ordinary shares of £0.01 each in exchange for 400,463 A2 Ordinary shares in Horizon Holdco Limited

21 ORDINARY SHARE CAPITAL (Continued)

- 15,150 B1 Ordinary shares of £0.01 each in exchange for 15,150 B1 Ordinary shares in Horizon Holdco Limited
- 1,540 B2 Ordinary shares of £0.01 each in exchange for 1,540 B2 Ordinary shares in Horizon Holdco Limited
- 86,850 C1 Ordinary shares of £0.01 each in exchange for 86,650 C1 Ordinary shares in Horizon Holdco Limited
- 5,150 C2 Ordinary shares of £0.01 each in exchange for 5,150 C2 Ordinary shares in Horizon Holdco Limited
- 78,000 C3 Ordinary shares of £0.50 each in exchange for 78,000 C3 Ordinary shares in Horizon Holdco Limited

On the 7th January 2021, the company paid up a bonus issue of shares from its merger reserve. D ordinary shares were issued to all shareholders pro-rata to their holdings prior to the bonus issue and as a result the Company issued 6,000,000,000 £0.10 D Ordinary shares

Immediately following the bonus issue, the company undertook a capital reduction and cancelled the 6,000,000,000 £0.10 D ordinary shares. The return of capital was satisfied through the transfer of the Moonpig Group to its new holding company with the D shareholders receiving shares in the new company pro-rata to their holding of D shares.

During the year ended 30 April 2021, the Group acquired 9,500 (2020: 19,361) of its own shares from employees of the Group for £9,500 (£19,747) by way of an Employee Benefit Trust (EBT). The Group also re-issued 24,172 (2020: 22,101) of the shares held by the EBT to employees of the Group for consideration of £90,172 (2020: £22,201).The Group also re-issued nil (2020: 2,500) shares from the EBT to another related party of the Group for £nil (2020: £2,500).

22 CASH GENERATED FROM OPERATIONS

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Loss before taxation	(64,761)	(64,895)
Adjustments for:		
- Depreciation	10,043	9,320
- Amortisation	25,032	29,327
- Impairment	-	134
- Loss/(gain) on disposal of property plant and equipment and intangible fixed assets	(153)	45
- Share-based payment charge	6,132	-
- Net finance costs	42,861	46,204
- Non-cash items	2,140	2,743
- Net foreign exchange difference	5,172	1,507
Changes in working capital:		
- (Increase)/decrease in inventories	743	702
- Decrease/(increase) in trade and other receivables	(4,510)	3,731
- Increase in trade and other payables	1,541	5,122
	24,240	**33,939**

23 COMMITMENTS AND CONTINGENCIES

The following group companies have given a guarantee in respect of the bank borrowings which amounted to £60,692,000; Horizon Midco Limited, Horizon Bidco Limited, Photo Holdco Limited, Photobox Limited, Horizon France Holdings SAS, Photobox SAS, Hofmann Marketing y Tecnologia, S.L., Hofmann S.L.U, PhotoBox Holdings Germany GmbH and posterXXL GmbH.

24 RELATED PARTY TRANSACTIONS

a) Transactions with Related Parties

The Group expensed £150,000 (2020: £150,000) of charges from Exponent Private Equity LLP, a representative of a shareholder of the Group, for Directors fees and £17,000 (2020: £19,000) for expenses. At the balance sheet date £33,000 (2020: £41,000) remained on the balance sheet in accruals.

Following the disposal of the Moonpig Group, from 8th January 2021, it became a related party by virtue of Exponent Private Equity LLP (the Group's controlling party) having significant influence over the Moonpig Group. The Group undertook the following transactions with companies of the Moonpig Group following the disposal:

Transactions relating to the de-merger & refinancing

On 8th January 2021, as part of the de-merger of the Moonpig Group, the Group recognised a receivable with Titan Holdco Limited of £480,153,000. Immediately following this as part of the further steps of the de-merger, this balance was transferred from Titan Holdco Limited to two of its subsidiaries, Titan Debtco Limited and Titan Bidco Limited, for amounts of £264,788,000 and £215,365,000 respectively. The balance of £215,365,000 was subsequently settled on the same day through the offset of balances owed by the Group to Moonpig.com Limited and through the transfer of funds from Titan Debtco Limited.

The balance with Titan Debtco Limited of £264,788,000 plus interest accrued to that date of £1,834,000 was settled in full on 3rd February through the assignment of this balance to holders of the Group's shareholder loan notes as partial repayment of their notes (see note 19).

On going transactions with the Moonpig Group

During the period from 8th January 2021, the Group was charged £752,000 from Moonpig.com Ltd in relation to the sublease of the Group's London head office, as well as for related maintenance and other costs. At year-end the outstanding balance due to Moonpig.com Limited was £605,000.

Transactions with the Moonpig Group prior to disposal

Up to the date of disposal- as part of the Horizon Group, the following transactions took place with the Moonpig Group:

	1st May 2020 – 7th January 2021 £'000	Year ended 30th April 2020 £'000
Costs recharged to the Moonpig Group	4,113	11,952
Costs recharged from the Moonpig Group	(1,562)	(3,242)
Intercompany Interest receivable from the Moonpig Group	910	1,374
Intercompany Interest payable to the Moonpig Group	(718)	(936)

24 RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with Key Management Personnel and Employees of the Group

Compensation of Key Management personnel of the Group

	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Short-term employee benefits	2,068	2,958
Post-employment pension and medical benefits	54	53
Termination benefits	-	1,079
Long term incentive plan	1,138	-
Share-based payments	4,093	-
Total compensation relating to Key Management personnel	**7,353**	**4,090**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to Key Management personnel. Key Management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

Share transactions with employees

During the year ended 30 April 2021, the Group acquired 19,361 of its own shares for £19,747 from employees or ex-employees of the Group by way of an Employee Benefit Trust (EBT). The Group also re-issued 24,172 (2020: 22,101) of the shares held by the EBT to employees of the Group for consideration of £90,172 (2020: £22,201).The Group also re-issued nil (2020: 2,500) shares from the EBT to another related party of the Group for £nil (2020: £2,500).

As part of the Group's share-based payment arrangements, certain employees of the Group own shares in the Moonpig Group, see note 25 (Share-based Payment Arrangements) for further details.

25 SHARE BASED PAYMENT ARRANGEMENTS

a) Description of share based payment arrangements

Horizon Share Awards

Under the terms of their employment, certain senior individuals were awarded shares in Horizon Holdco Limited prior to the de-merger of the Moonpig Group and group reorganisation. These shares were issued across both the current and previous year, however there was no expectation that the awards would have value due to various conditions of award. As such the "grant date" is the date that management deem to be the date when there was a reasonable expectation of value. As a result of the share for share exchange, these individuals now hold shares in Horizon Group Holdco Limited. Following the de-merger of the Moonpig Group, these individuals also held identical shareholdings in the new holding company of the Moonpig Group (Titan Holdco Limited - see note 21 for further details). The holding of these shares and the ability to receive benefits from them in the future are subject to certain vesting criteria, including holding period and restrictions on sale. The shares held by these individuals in both Horizon Group Holdco Limited and Moonpig Group Plc are subject to restrictions.

Two types of shares awarded were issued during the current year relating to continuing operations a) those with the same properties as "existing shares" and included within "existing shares" below and b) "new-issue shares" which are subject to different vesting conditions in relation to Titan Holdco Limited. Under IFRS 2, due to the restrictions and rights attached to these shares, they are treated and priced as options which are equity settled. On 3rd February 2021, all shares in Titan Holdco Limited were exchanged for shares in Moonpig Group plc, in order for that entity to become the ultimate parent of the Moonpig Group and list on the London Stock Exchange. The shares were exchanged at a rate of 260 Moonpig Plc Shares for 1 Titan Holdco Limited Share. The numbers of instruments presented below are based on the number of Titan Holdco shares. The below table relates to continuing operations.

25 SHARE BASED PAYMENT ARRANGEMENTS (Continued)

Instruments	Grant Date	Number of instruments	Vesting conditions	Contractual life
Horizon Group Holdco Limited - Shares	8th January 2021	39,084	On sale of the Group by Exponent	Shares are expected to be sold at point of vesting
Titan Holdco Limited – "existing" shares	8th January 2021	35,451	12.5% vest on IPO listing of the Moonpig Group, 12.5% vest 1 year after IPO listing, 75% remaining vest on sale of the Group by Exponent	Shares are expected to be sold at point of vesting
Titan Holdco Limited – "new-issue" shares	8th January 2021	3,633	25% vest 1 year after IPO listing of the Moonpig Group. Remaining 75% vest on sale of the Group by Exponent	Shares are expected to be sold at point of vesting

b) Measurement of Fair Values

The fair value of the Horizon Share Awards has been measured using a Monte Carlo simulation model.

Inputs	HGHL Shares	THL "New-issue" Shares	THL "Existing" Shares
Fair Value at grant date	£75	£551	£551
Exercise price	£80	£270	£270
Expected Volatility	41.19%	49.08%	51.97%
Expected life	2 Years	0.1 Years	0.1 Years
Expected Dividends	0.00%	0.00%	0.00%
Risk free interest rate	0.66%	0.56%	0.60%

Volatility as at the Grant Date has been calculated taking into account historic volatility over a period commensurate with the expected life of the awards. Given that the companies are not listed, this is based on comparable company information.

c) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the Horizon Share Award are as follows:

	Year ended 30 April 2021		Year ended 30 April 2020	
	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
Outstanding at 1 May	-	-	-	-
Granted during the year	78,168	175	-	-
Exercised during the year	(3,889)	270	-	-
Outstanding at 30 April	74,279	170	-	-
Exercisable at 30 April	-	-	-	-

d) Expense Recognised in Statement of Comprehensive Income

Total expenses arising from share-based payment transactions recognised during the period was £6,132,000 (2020: £nil). This amount is included within Exceptional Items (note 4). This includes amounts relating only to continuing employees of the group, excluding individuals employed by the group headed by Titan Holdco Limited. A charge of £4,238,000 relating to individuals no longer employed by the group is included with the discontinued operations note (see note 9).

26 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Exponent Private Equity LLP by virtue of the provisions in the shareholders deed of Horizon Group Holdco Limited.

27 SUBSIDIARIES WITH AUDIT EXEMPTION BY PARENT COMPANY GUARANTEE

The following subsidiary companies of the Group have been granted an exemption from the requirements of the UK Companies Act 2006 for a statutory audit of their respective individual financial statements, by way of a Parent Company Guarantee, by virtue of s479A:

Company Number	**Company Name**
09958640	Horizon Newco Limited
07648619	Photobox Holdco Alpha Limited
07648795	Photobox Holdco Beta Limited
09810016	Horizon Holdco Limited
09810091	Horizon Groupco Limited
09810071	Horizon Bidco Limited
12170442	Photo Holdco Limited
03906401	Photobox Limited

Horizon Group Holdco Limited (Company)
COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 April 2021

	Note	30 April 2021 £'000
Non-current assets		
Investments	*4*	650,000
TOTAL ASSETS		**650,000**
Current liabilities		
Amounts owed to group undertakings	*5*	568,042
TOTAL LIABILITIES		**568,042**
NET ASSETS		**81,958**
Capital and reserves		
Called up share capital	*6*	48
Merger reserve		49,952
Share-based Payment reserve		10,370
Retained Earnings		21,588
TOTAL EQUITY		**81,958**

The financial statements on pages 57 to 63 were approved by the board of directors and authorised for issue on 24th September 2021 and are signed on its behalf by:

....

Jonathan Mitchell
Director

Company Registration No. 13008348

Horizon Group Holdco Limited (Company)
COMPANY STATEMENT OF CHANGES IN EQUITY
for the period ended 30 April 2021

	Notes	**Ordinary share capital**	**Merger reserve**	**Share-based payment reserve**	**Retained Earnings**	**Total equity**
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 10 November 2020		-	-	-	-	-
Loss for the financial period		-		10,370	(10,089)	**(8,195)**
Total comprehensive loss		**-**	**-**	**10,370**	**(10,089)**	**(8,195)**
Share-for-share exchange		48	649,952	-	-	**650,000**
Bonus issue of ordinary shares		600,000	(600,000)	-	-	**-**
Capital reduction		(600,000)	-	-	40,153	**(559,847)**
As at 30 April 2021		**48**	**49,952**	**10,370**	**21,588**	**81,958**

1. CORPORATE INFORMATION

Refer to the consolidated financial statements for further details on Page 18.

1.2 PRINCIPAL ACCOUNTING POLICIES

Horizon Group Holdco Limited's financial statements have been prepared in accordance with the Companies Act 2006 (as applicable to companies using FRS101) and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). A summary of the material accounting policies, which have been consistently applied, is set out below. The Company was incorporated during the year and as such its results of presented for the 6 month period from its incorporation to the 30 April 2021.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The company has taken advantage of the following disclosure exemptions under FRS 101:

a) The requirements of IFRS 7 Financial instruments: Disclosures;
b) The requirements of paragraphs 91-99 of IFRS 13 Fair Value;
c) The requirements of paragraphs 10(d), 16, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
d) The requirements of IAS 7 Statement of Cash Flows;
e) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

New standards

No new accounting standards, or amendments to accounting standards, that are effective for the year ended 30 April 2021, have had a material impact on the Company. See Note 1 of the consolidated financial statements for further details of new standards.

Going concern

The company has sufficient financial resources and as a consequence, the directors believe that they can manage the business risk successfully and meet its obligations and liabilities as they fall due. Therefore they consider it appropriate to adopt the going concern basis in preparing the financial statements.

Investments in subsidiaries

Investments in subsidiaries are initially recorded at cost. Where an acquisition satisfies the provisions of section 612 of the Companies Act 2006 for merger relief, the investment is stated at the nominal value of shares issued plus the fair value of any other consideration.

Foreign currency

The financial statements are presented in Sterling, which is also the company's functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

The Company does not have any financial instruments, other than intercompany payables. Due to the short-term nature of these balances, the Company considers the fair value of these items to equal the carrying value.

2. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the parent company's income statement has not been included in these financial statements. The parent company's loss for the financial year was £10,089,000. Audit fees are disclosed in Note 3 to the consolidated financial statements.

3. STAFF COSTS & DIRECTORS REMUNERATION

The Company has no employees. Staff costs of the directors in the year were borne by a fellow group company, Horizon Bidco Limited. It is not possible for the Company to apportion the value of Directors' Remuneration in relation to Horizon Group Holdco Limited.

4. INVESTMENTS

	£'000
Cost and net book value	
As at 10 November 2020	-
Additions	1,690,000
Disposals	(1,040,000)
As at 30 April 2021	**650,000**

On 7th January 2021, the company acquired 100% of the share capital of Horizon Holdco Limited for £650,000,000 via a share-for-share exchange. Details of the shares issued in this transaction can be found in note 6.

On 8th January 2021, the company acquired 100% of the share capital of Cards Holdco Limited ("CHL") from Horizon Debtco Limited (an in-direct subsidiary of the company) for consideration of £1,040,000,000 consisting of an intercompany loan.

Immediately following the acquisition, the company disposed of its investment in CHL to Titan Holdco Limited ("THL") (a related entity by virtue of the same controlling party). The company used its investment in CHL to return capital to its shareholders following its declaration of a capital reduction on the same date. The return of capital was settled "*in specie*" by transferring ownership of CHL to THL and the Company's shareholders receiving shares in THL.

4. INVESTMENTS (Continued)

Details of the Company's holdings are shown in note 1 to the consolidated financial statements
Registered address of subsidiaries and associates

Subsidiaries	Registered Address	Principal Activity
Horizon Holdco Limited	10 Back Hill, London, EC1R 5EN	Holding company
Horizon Debtco Limited	10 Back Hill, London, EC1R 5EN	Holding company
Horizon Groupco Limited	10 Back Hill, London, EC1R 5EN	Holding company
Horizon Midco Limited	10 Back Hill, London, EC1R 5EN	Holding company
Horizon Bidco Limited	10 Back Hill, London, EC1R 5EN	Management service company
Horizon Newco Limited	10 Back Hill, London, EC1R 5EN	Holding company
PhotoBox Holdco Limited	10 Back Hill, London, EC1R 5EN	Dormant Company
PhotoBox Holdco Gamma Limited	10 Back Hill, London, EC1R 5EN	Dormant Company
PhotoBox Holdco Alpha Limited	10 Back Hill, London, EC1R 5EN	Holding company
PhotoBox Holdco Beta Limited	10 Back Hill, London, EC1R 5EN	Holding company
Photo Holdco Limited	10 Back Hill, London, EC1R 5EN	Holding company
PhotoBox Limited	10 Back Hill, London, EC1R 5EN	Trading company
Horizon France Holdings	129 Boulevard de la Villette, 75010 Paris, France.	Holding company
PhotoBox SAS	37-39 rue de Beauce, 78500 Sartrouville, France.	Trading company
PhotoBox GmbH	Infanteriestraße 11a, 80797 München, Germany	Holding company
Hofmann Holdco S.L.U.	Calle Ciudad de Barcelona número 18, C.P. 46980, Paterna, Valencia, Spain.	Holding company
Hofmann Marketing y Tecnologia, S.L.	Calle Ciudad de Barcelona número 18, C.P. 46980, Paterna, Valencia, Spain.	Holding company
Hofmann S.L.U	Calle Ciudad de Barcelona número 18, C.P. 46980, Paterna, Valencia, Spain.	Trading company
Posterjack, GmbH i.L.	Infanteriestraße 11a, 80797 München, Germany.	Dormant Company
PhotoBox Holdings Germany GmbH	Infanteriestraße 11a, 80797 München, Germany	Holding company
posterXXL GmbH	Infanteriestraße 11a, 80797 München, Germany	Trading company
MCIP UG & Co. KG	Parsdorfer Weg 10, 85551 Kirchheim b. München, Germany	Property holding company
MCIP UG	Parsdorfer Weg 10, 85551 Kirchheim b. München, Germany	Property holding company
Photobox Free Prints Limited	10 Back Hill, London EC1R 5EN	Dormant Company
Online Print Décor Inc.	90 Cawthra Avenue, Suite 102, Toronto, Ontario, M6N 3C7, Canada.	Associate
Bejing Board Arts & Crafts	Science and Technology Park, Caiyu Town, Daxing District, Beijing, China.	Associate
Tung Fong Ltda Company Limited	Room B1, 9/F, Goodwill industrial Building 36 - 44 Pak Tin Par Street, Tsuen Wan, N.T., Hong Kong.	Trading company

The directors are of the opinion that the individual investments in the subsidiary and associated undertakings have a value not less than the amount at which they are shown in the Company Statement of Financial Position.

5. AMOUNTS DUE TO FELLOW GROUP COMPANIES

	At 30 April 2021 £'000
Due within one year:	
Amounts due to group undertakings	568,042

Amounts due to group undertakings are unsecured, have no fixed date of repayment, are repayable on demand and are subject to interest. Interest is accrued based on market rates.

6. CALLED UP SHARE CAPITAL

	At 30 April 2021 £
Allotted, issued and fully paid:	
412,847 A1 Ordinary shares of £0.01 each	4,128
400,463 A2 Ordinary shares of £0.01 each	4,005
15,150 B1 Ordinary shares of £0.01 each	151
1,540 B2 Ordinary shares of £0.01 each	15
86,850 C1 Ordinary shares of £0.01 each	869
5,150 C2 Ordinary shares of £0.01 each	52
78,000 C3 Ordinary shares of £0.50 each	39,000
	48,220

The issued share capital of the Company is divided into the following classes of shares: (i) A1 Ordinary shares; (ii) A2 Ordinary shares; (iii) B1 Ordinary shares; (iv) B2 Ordinary shares; (v) C1 Ordinary shares; (vi) C2 Ordinary shares; (vii) C3 Ordinary shares.

C3 shareholders are entitled to exercise 5% of the total votes at a general meeting provided that; the total voting rights held by C3 shareholders shall never exceed 20%, and such voting rights shall only be held by the first four holders of C3 shares and their permitted transferees. A2 Shares, B1 shares and C1 shares shall carry no right to attend or vote at any general meeting of the company. All remaining voting rights at a general meeting shall vest in the A1 shares, B2 shares and C2 shares, which shall rank pari passu in respect of such rights based on the number of each such share in issue.

Dividends payable and return of capital upon winding up are distributed amongst the shareholders of all ordinary shares pari passu.

6 CALLED UP SHARE CAPITAL (Continued)

On 6th January 2021, the company issued the following shares as part of the share for share exchange:

- 412,846 A1 Ordinary shares of £0.01 each in exchange for 412,847 A1 Ordinary shares in Horizon Holdco Limited
- 400,463 A2 Ordinary share of £0.01 each in exchange for 400,463 A2 Ordinary shares in Horizon Holdco Limited
- 15,150 B1 Ordinary shares of £0.01 each in exchange for 15,150 B1 Ordinary shares in Horizon Holdco Limited
- 1,540 B2 Ordinary shares of £0.01 each in exchange for 1,540 B2 Ordinary shares in Horizon Holdco Limited
- 86,850 C1 Ordinary shares of £0.01 each in exchange for 86,650 C1 Ordinary shares in Horizon Holdco Limited
- 5,150 C2 Ordinary shares of £0.01 each in exchange for 5,150 C2 Ordinary shares in Horizon Holdco Limited
- 78,000 C3 Ordinary shares of £0.50 each in exchange for 78,000 C3 Ordinary shares in Horizon Holdco Limited

On the 7th January 2021, the company paid up a bonus issue of shares from its merger reserve. D ordinary shares were issued to all shareholders pro-rata to their holdings prior to the bonus issue and as a result the Company issued 6,000,000,000 £0.1 D Ordinary shares

Immediately following the bonus issue, the company undertook a capital reduction and cancelled the 6,000,000,000 £0.1 D ordinary shares. The return of capital was satisfied through the transfer of the company's investment in Cards Holdco Limited to its Titan Holdco Limited (a related party) with the D shareholders receiving shares in the new company pro-rata to their holding of D shares.

7. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from disclosure available to parent companies under FRS 101 – reduced disclosure framework where transactions and balances between parent companies and 100% owned subsidiaries have been eliminated on consolidation. There have been no other related party transactions.