

ZEPHYR HOLDCO LIMITED

Registered number: 11345273

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Company information

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Registered number

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Strategic report

For the period ended 30 September 2019

The Directors present their Strategic report of Zephyr Holdco Limited ("Holdco" or "the Company") and its subsidiaries (together "the Group") from the incorporation of the entity on the 3 May 2018 to 30 September 2019 ("2019"). This is the first-time consolidated statements have been prepared for this Group.

This Strategic report has been prepared to provide shareholders of the Company with additional information to assess the Company's strategies and the potential for those strategies to succeed. The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Acquisition by Zephyr Bidco Limited ("Bidco")

On 11 May 2018, Bidco, a subsidiary of funds managed by Silver Lake Management Company V, LLC and wholly owned subsidiary of Holdco offered to acquire Zoopla Property Group ("ZPG") for £4.90 per share in cash which valued the entire issued ordinary share capital of ZPG at approximately £2.2 billion on a fully diluted basis (the "Acquisition"). The ZPG Board agreed that the offer reflected the value created by ZPG to date and its prospects. The Acquisition was to be effected by means of a Court approved scheme of arrangement under Part 26 of the Companies Act 2006 (the "Scheme"). Scheme document containing the full terms and conditions of the Acquisition was published on 23 May 2018 and sent to ZPG shareholders. On 9 July 2018, ZPG and Bidco announced that the Court had sanctioned the Scheme. On 11 July 2018 ZPG and Bidco announced that the Scheme had become effective. On the same date, the Group delisted from the London Stock Exchange.

Principal activities

The principal activities of the Group in the period under review were the operation of online property portals and household comparison websites as well as providing residential property software and data analytics. The Group's operations comprise Property and Comparison divisions, both of which generate revenues through services described below.

Property	Comparison
<ul style="list-style-type: none"> - Marketing, which represents revenue generated from the provision of marketing services including portal and print revenues; - Software, which represents revenue generated from the provision of software services focused on property professionals and websites; and - Data, which represents revenue generated from the provision of residential property data, insight and analysis. 	<ul style="list-style-type: none"> - Energy, which represents revenue generated from energy switching services, business energy and boiler cover; - Communications, which represents revenue generated from mobile, broadband, pay TV and home phone switching services; and - Finance, which represents revenue generated from financial product switching services including loans and credit cards.

The principal activity of the Company was to act as a holding company for the Group's consolidated business and as reporting entity per the Groups debt facilities.

Business model and strategy

The Group owns and operates some of the UK's most trusted property and household related digital brands including Zoopla, uSwitch, PrimeLocation, Money, Hometrack and Property Software Group as well as Calcasa in the Netherlands. The Group's proposition helps consumers and partners across the property lifecycle.

The Group drives growth by investing in people, products and marketing to create the most innovative and engaging home related platforms which help deliver greater transparency for consumers and provide increased efficiency for partners throughout the property lifecycle. The two-sided proposition benefits from powerful network effects, which, in turn, generate increased engagement and an enhanced consumer and partner proposition.

Consumers	Partners
Able to access near whole of market data with real-time alerts to remain up to date and make the most informed decisions about everything related to finding, moving or managing their homes.	Benefit from access to a highly engaged audience via ZPG's market-leading property and comparison portals, generate additional revenues and deliver better service by using the Group's software and data insights.

Strategic report (continued)

For the period ended 30 September 2019

Business and finance review

Zephyr Holdco Limited ("Holdco") was incorporated on 3 May 2018 and was dormant until its subsidiary Zephyr Bidco Limited ("Bidco") completed its acquisition of ZPG Plc on 11 July 2018. The Group reported revenue of £383.6 million of which £372.1 million was in the UK and £11.5 million in the Netherlands. The Group made an operating loss of £15.3 million after depreciation, amortisation and acquisition related costs. The Group generated operating cash-flows before working capital of £150.7 million. See note 3 for disclosure of costs accounting within operating loss.

The Group made a loss for the period of £106.3 million after interest and income tax.

Net debt and borrowings

As at 30 September 2019 the Company had Net Debt of £808.4 million after capitalised loan fees, which is defined as Loans and Borrowings less cash and cash equivalents as per the statement of financial position.

In addition to the term loans, Holdco also has access to a revolving credit facility of £150 million as part of the same debt arrangement, which can be accessed by the Group. As at 30 September 2019, this facility remains undrawn. Refer to Note 18 for more details on the Group's loans and borrowings.

Intangible assets

Intangible Assets have been valued by an independent expert following the acquisition of ZPG Plc and are shown at net book value following amortisation of acquired intangibles over the period since acquisition. Impairment analysis concluding that the carrying values do not require impairment.

Cash flow

The Group continues to be highly cash generative with net cash flows from operating activities of £87.8 million. Net cash outflows from investing activities were £2,264.7 million, whilst net cash flows from financing activities £2,277.4 million leaving a cash balance of £100.5 million at 30 September 2019.

Risk Management, Internal control and principal risks

The Company's internal control framework is aligned to the "three lines of defence" model. Operational Management are the first line and they are primarily responsible for the direct management of risk, ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed of the Company's internal governance functions such as compliance, commercial finance, legal, internal controls and risk. The third line includes other third-party advisors and experts and any other independent consultants reporting to the Board.

Risk is managed functionally and at a consolidated Group level. This structure enables the Company to ensure that risks are identified across its range of operations, including recent acquisitions. The risks are then escalated in a manner which is consistent and aligned with the strategic goals.

The Group will continue to assess its risk management processes to ensure that they remain fit for purpose.

The Group maintains a strategic risk register which is reviewed regularly by the Directors. The likelihood and impact of each risk are both scored and combined to provide an overall risk score. Each risk within the register is scored twice: firstly, excluding the existence of mitigating controls (the inherent risk score) and then again once mitigating controls have been taken into account (the residual risk score). The difference between these scores allows Management and the Directors to gain an understanding of the level of control the Company has over each risk.

Strategic report (continued)

For the period ended 30 September 2019

The analysis contained within the risk register forms the basis of the principal risks and uncertainties detailed below. The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business operations, results and/or financial condition.

Key risk	Description and impact	Management and mitigation
Macroeconomic conditions The Company derives a material share of its revenues from the UK, with the only international operation in the Netherlands being a small component of the revenue. The Company is therefore largely dependent on the macroeconomic conditions in the UK as well as being exposed to changes in macroeconomic conditions internationally.	<p>Changes in the UK and European and economies have the potential to adversely impact the demand for our products and services in the markets we operate in. Such changes could affect the average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market.</p> <p>Subsequently, the marketing, data and software purchasing budgets of the Company's partners could decrease, which could reduce demand for the Company's services.</p> <p>Specific considerations on withdrawal of UK from the European Union have been outlined on page 5.</p>	<ul style="list-style-type: none"> • Regularly reviewing market conditions and indicators. • Analysis performed by CFO and Internal Controls Manager to understand the risks of Brexit to Property division and the mitigating actions required. • Building consumer and partner brand loyalty with a business model based on subscription. • Maintaining a flexible cost base that can respond to changing conditions. • Diversifying risk by maintaining a balance between different revenue streams in order to provide protection against volatility within markets. • Developing revenue streams in other related/adjacent markets. • Promoting the benefit and potential savings for consumers of home and financial services switching.
Competitive environment The Company operates in marketplaces which are highly competitive. The actions of the Company's competitors, and/or our own inaction, can have a significant and adverse impact on the Company.	<p>If new or existing competitors can provide, or are perceived to provide, an enhanced partner or consumer service then there is a risk to the Company's forecasted revenue. The Company invests significantly in marketing to build brand awareness and drive traffic to its websites. Increased digital marketing expenditure by competitors, or general price increases, may cause the Company to incur additional marketing spend to ensure that it can continue to compete effectively.</p>	<ul style="list-style-type: none"> • Ensuring partners understand the unique value proposition that can be provided through our websites, products and services. • Offering attractive and competitive pricing packages to partners. • Diversifying risk through multiple revenue streams. • The Property division is largely subscription based and is therefore less susceptible to short term fluctuations in the market.
Integration of acquisitions Historically, the company has been highly acquisitive, which presents inherent operational, strategic and cultural challenges.	<p>The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance.</p> <p>The inability to successfully integrate acquisitions may adversely affect consumer and/or partner experience with a resulting impact on strategic cross-sell opportunities and the Company's future revenues.</p> <p>In addition, there is the possibility that the financial and operational control environments of acquired entities are not as established as those of the Company.</p>	<ul style="list-style-type: none"> • Centralised shared service functions across group finance, facilities and IT. • Functions within the organisation, particularly shared services, have focused on aligning processes and systems. • Projects initiated to develop a streamlined approach across the various segments for products and technology. • Communicating the benefits of acquisitions to both partners and consumers.
IT systems and cyber security Various IT systems within the Company are interdependent and a failure in one system or a security breach may disrupt the efficiency and functioning of the Company's operations. The Company holds consumer and partner data which could be susceptible to loss or theft.	<p>Any failure of the Company's IT infrastructure through error or attack could impair the operation of the Company's websites and services, the processing and storage of data and the day-to-day management of the Company's business.</p> <p>In addition, any theft or misuse of data held within the Company's databases could have both reputational and financial implications for the Company.</p>	<ul style="list-style-type: none"> • Regularly testing the security of the IT systems and platforms, including penetration testing and testing of Distributed Denial of Service (DDoS) attack procedures. • Maintaining separate platforms for portals, websites, software and data services. • Restricting access to data, systems and code and ensuring all systems are secure and up to date.

Strategic report (continued)

For the period ended 30 September 2019

Key risk	Description and impact	Management and mitigation
Data Hacks and PII exposure The Company is susceptible to an external hack which could lead to a loss of data, including personally identifiable information (PII).	The company holds PII data in various systems, therefore any loss of data through an external or internal hack could lead to a significant financial and/or reputational damage. Similarly, an inability to motivate, develop and retain key team members could adversely impact the Company's operations, financial condition and prospects. The Company has a track record of growth through acquisition – an inability to retain key team members from these businesses could increase business risk in the event of reliance on their business-critical knowledge.	<ul style="list-style-type: none"> Experienced Head of IT in place to review the security environment. Voluntarily engaged independent experts to perform a data governance audit. Training schemes being coordinated related to data hacks/ governance. Business Continuity Plan being coordinated ensuring mitigation plans are formalised in the event of a data hack.
Retention and recruitment Success depends on the continued retention and performance of the Company's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Company operates in markets with a high demand for high calibre personnel.	Competition for qualified talent is intense and an inability to attract highly skilled employees could adversely impact the Company's operations, financial condition or prospects. Similarly, an inability to motivate, develop and retain key team members could adversely impact the Company's operations, financial condition and prospects. The Company has a track record of growth through acquisition – an inability to retain key team members from these businesses could increase business risk in the event of reliance on their business-critical knowledge.	<ul style="list-style-type: none"> Reorganisation and expansion of the Talent team, including hiring of more senior talent members. Terms have been amended for agencies to positively impact recruitment process. Careers website running for both divisions. New schemes launched to define purpose and behaviours. Share schemes in place to improve staff retention. Regular and ongoing Learning & Development activities held across the Company.
Regulatory environment The Company operates in a number of regulated environments. Certain revenue streams within the Comparison Division are regulated by the FCA.	There is a risk that changes to the regulatory environment could require the Company to revise its strategy, operations or business model. Changes in regulation may also impact the Company's profitability via increased compliance costs or a fall in revenues as a result of subsequent changes in consumer or partner behaviour.	<ul style="list-style-type: none"> Maintaining regular open and constructive dialogue with all significant regulatory bodies. Dedicated regulatory team in-house. Implementing processes to ensure compliance with all mandatory reporting obligations including a dedicated Regulation and Compliance team. Regular monitoring of regulatory risks by the Board, the Audit Committee, the legal function and internal control and throughout the business.
Data Protection Non-compliance with various data protection related acts could lead to significant penalties for the organisation.	Data protection entails various elements such as ensuring compliance with GDPR. Cookie laws, and direct marketing.	<ul style="list-style-type: none"> Data protection officer ("DPO") positions in both divisions. Privacy plan formalised by DPO. Independent experts engaged to independently assess data governance structure. Training for wider business being coordinated for data protection.
Reputational and brand damage The Company operates several identifiable and respected brands which could be damaged by factors such as unethical or unlawful activity, poor customer service or negative press.	Damage to any of the Company's brands could lead to a fall in consumer confidence, reducing traffic and leads for the Company's partners and in turn impacting the Company's revenue. There is also a risk that the Company's partners may choose to terminate their existing relationship with the Company as a result of any reputational damage, which would directly impact the Company's revenues.	<ul style="list-style-type: none"> Embedding a culture of transparency, social awareness and ethical behaviour throughout the Company. Regularly reviewing the Company's risks and reviewing and developing internal control frameworks to mitigate the risk of error or fraud. Executing the Company's strategy, which has both consumers and the Company's partners at its core. Continually investing in the Company's brands.
Foreign Exchange Risk Potential Foreign Exchange volatility due to macroeconomic factors which impacts the business.	Since the result of the Brexit referendum, Sterling has devalued due to the uncertainty in the macroeconomic environment. This has significance as the Group issued € denominated debt. Along with some supplier payments, interest is paid in €.	<ul style="list-style-type: none"> Close monitoring of the EUR v GBP currency exposure in Finance team. Spot rate trading being put in place to minimise Sterling outflows on interest and supplier payments. Hedging strategy being implemented.

Strategic report (continued)

For the period ended 30 September 2019

Macroeconomic conditions - Withdrawal from the European Union

The result of the UK's EU referendum in 2016 increased the level of macroeconomic uncertainty, increasing the likelihood of the impacts outlined under "macroeconomic conditions" above.

Consistent with 2018 the Directors believe that the Company's multi-channel, multi-brand strategy creates a diverse revenue base which means it is well placed to mitigate any negative impacts resulting from the UK's expected withdrawal from the European Union. In particular:

- the increasingly diversified market position resulting from the Company's acquisitions;
- the Property division is largely subscription based and is therefore less susceptible to short-term shocks or variations in the property market or wider economy;
- a large proportion of Property partners are engaged in both sales and lettings, which reduces the risk of any downturn in the property market on their businesses;
- an economic downturn increases the propensity for consumers to search Comparison platforms for the best deals to save money on their household expenses;
- a weaker Pound Sterling may lead to higher price inflation in areas such as energy bills, which may benefit the Comparison division; and
- an impact on house prices could improve current affordability pressures providing a positive impact on revenue streams.

Change in 2019

The risks identified above are consistent with the risks tracked by ZPG Plc prior to acquisition with the exceptions listed below which have increased in focus in the period of these financial statements.

There is an ever-increasing focus on data protection compliance and the penalties of non-compliance continue to rise. Protection of sensitive data is of paramount importance to the Directors and sufficient measures are being put in place to ensure that all aspects of data protection are addressed, including cookie laws, GDPR and direct marketing compliance.

Foreign exchange risk has been added to the Group's risk register to take account of the € denominated debt. Macroeconomic factors have resulted in the fluctuation of the value of Sterling, which has a direct impact on the carrying value of the € denominated debt and all foreign currency payments and revenues. See Note 18 for details of debt and Note 23 for sensitivity analysis.

The Directors are satisfied that the Group has identified sufficient actions that seek to manage, rather than eliminate, risk, so as to provide reasonable, not absolute, mitigation against material misstatement or loss within the business.

No other material risks have been identified in the year.

The Strategic report is approved by the Board of Directors ("Board") on 30 January 2020 and signed on behalf of the Board by



Simon Patterson
Director

Directors' report

For the period ended 30 September 2019

The Directors present their report of Zephyr Holdco Limited ("Holdco" or "the Company") and its subsidiaries (together "the Group") for the period ended 30 September 2019 ("2019").

Directors

The Directors who held office during the year and up to the date of signing these financial statements were as follows:

- Simon Patterson – Appointed on 3 May 2018
- Christian Lucas – Appointed on 13 August 2018
- Przemyslaw Obloj – Appointed on 13 August 2018
- John Sutton – Appointed on 13 August 2018
- Alex Chesterman – Appointed on 6 September 2018
- Seda Karpukhina – Appointed on 3 May 2018 and Resigned on 13 August 2018

Directors' indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles, the Company has purchased and maintains Directors' and officers' liability insurance cover, which remains in place as at the date of this report. A review is carried out on an annual basis to ensure that the Board remains satisfied that an appropriate level of cover is in place.

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

Results

The Group loss for the year after tax was £106.3 million. Refer to the Strategic Report for further discussions of the Group's results and performance for the period.

Dividend

The Directors do not recommend a final dividend in respect of the period ended 30 September 2019.

Future developments

The Group has enjoyed strong financial operating results in the period since acquiring ZPG Plc, across both divisions. In Property, the Group is encouraged by the strong sales pipeline as well as the rate of returning UK agents to the Group's property portals. The Comparison business continues to trade well despite competition in the market and has continued to identify and invest in processes to further improve operating profit margin in the coming financial year.

The Group aims to continue its mission of being the platform of choice for consumers and partners engaged in property and household decisions. The Group will continue to invest in the business for the long term and the Directors look forward to launching more innovative products and services in the year ahead.

Going concern

The Group consolidated statement of financial position shows a positive net current asset position with significant cash resources and the Group continues to generate positive net cash flows from operating activities. Although the Group posted a loss after tax of £106.3 million in the period, this is after acquisition related costs of £38.6 million, amortisation of acquired intangibles of £90.8 million, share-based payments costs of £6.7 million, asset write-off charges of £7.8 million and charges to deferred consideration of £15.7 million. Therefore, despite the loss in the period the Directors believe that the Group is well placed to manage its business and financial risks successfully going forward.

As part of the acquisition of ZPG Plc the Group put in place a new debt structure which provides flexibility and headroom against covenants. The Group also has access to a £150 million revolving credit facility which remains undrawn as at 30 September 2019.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors' report (continued)

For the period ended 30 September 2019

Financial risk management

Refer to Note 23 for details of the Group's financial risk management which includes information on the Group's exposure to credit risk, market risk and liquidity risk.

Research and development

The Group continues to incur expenditure on research and development in order to develop new products and enhance the existing websites. The Group accounting policies on research and development are discussed on Note 1 to the consolidated financial statements.

Overseas branches

The Group has one overseas entity, with an office in the Netherlands. Calcasa B.V. continues to operate as a separate legal entity registered in the Netherlands.

Political contribution and charitable donation

No political contributions were made in 2019.

Total charitable contributions made to all registered charities during the period was £74,350.

Employees

The Group is passionate about attracting, engaging, developing and retaining the best talent in the industry and has invested significantly to improve its talent attraction and recruitment. This includes offering an extensive and varied range of benefits for every life stage and lifestyle and competitive salaries and market-leading benefits, which the Group continually monitors, reviews and evolves in response to industry changes, benchmarking exercises and employee feedback.

The Group is always open to feedback and seeks to provide as many opportunities for discussion as possible. It is vital that every employee feels they have a voice, and this is achieved through Peakon, an employee survey tool, to help the Group regularly measure employee net promoter score (eNPS) and key engagement drivers. Then, there is an Employee Engagement Manager who helps to formalise and lead engagement and internal communications strategy.

The Group is focused on keeping up to date with current best practice when it comes to self-development. This is achieved by having a dedicated learning and development facility that offers a wide selection of opportunities for employees to truly optimise their potential. This includes a range of interactive soft skills workshops where employees can sign up and learn with other colleagues in a "Meet Up" style fashion as well as a large selection of self-learning materials.

Diversity and inclusion

The Directors believe that all current and future employees should have fair and equal access to all opportunities regardless of their age, sexual orientation, parental responsibilities, disability, race, nationality, ethnic origin, membership of a trade union, religion, belief or gender and this is reflected throughout all of the Group's employment policies and practices, including recruitment, selection, training, promotion, salary reviews and flexible working.

The Group's equal opportunities policy is contained in employee handbook which is available to all employees. This sets out that it is the Group's policy to select the most qualified person for each position within the organisation and it is the Group's intent and resolve to comply with the requirements and spirit of all laws in the implementation of all facets of equal opportunity. This policy applies to all employment practices and personnel actions including, but not limited to, recruitment, selection, training, promotion, pay rates, discipline and dismissal.

Environmental matters

The Group recognises the impact it may have on environment as a business and as individuals, particularly and most currently, the wasteful behaviour across the globe surrounding disposable, single use plastics. The Group is collaborating with Clean Up Britain, City to Sea and Surfers Against Sewage to help put a stop to further plastic pollution.

Alongside external support, the Group encourages positive behaviour and attitudes from within the business by providing long life, refillable and reusable options to employees and eliminating the purchase of single use plastic within the offices. Informative and inspirational tools and advice are provided to all employees on how to prevent further unnecessary waste ending up in the environment and damaging the ecosystems.

Subsequent events

There are no reportable subsequent events.

Directors' report (continued)

For the period ended 30 September 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and the 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 and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company 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 IFRSs as adopted by the European Union have been followed for the Group and 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 keeping adequate accounting records that are sufficient to show and explain the Group 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 and as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also 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.

Statement of disclosure to the auditor

Each of the Directors at the date of this report confirms that:

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

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors' report is approved by the Board of Directors ("Board") on 30 March 2020 and signed on behalf of the Board by



Simon Patterson
Director

Independent auditor's report to the members of Zephyr Holdco Limited

For the period ended 30 September 2019

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Zephyr Holdco Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statement of cash flows;
- the consolidated and parent company statements of changes in equity;
- the related notes to the consolidated financial statements 1 to 25; and
- the related notes to the parent company financial statements 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

Independent auditor's report to the members of Zephyr Holdco Limited

(continued)

For the period ended 30 September 2019

Other information (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

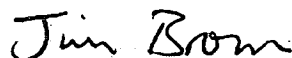
Independent auditor's report to the members of Zephyr Holdco Limited

(continued)

For the period ended 30 September 2019

Use of our report

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



Jim Brown (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
30 January 2020

Consolidated statement of comprehensive income

For the period ended 30 September 2019

	Notes	2019 £000
Revenue	2	383,608
Administrative expenses		(398,914)
Operating loss	3	(15,306)
Finance income		458
Finance costs	4	(86,567)
Loss before tax		(101,415)
Income tax expense	8	(5,000)
Loss for the period		(106,415)
Attributable to		
Owners of the parent		(87,867)
Non-controlling interests		(18,548)
		(106,415)
Other Comprehensive Income		
<i>Items that may be reclassified to profit or loss:</i>		
Fair value movements – Financial assets at fair value through other Comprehensive income	13	110
Total comprehensive income for the period		(106,305)

Consolidated statement of financial position

As at 30 September 2019

	Notes	2019 £000
Assets		
Non-current assets		
Intangible assets	11	2,660,350
Property, plant and equipment	12	38,471
Financial assets at fair value through other comprehensive income	13	6,205
		2,705,026
Current assets		
Trade and other receivables	14	58,590
Cash and cash equivalents		100,489
		159,079
Total assets		2,864,105
Liabilities		
Current liabilities		
Trade and other payables	15	44,963
Deferred and contingent consideration	16	22,536
Short-term lease liabilities	18	4,326
Current tax liabilities		6,291
Provisions	17	101
Other short term liabilities	15	5,584
Total current liabilities		83,801
Total assets less current liabilities		2,780,304
Non-current liabilities		
Loans and borrowings	18	908,840
Long-term lease liabilities	18	27,756
Deferred and contingent consideration	16	15,786
Provisions	17	2,284
Deferred tax liabilities	19	206,227
		1,160,893
Total liabilities		1,244,694
Net assets		1,619,411
Equity attributable to owners of the parent		
Share capital	20	1,425
Share premium reserve		1,423,175
Share-based payment reserves	21	1,081
Non-controlling interest	20	277,506
Retained earnings		(83,776)
Total equity		1,619,411

The consolidated financial statements of Zephyr Holdco Limited were approved by the Board of Directors and were signed on its behalf by:



Simon Patterson
Director

20 September 2020

Consolidated statement of cash flows

For the period ended 30 September 2019

	2019 £000
Cash flows from/(used in) operating activities	
Loss before tax	(101,415)
Adjustments for:	
<i>Depreciation of property, plant and equipment</i>	5,951
<i>Amortisation of intangible assets</i>	90,827
<i>Finance income</i>	(458)
<i>Finance costs</i>	86,567
<i>Share-based payments</i>	6,705
<i>Exceptional items:</i>	
- <i>Impairment of available for sale and other assets</i>	431
- <i>Charge for contingent and deferred consideration</i>	15,683
- <i>Transaction costs incurred on purchase of ZPG</i>	38,577
- <i>Write off Assets</i>	7,792
Operating cash flows before changes in working capital	150,660
Increase in trade and other receivables	(13,196)
Decrease in trade and other payables	(41,417)
Decrease in provisions	(92)
Cash generated from operating activities	95,955
Income tax paid	(8,193)
Net cash flows from operating activities	87,762
Cash flows used in investing activities	
Acquisition of subsidiaries, net of cash acquired	(2,205,367)
Settlement of other deferred and contingent consideration	(46,376)
Interest received	458
Acquisition of property, plant and equipment	(930)
Acquisition and development of intangible assets	(12,440)
Net cash flows used in investing activities	(2,264,655)
Cash flows (used in)/from financing activities	
Proceeds on the issue of shares, net of issue costs	1,719,800
Payments on finance leases	(4,058)
Repayment of borrowings	(264,000)
Proceeds from external debt, net of capitalised fees	901,189
Interest paid	(75,549)
Net cash flows from financing activities	2,277,382
Net (decrease)/increase in cash and cash equivalents	100,489
Cash and cash equivalents at beginning of the period (Acquired Cash)	-
Cash and cash equivalents at end of the period	100,489

Consolidated statement of changes in equity

For the period ended 30 September 2019

	Notes	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total shareholder's equity £000	Non-controlling interest £000	Total equity £000
At 3 May 2018		-	-	-	-	-	-	-
Loss for the period		-	-	-	(87,867)	(87,867)	(18,548)	(106,415)
<i>Other Comprehensive Income:</i>								
Fair value movements		-	-	-	91	91	19	110
<i>Transactions with owners recorded directly in equity:</i>								
Shares issued		1,425	1,423,175	-	-	1,424,600	-	1,424,600
Non-controlling interest, initial investment					-	-	295,200	295,200
Share-based payments charges	21	-	-	1,081	-	1,081	-	1,081
Cumulative impact of IFRS 16		-	-	-	4,568	4,568	947	5,515
Cumulative impact of IFRS 15		-	-	-	(533)	(533)	(110)	(643)
Cumulative translation adjustment		-	-	-	(35)	(35)	(2)	(37)
At 30 September 2019		1,425	1,423,175	1,081	(83,776)	1,341,905	277,506	1,619,411

Notes to the consolidated financial statements

For the period ended 30 September 2019

1. Accounting policies

Zephyr Holdco Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The address of the registered office is The Cooperage, 5 Copper Row, London SE1 2LH.

The consolidated financial statements incorporate the accounts of the Company and entities controlled by the Company ("its subsidiaries") (together "the Group").

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below for the period from 3 May 2018 (date of incorporation) to 30 September 2019.

Compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS"). They are prepared on the historical cost basis.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Group's accounting policies.

Presentational currency

The presentational currency of the financial statements is Pound Sterling (£). Amounts included in the consolidated financial statements are shown in round thousands unless otherwise indicated.

1.2 New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group for the financial period beginning 3 May 2018.

1.3 Basis of consolidation

The consolidated financial statements incorporate the accounts of Zephyr Holdco Limited and entities controlled by the Company. Control is achieved where the Company:

- has the power over the entity;
- is exposed, or has rights, to variable return from its involvement with the entity; and
- has the ability to use its power to affect its returns.

The results of subsidiaries are included in the consolidated financial statements from the date control commences.

On consolidation, intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

For the period ended 30 September 2019, the Group had acquired ZPG Plc. The results of this acquisition have been consolidated from the date of acquisition as set out in Note 10.

Foreign subsidiaries

At the year end, the Company has one trading subsidiary that uses a functional currency which is different to the presentational currency of the Group. Calcasa B.V.'s functional currency is the Euro as it is the currency of the primary economic environment in which it operates.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.3 Basis of consolidation (continued)

Assets and liabilities for Calcasa B.V. are translated into Pound Sterling using the exchange rate at the statement of financial position date and the consolidated statement of comprehensive income statement translated using the average exchange rate for the year. Exchange differences on translation into the presentational currency are recognised within other comprehensive income. The principal exchange rates for the Euro against Pound Sterling used in these consolidated financial statements are: average: 0.8838, closing: 0.8875.

1.4 Going concern

The consolidated statement of financial position shows a positive net asset position with significant cash resources and the Group continues to generate positive net cash flows from operating activities. Furthermore, the Group continues to generate both positive operating cashflow before the effect of acquisition related costs and amortisation of acquired intangibles. Therefore, the Directors consider that the Group is well placed to manage its business and financial risks successfully.

As part of the acquisition of ZPG Plc the Group put in place a new debt structure which provides flexibility and headroom against covenants. Under the finance agreement, no covenants were required to be tested at 30 September 2019. The Group also has access to a £150 million revolving credit facility which remains undrawn as at 30 September 2019.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of these financial statements, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

1.5 Finance income and costs

Finance income represents interest receivable on cash and deposit balances and gains recognised on foreign currency transactions. Interest receivable is recognised as it accrues using the effective interest method.

Finance costs represent interest charges and certain fees charged on the Group's external borrowings and revolving credit facility. This includes the amortisation of upfront establishment fees paid on the Group's debt. In adhering to the updated leasing standard IFRS 16 there is cost relating to the unwind of the discount provision on all identified lease liabilities also included within finance costs.

Foreign exchange gains and losses are recognised annually based on the translation of assets and liabilities held in foreign currencies to Pound Sterling and realised gains and losses on transactions recorded in the period. The Group's principal exposure is to the Euro, through its Netherlands subsidiary and a tranche of its external borrowings which is denominated in Euro.

1.6 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. This cost includes the purchase price, directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and are not revalued.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful economic lives, using the straight-line method, as follows:

Fixtures and fittings	–	over 2 to 5 years
Computer equipment	–	over 2 to 5 years
Leasehold improvements	–	over the lease term
Freehold property	–	over 50 years

The Directors review the residual values and useful economic lives of assets on an annual basis.

1.7 Business combinations and disposals

The acquisition of subsidiaries and businesses is accounted for using the acquisition method in accordance with IFRS 3. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired company, net of cash acquired. Acquisition related costs, other than those associated with the issue of debt or equity securities, are recognised in the consolidated statement of comprehensive income as incurred.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.7 Business combinations and disposals (continued)

At the acquisition date, the identifiable assets acquired, and liabilities assumed are recognised at their fair value with the exception of deferred tax assets and liabilities, which are measured in accordance with IAS 12 Income Taxes. Identifiable net assets include the recognition of any separately identifiable intangible assets. Further detail of the identifiable assets and liabilities recognised during the year on acquisitions are provided in Note 10.

Deferred and contingent consideration are measured at fair value at the date of acquisition. Where the amounts payable is classified as a financial liability any subsequent change in the fair value is charged/credited to the Group's consolidated statement of comprehensive income. Amounts classified as equity are not subsequently remeasured. Where consideration to Management shareholders is contingent on their continued employment the amount is recognised as a remuneration expense in the statement of comprehensive income over the deferral period when it coincides with the period of continued employment.

Gains or losses on disposals of businesses are recognised within exceptionals where the consideration received is higher or lower than the carrying value of the net assets disposed of. Prior to disposal an asset or disposal group is classified as held for sale and is measured at the lower of carrying amount and fair value less costs to sell where the disposal group is available for immediate sale in its present condition and the sale is highly probable. Following classification as held for sale non-current assets in the disposal group are not depreciated.

The results of operations held for sale are included in the consolidated statement of comprehensive income up to the date of disposal. Where a disposal represents an independent cash generating unit or material component of the Group the disposal will be considered a discontinued operation for the purposes of reporting its financial performance for the period.

1.8 Goodwill

Goodwill arising on a business combination represents the difference between the fair value of the consideration paid and the fair value of assets and liabilities acquired and is recorded as an intangible asset. Goodwill is not subsequently subject to amortisation but is tested for impairment annually and whenever the Directors have an indication that it may be impaired. For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the combination. Any impairment in carrying value is charged to the consolidated statement of comprehensive income.

1.9 Intangible assets

Purchased intangible assets with finite lives are initially recorded at cost. Intangibles arising on acquisition are recorded at fair value. All intangibles are subsequently stated at initial value less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets as follows:

Brand	–	5 to 25 years
Customer relationships	–	14 to 22 years
Technology and Software	–	3 to 8 years

1.10 Impairment of tangible and intangible assets

Tangible and intangible assets are tested for impairment when an impairment indicator has been identified. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Any impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.11 Research and development

The Group incurs expenditure on research and development in order to develop new products and enhance the existing websites. Research expenditure is expensed in the period in which it is incurred. Development costs are expensed when incurred unless they meet certain criteria for capitalisation. Development costs whereby research findings are applied to creating a substantially enhanced website or new product are only capitalised once the technical feasibility and the commercial viability of the project has been demonstrated and they can be reliably measured. Capitalised development costs are presented in these financial statements as additions to software assets and are only amortised once the asset is available for use at which point it is then depreciated on a straight-line basis over their expected useful economic life.

Once the new website enhancement or product is available for use, subsequent expenditure to maintain the website or product, or on small enhancements to the website or product, is recognised as an expense when it is incurred.

Research and Development tax credit claims made in the UK are recognised as a credit to administrative expenses in the financial year relevant to the claim. Research and Development tax credits in the Netherlands are recognised in accordance with local legislation and are accounted for as a deduction to the relevant tax expense.

1.12 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Full details of financial instruments are included in Note 23.

IFRS 9 "Financial Instruments" prescribes the rules for recognition and measurement of financial instruments. The impact of the new standard on the Group is limited to the measurement of provisions raised in relation to revenue received by the Group. The standard requires the use of an expected loss model when determining an appropriate provision related to trade receivables. The Group has applied this model and uses both historical analysis and macroeconomic factors in determining the resulting provisions against trade receivables.

Investments in unlisted securities not meeting the definition of associates, joint ventures or subsidiaries are classified as Financial assets at fair value through other comprehensive income and are initially recorded at fair value plus transaction costs. The investments are then remeasured at each subsequent reporting date to fair value. Changes in the fair value of the unlisted securities are recognised in other comprehensive income, with the exception of impairment losses. On disposal of the asset any gains and losses recorded within other comprehensive income are realised and are reclassified to the consolidated statement of comprehensive income.

Trade and other receivables are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for expected credit losses. This is deemed to be a reasonable approximation of their fair value. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition through detailed analysis of historical payment profiles and past default experience. When a trade receivable is deemed uncollectable, it is written off against the allowance account. The Group receives interest income on certain amounts held in escrow.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value.

Loans and borrowings are measured at amortised cost, net of direct costs. Direct costs are released through the consolidated statement of comprehensive income under the effective interest method, along with interest charged, over the life of the instrument.

Deferred and contingent consideration is recognised as financial liabilities carried at fair value and gains or losses arising from changes in fair value are recognised in the statement of comprehensive income.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Company's Ordinary Shares are classified as equity instruments and are recognised at the proceeds received, net of any direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial instruments are not used for speculative purposes.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.12 Financial instruments (continued)

A large majority of the Group's cash and cash equivalents are held in in the Group's current accounts and are available for immediate use. As at 30 September the Group also held £25 million in a deposit account that is available for use 31 days after notice has being given to the deposit holder.

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities that are measured subsequent to initial recognition at fair value:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of the type of fair value input used is included within the relevant note.

1.13 Current tax

Current income tax comprises UK income tax and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Current tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

1.14 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.15 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 the Group will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at Management's best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the impact is material. The unwinding of any discount is recognised in finance costs.

Dilapidation provisions are recognised based on Management's best estimate of costs to make good the Group's leasehold properties at the end of the lease term.

1.16 Employee benefits: defined contribution benefit scheme

The Group operates a defined contribution pension scheme which is a post-employment benefit plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions payable to the fund are charged to the statement of comprehensive income in the period to which they relate.

1.17 Share-based payments

The Group provides equity-settled share-based incentive plans whereby ZPG Property Services Holdings Limited and ZPG Comparison Services Holdings Limited grants sweat shares at unrestricted market value to its employees of its subsidiaries for their employment services. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Vesting happens over a five-year period with all shares vesting at the date of an exit event if earlier than five years. The fair value for employee-based schemes is measured using the Black-Scholes valuation model and is charged to the consolidated statement of comprehensive income over the vesting period on a straight-line basis.

The Group also issues warrants over shares in ZPG Property Services Holdings Limited to a number of third parties. Fair value is determined by using discounted cashflows of the benefits accruing to the Group and charged to the consolidated statement of comprehensive income based on the expected value accrued over the life of the assets.

Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 21.

1.18 Revenue recognition

IFRS 15 "Revenue from contracts with customers" was adopted by the Group from its incorporation date on the 4 May 2018. IFRS 15 replaces IAS 18 "Revenue and related interpretations" and aims to provide a framework on recognising how much revenue is recognised and when it should be recognised. The underlying principle of the new standard is to ensure that revenue is being recognised only when the services promised under the contract have been delivered and all performance obligations have been satisfied.

In applying the principles laid out within the standard, the Group accounts for revenue by spreading revenue received over the periods in which the obligations have been satisfied. Revenue for the Group is recognised by two key divisions based on operations being Comparison and Property.

Comparison revenue is largely sourced by providing a service that allows users to compare prices among different service providers in the energy, communications and finance sectors. Revenue is then recognised at the point in time when a lead is generated. Where revenue is received for meeting obligations rather than for generating leads the revenue is recognised over the period in which the obligation is expected to be met.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.18 Revenue recognition (continued)

Revenue from the Property division derives principally from subscription to the Group's property websites and from the provision of property software to UK domestic, overseas and commercial estate agents along with the provision of property data to financial and other institutions. Where revenue relates to a subscription or licence fees the total expected revenue from each contract including the initial fees charged for the installation of the software is spread across the life of the that particular contract. Revenue that is tied to the delivery of separable and identifiable obligations such as portfolio valuations performed by the property data business is recognised when the obligations are met, and the piece of work has been delivered. All other revenue is spread out over the life of the contract.

1.19 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The leases relate to vehicles and properties. To assess whether a contract conveys the right to control the use of an identified assets, the group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive subscription right then the asset is not identified;
- The group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The group has the right of direct use of the asset. The group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:

The group has the right to operate the asset; or

The group designed the asset in a way that predetermines how and for what purpose it will be used.

The group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that's are not paid at the commitment date, discounted using the interest rate, implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments include in the measurement of the lease liability comprise the following

- Fixed payments, including in substances fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price is under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.19 Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-use-of asset or is recorded in profit or loss if the carrying amount of the right-use-of asset has been reduced to zero.

The group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loan and borrowing' in the statement of the financial position.

Short-term and leases of low value assets

The group has made use of the practical expedient available to not recognise right-of-use assets and lease liabilities for short term leases of computer equipment that have a lease term of twelve months or less and leases of low valued assets, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20 Sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recognition and valuation of earn-out agreements

In consideration for the acquisition of both Calcasa and Money, earn out agreements were entered which were contingent upon the future performance of both acquired entities post acquisition. The earn-out considerations are measured at fair value at the point of acquisition using discounted future cash flows and subsequently measured at each reporting date with any changes as a result of the revaluation being recognised in the statement of comprehensive income. The fair value of contingent consideration is included within Note 16.

Consideration for the acquisition of Hometrack included a commercial earn-out agreement which is contingent upon the future performance of a ten-year licence agreement entered at the point of acquisition. The settlement of the commercial earn-out will be in the range of £nil to £25 million payable over the ten-year period post acquisition. The earn-out is measured at fair value using unobservable inputs (level 3) at the point of acquisition using discounted future cashflows under a range of weighted scenarios requiring an estimation of the future performance of the licence agreement. At each reporting period the earn-out will be measured at fair value using the same method with any changes from revaluation being recognised in the statement of comprehensive income. If an equal weighting was applied across the different scenarios in the model estimating the fair value of the earn-out, the liability at 30 September 2019 would increase by £2.9 million.

A total charge of £14.9 million was recognised with regards to fair value movements on earn-outs in the year as detailed in Note 16.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

1.20 Sources of estimation uncertainty (continued)

Impairment of goodwill and intangibles

The Group holds goodwill and intangibles on the statement of financial position in respect of business acquisitions made. Acquired intangibles include acquired goodwill, brands, customer relationships, and software of which £2,660 million has been recognised as at 30 September 2019. The Group is required to review these assets annually for impairment. Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable value of the relevant cash-generating unit, which represents the higher of fair value and value in use. The value in use calculation requires an estimation of future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred.

The impairment review has concluded that the carrying value of the Group's intangible assets is supported by the value in use of the respective cash generating units. Details of the impairment analysis, including sensitivity over the estimates used, are included in Note 11.

1.21 Key accounting judgements

Accounting for warrants

The Group has historically entered into agreements with certain third parties whereby the Group offers warrants over its own shares or its subsidiaries' shares. During the period the Group signed new warrant agreements with third parties and judgement is required to determine the appropriate accounting treatment. With the assistance of independent third-party experts Management has performed an extensive exercise to demonstrate that the service provided under the warrant agreements is both distinct from the obligations under the existing commercial service agreements and that the agreements have a reliably measurable fair value. Consequently, the Directors have concluded that the warrant agreements should be accounted for under IFRS 2, as a share-based payments charge, and not as a deduction to revenue under IFRS 15.

Share based payment charges are calculated cumulatively, as the greater of the current share price multiplied by the number of warrants vested or the minimum value of the warrants as per the agreement.

Holdco investors agreement

During the period, Zephyr Holdco 2 Ltd., the Company's direct subsidiary, entered into an agreement with a related party. The agreement provides an option for the related party, to exchange its current shareholding of the ordinary shares of Zephyr Holdco 2 for ordinary shares in Property Holdco Services and Comparison Holdco Services, which are subsidiaries consolidated in these financial statements. The earliest period where the option can be exercised is January 2021; at this time it is not reasonably certain that the option will be exercised. There is judgement whether control of Comparison Holdco Services would pass once the option becomes exercisable, and at that time the Company will perform a detailed assessment.

Judgement is required to determine the appropriate accounting treatment of the agreement. We have performed an extensive exercise to demonstrate that: the agreement has been negotiated on an arm's length basis; on the date of the agreement the shareholdings to be forsaken by the related party are equal to shareholdings in Property Holdco Services and Comparison Holdco services; the transaction represents an exchange of a fixed number shares for a fixed number shares.

Consequently, the Directors have concluded that the agreement should be accounted for in the parent company group accounts as a derivative over its own subsidiary's equity, and is therefore classified as equity in line with IFRS 9.

Recognition of acquired intangibles on acquisition

During the period the Group completed its acquisition of ZPG Plc. The process of determining the fair value of intangible assets acquired in the acquisition involves reviewing the past performance of the acquiree and future forecasts to ascertain the intangible assets which the purchase price should be allocated to. The details of assets and liabilities recognised upon acquisition is set out in Note 10.

The Group engaged third party valuation experts for ZPG Plc to mitigate the risk associated with the valuation of assets and liabilities upon acquisition. Intangibles recognised are subsequently amortised over their useful economic lives; as such, no future revaluation of the assets recognised will be made except for the purposes of impairment reviews.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

2. Revenue

The Group's revenue is derived from the territories in which the Group operates as listed in the table below.

	2019 £000
UK	372,070
Netherlands	11,538
Total	383,608

3. Operating loss

	2019 £000
Operating loss is stated after charging/(crediting):	(15,306)
Depreciation of property, plant and equipment	5,951
Amortisation of intangible assets arising on acquisitions	90,827
Share-based payments (Note 21)	6,705
Asset write-offs	7,792
Acquisition related costs	38,577
Deferred consideration (Note 16)	15,683

4. Finance costs

	2019 £000
Interest costs	71,699
Amortisation of capitalised fees	9,182
Other finance costs	306
Interest Expense on Leases	1,892
Unrealised foreign exchange Loss	3,310
Realised foreign exchange Loss	178
Total finance costs	86,567

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

5. Auditor's remuneration

	2019 £000
Fees payable to the Group's auditor and its associates:	
– for the audit of Zephyr Holdco Limited and the consolidated financial statements	14
– for the audit of subsidiaries of Zephyr Holdco Limited	375
Total audit fees	389
Fees payable to the Group's auditor and its associates for other services to the Group:	
– Audit related assurance services	6
– Other services	519
Total non-audit fees	525

6. Employee costs

	2019 £000
Staff costs (including Directors) comprise:	
Wages and salaries	55,597
Social security costs	6,599
Defined contribution pension costs	2,119
Share-based payments (Note 21)	844
	65,159

The average monthly number of Directors and employees in administration and Management during the period was:

	2019 Number
Administration	859
Management	5
	864

7. Remuneration of key management personnel

	2019 £000
Salary, benefits and bonus	2,816
Defined contribution pension cost	12
Termination benefits	4,735
	7,563

Key management personnel during the period comprise the Chairman, the Directors, the Chief Financial Officer and the Managing Directors of Property and Comparison.

The highest paid Director received remuneration and compensation for loss of office of £5.0 million.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

8. Income tax expense

	2019 £000
Current tax	
Current period	20,410
Adjustments in respect of pre-acquisition periods for acquired entities	(324)
Total current tax	20,086
Deferred tax	
Origination and reversal of temporary differences	(15,086)
Total deferred tax	(15,086)
Total income tax expense	5,000

Corporation tax is calculated at 19% of the taxable profit for the period. The charge for the period can be reconciled to the loss in the statement of comprehensive income as follows:

	2019 £000
Loss before tax	(101,415)
Current corporation tax rate of 19%	(19,269)
Fixed asset differences	257
Non-deductible expenses	21,487
Capital gains	4,275
Adjustments in respect of prior periods	(324)
Impact of deferred tax rate changes	(508)
Difference in overseas tax rates	(114)
Other movements	(804)
Total income tax expense	5,000

The Group's effective tax rate for the period ended 30 September 2019 is 19%.

9. Investment in subsidiaries and joint ventures

Details of the Company's direct and indirect subsidiaries and joint ventures at 30 September 2019 are shown below. All of the entities listed are consolidated in the consolidated accounts of Zephyr Holdco Limited, the ultimate parent company of the Group.

The percentage of Ordinary Share capital of each subsidiary listed is owned entirely by the direct parent indicated other than in respect of Websky Limited where 75% of Ordinary Share capital is owned by W New Holdings Limited with Zoopla Limited owning the remaining 25%.

Zephyr Holdco 2 Limited is the only direct subsidiary of Zephyr Holdco Limited.

All subsidiaries incorporated in the UK are registered at The Cooperage, 5 Copper Row, London SE1 2LH.

The subsidiary incorporated in Netherlands, namely Calcasa B.V., is registered at Koornmarkt 41, 2611EB Delft, The Netherlands.

HLIX Limited did not trade in the period.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

9. Investment in subsidiaries and joint ventures (continued)

Name	Direct parent	Country of incorporation	Ownership of Ordinary Shares and voting interest 2019
Active			
Zephyr Holdco 2 Limited	Zephyr Holdco Limited	Cayman Islands	83%
Zephyr Midco 1 Limited*	Zephyr Holdco 2 Limited	United Kingdom	100%
Zephyr Midco 2 Limited*	Zephyr Midco 1 Limited	United Kingdom	100%
Zephyr Bidco Limited*	Zephyr Midco 2 Limited	United Kingdom	100%
ZPG Limited*	Zephyr Bidco Limited	United Kingdom	100%
ZPG Property Services Holdings Limited	ZPG Limited	Cayman Islands	100%
ZPG Property Services Holdings UK Limited*	ZPG Property Services Holdings Limited	United Kingdom	100%
ZPG Comparison Services Holdings Limited	ZPG Limited	Cayman Islands	100%
ZPG Comparison Services Holdings UK Limited*	ZPG Comparison Services Holdings Limited	United Kingdom	100%
Zoopla Limited	ZPG Limited	United Kingdom	100%
Ravensthorpe Printing Services Limited*	Zoopla Limited	United Kingdom	100%
W New Holdings Limited*	Zoopla Limited	United Kingdom	100%
Websky Limited*	W New Holdings Limited / Zoopla Limited	United Kingdom	100%
TechnicWeb Limited*	Zoopla Limited	United Kingdom	100%
uSwitch Limited	ZPG Limited	United Kingdom	100%
Property Software Holdings Limited*	ZPG Limited	United Kingdom	100%
Jupix Limited*	Property Software Holdings Limited	United Kingdom	100%
MoveIT Network Limited*	Jupix Limited	United Kingdom	100%
Property Software Limited*	Property Software Holdings Limited	United Kingdom	100%
Core Estates Limited*	Property Software Limited	United Kingdom	100%
CFP Software Limited*	Property Software Limited	United Kingdom	100%
Vebra Investments Limited*	Property Software Limited	United Kingdom	100%
Vebra Limited*	Vebra Investments Limited	United Kingdom	100%
Vebra Solutions Limited*	Vebra Limited	United Kingdom	100%
Hometrack.co.uk Limited*	ZPG Limited	United Kingdom	100%
Hometrack Data Systems Limited	Hometrack.co.uk Limited	United Kingdom	100%
Dot Zinc Holdings Limited*	ZPG Limited	United Kingdom	100%
Dot Zinc Limited	Dot Zinc Holdings Limited	United Kingdom	100%
ZPG Property Services Limited*	ZPG Limited	United Kingdom	100%
Calcasa B.V.	ZPG Property Services Limited	Netherlands	100%
Dormant			
PSG Web Services Limited*	Vebra Limited	United Kingdom	100%
Real Estate Technology Limited*	Vebra Limited	United Kingdom	100%
Joint ventures			
HLIX Limited	Hometrack Data Systems Limited	United Kingdom	25%

*For the period or year ended 30 September 2019 these entities were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the period or year ended 30 September 2019.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

10. Acquisitions – ZPG Plc

On 11 July 2018 Zephyr Bidco Limited ("Bidco") completed its acquisition of ZPG Plc through the purchase of 100% of the issued share capital of ZPG Plc for a total consideration of £2,430.4 million (net of cash acquired) as measured in accordance with IFRS 3.

The Group has completed its assessment of the fair value of assets acquired as set out below. In calculating the goodwill arising on acquisition the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities other than the recognition of liabilities arising directly as a result of the acquisition.

The Group has also recognised a number of separately identifiable intangibles as part of the acquisition, details of which are set out in the table below.

Since the acquisition date, the acquired companies have contributed £383.6m to Group revenue and £101.4 to Group loss before tax for the period ended 30 September 2019.

	£m
Property, plant and equipment	11.3
Trade and other receivables	46.0
Trade and other payables	(90.6)
Investments held at fair value	6.5
Corporation tax asset	5.7
Provisions	(2.5)
Intangible software assets	14.2
Deferred and contingent consideration	(69.0)
Deferred tax asset	2.6
Total net liabilities acquired	(75.8)
Intangible assets recognised on acquisition:	
– Brand	713.9
– Customer relationships	545.6
– Technology and software	49.1
Deferred tax liability arising on intangible assets	(223.9)
Goodwill on acquisition	1,421.5
	2,430.4
Satisfied by:	
Cash consideration	2,213.8
Net debt assumed	216.6
Total consideration	2,430.4

Brand are the brand names owned and utilised by the Group, in particular but not limited to Zoopla, uSwitch and Money.

Customer relationships are developed by working with real estate agents, developers, lenders, and utilities for many years providing access to its portals and providing software and valuation products and services.

The Technology and Software asset incorporates the underlying core technology of the products, methods, and processes reflected in the technology and software of the Group.

The following table sets out the amounts included in the consolidated statement of cash flows:

	£000
Cash consideration, net of cash acquired on acquisition	(2,166,790)
Cash expenses incurred on acquisition	(38,577)
Cash outflow on acquisition of subsidiaries	(2,205,367)

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

11. Intangible assets

	Goodwill £000	Brand £000	Customer relationships £000	Technology and software £000	Other Software £000	Total £000
Cost						
At 3 May 2018	-	-	-	-	-	-
Acquired	1,421,564	713,852	545,585	68,535	-	2,749,536
Additions	-	-	-	12,236	200	12,436
Disposals	-	-	-	(6,139)	-	(6,139)
At 30 September 2019	1,421,564	713,852	545,585	74,632	200	2,755,833
Amortisation						
At 3 May 2018	-	-	-	-	-	-
Acquired	-	-	-	5,257	-	5,257
Charge for the period	-	38,581	39,810	12,392	44	90,827
Disposals	-	-	-	(601)	-	(601)
At 30 September 2019	-	38,581	39,810	17,048	44	95,483
Net book value						
At 30 September 2019	1,421,564	675,271	505,775	57,584	156	2,660,350

Goodwill and intangibles are tested for impairment by comparing the carrying amount of the groups of cash-generating unit (CGU) with its recoverable amount, which represents the higher of its estimated fair value less cost to sell and value in use. An impairment loss is recognised when the carrying value of the asset exceeds its recoverable amount.

The intangible assets relate to four separate business units being Comparison, Property Marketing, Property Software and Property Data. Goodwill and intangibles are monitored at this level and allocated to each business unit per the table below.

	Goodwill £000	Other Intangibles £000	Total £000
Property Marketing	558,203	488,524	1,046,727
Property Software	154,294	83,154	237,448
Property Data	329,515	130,763	460,278
Comparison	379,552	536,345	915,897
At 30 September 2019	1,421,564	1,238,786	2,660,350

The recoverable amounts of intangible assets and goodwill are based on their value in use, which is determined using cash flow projections for each business unit. The projections are based on a five-year forecast that reflects the Directors expectation of revenue, EBITDA growth, capital expenditure, working capital and operating cashflows. Cash flows beyond the five-year forecast have been extrapolated using a long-term growth rate.

The key assumptions for the value in use calculations are those regarding discount rates, cash flow forecasts and the long-term growth rates. The post-tax discount rate used for Property Marketing, Property Software, Property Data and Comparison were 8.5%, 9.5%, 8.5% and 10.0% respectively. These follow the detailed discount rate calculations prepared by external experts in valuing the intangible assets as part of the PPA exercise. The long-term growth rates beyond the five-year period have been determined with reference to the long term growth for each business unit in the PPA exercise, long term growth rates in the technology industry and other relevant data points to each business unit. The long term growth rate used for Property Marketing, Property Software, Property Data and Comparison were 4.0%, 5.6%, 4.8% and 3.5% respectively.

The analysis performed calculates that the recoverable amount of each business unit's assets exceeds their carrying value, as such no impairment was identified. Headroom is noted in all business units.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

11. Intangible assets (continued)

The Group has performed a sensitivity analysis for those businesses where a reasonably possible change in assumptions could give rise to an impairment. For property marketing and software, were the pre-tax WACC to increase by 0.9% and 0.8% respectively, no headroom will exist.

Management will continue to review the forecasts and the WACC on an ongoing basis to confirm that the carrying value is not impaired.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

12. Property, plant and equipment

	Fixtures and fittings £000	Freehold property £000	Computer equipment £000	Leasehold improvements £000	Right of use Leases £000	Total £000
Cost						
At 3 May 2018	-	-	-	-	-	-
Acquired	4,040	383	3,738	7,334	-	15,495
Additions	237	-	614	79	34,424	35,354
Disposals	(2,161)	-	(1,277)	(1,189)	-	(4,627)
At 30 September 2019	2,116	383	3,075	6,224	34,424	46,222
Accumulated depreciation						
At 3 May 2018	-	-	-	-	-	-
Acquired	1,095	181	2,186	711	-	4,173
Charge for the period	867	8	876	762	3,438	5,951
Disposals	(848)	-	(1,206)	(319)	-	(2,373)
At 30 September 2019	1,114	189	1,856	1,154	3,438	7,751
Net book value						
At 30 September 2019	1,002	194	1,219	5,070	30,986	38,471

The carrying value of vehicle and property leases at 30 September 2019 are £0.3m and £30.6m respectively.

13. Investment held at fair value through Other Comprehensive Income

	2019 £000
At 3 May 2018	-
Acquired	6,521
Additions	101
Fair value movements	110
Disposals	(96)
Impairment	(431)
At 30 September 2019	6,205

Financial assets at fair value through other comprehensive income assets represent the Group's strategic partnerships with a number of UK Proptech and Fintech companies and other equity investments which do not give the Group significant influence over that entity.

14. Trade and other receivables

	2019 £000
Trade receivables	25,117
Accrued income	28,350
Prepayments	4,440
Other receivables	683
	58,590

All trade and other receivables are classified as current assets.

Details of the Group's exposure to credit risk are given in Note 23.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

15. Trade and other payables

	2019 £000
Trade payables	10,642
Accruals	18,193
Other taxation and social security payments	8,840
Deferred income	5,057
Other payables	2,231
	44,963

The Directors consider that the carrying value of trade and other payables is approximate to their fair value. Details of the Group's exposure to liquidity risk are given in Note 23. All trade and other payables are considered current liabilities.

Lease Liabilities	2019 £000
Current	4,326
Non-current	27,756
	32,082

Due to the initial application of IFRS 16 as at 3 May 2018 additional liabilities from leases of £34.2m were recognised. £4.0m in financial liabilities were paid in the period and £1.9m of interest was charged to the profit and loss in the period.

The Group has short term liabilities of £5.6m relating to Warrants issued to third parties. The liability exists due to the option for the warrant holders to request cash settlement of the warrants by Zephyr Holdco 2 Limited.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

16. Deferred and contingent consideration

The Group's acquisition of ZPG Plc did not include any deferred consideration payments. The table below details the movements in deferred consideration from acquisitions made by ZPG Plc prior to the 11 July 2018.

A further £23.0 million was recognised in respect of Calcasa B.V ("Calcasa") in the period. A release of the contingent consideration on the Money acquisition of £7.3 million was recognised on final settlement of the agreement.

Judgement is made on the Hometrack earn-out with eight potential outcomes being weighted based on probability of realisation. If all eight scenarios were weighted equally the deferred consideration on that agreement would be an additional £2.6m.

During the year the Group also settled £46.4 million due in respect of Money, TechnicWeb, Expert Agent, Hometrack, Ravensworth and Calcasa.

Of the £46.4 million, £9.8 million of deferred and contingent consideration settled during the year was conditional on continued employment of Management.

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
At 3 May 2018	-	-	-
Acquired	9,468	59,547	69,015
Charge in the period for amounts conditional on the continued employment of Management	798	-	798
Changes in fair value	19	14,866	14,885
Money payment	-	(18,386)	(18,386)
TechnicWeb payment	-	(589)	(589)
Expert Agent payment	(7,000)	-	(7,000)
Hometrack payment	(2,285)	(1,239)	(3,524)
Ravensworth payment	(500)	-	(500)
Calcasa payment	-	(16,377)	(16,377)
At 30 September 2019	500	37,822	38,322
Current	250	22,286	22,536
Non-current	250	15,536	15,786

The fair values of the Group's liabilities in respect of deferred and contingent consideration arising on acquisitions are set out below and are considered equal to their carrying value.

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
Hometrack	-	7,958	7,958
Money	-	1,912	1,912
Calcasa	-	27,952	27,952
Ravensworth	500	-	500
At 30 September 2019	500	37,822	38,322

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

17. Provisions

The movement in provisions can be analysed as follows:

	Dilapidation provisions £000	Other £000	Total £000
At 3 May 2018	-	-	-
Acquired	1,720	757	2,477
Recognised in the period	564	101	665
Released in the period	-	(757)	(757)
At 30 September 2019	2,284	101	2,385
Current	-	101	101
Non-current	2,284	-	2,284

The dilapidation provisions relate to Management's best estimate of costs to make good the Group's leasehold properties at the end of the lease term. The amount recognised in the period represents a provision for the dilapidations on Eagle Wharf, the Group's new office building and a reinstatement of a dilapidations provision for the Harlequin building and a provision for dilapidations in the Group's office previously used by Money.co.uk.

18. Loans and borrowings

Following the acquisition of ZPG Plc by Bidco in July 2018,

- ZPG Limited repaid £64.0 million, which was drawn under the old RCF, on 23 July 2018; and
- ZPG Limited redeemed the £200.0 million Loan Notes on 6 August 2018 and incurred a redemption premium of £10.9 million, which was recognised as finance cost in the statement of comprehensive income.

Arrangement fees that had been capitalised on both the New RCF and Loan Notes were fully amortised on the repayment dates stated above. The repayment of the old RCF and Loan Notes were funded directly by Bidco and replaced with a loan, which is held at amortised cost and repayable on the tenth anniversary of the date of the loan agreement. The loans taken out by Bidco are made up of the following;

- Multicurrency revolving credit facility capped at £150 million available to be drawn until December 2024 and maturing in January 2025 (facility remains undrawn at 30 September 2019);
- Term loans denominated in GBP totalling £575 million, £395 million maturing in July 2025 at Libor + 4.5% and £180 million maturing in January 2024 at Libor + 7.5%; and
- Term loans denominated in Euro totalling €400 million maturing in July 2025 at 3.5%.

	2019 £000
Opening gross borrowings	-
Acquired borrowings	259,659
Repayment of Unsecured Senior Loan Notes	(200,000)
Repayment of old RCF	(64,000)
Written off Capitalised Fees on Senior Loan Notes	4,341
Proceeds from External Borrowings	930,023
Gross borrowings	930,023
Capitalised arrangement fees	(21,183)
Total loans and borrowings	908,840

The Group has no other loans or borrowings. Further detail on borrowings is provided in Note 23.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

18. Loans and borrowings (continued)

Leases

As at 30 September 2019 the balance sheet contains the following amounts that relate to assets leased by the Group.

	2019 £000
Right-of-use assets	
Buildings	30,659
Vehicles	326
	30,985
Lease Liabilities	
Current	4,326
Non-current	27,756
	32,082

The depreciation charge of the right of use assets is presented in Note 12. The interest expense of the lease liabilities and maturity of interest payments are presented in Note 4 and Note 23 respectively.

19. Deferred tax

	Property, plant and equipment and computer software £000	Intangible assets £000	Share-based payments £000	Other £000	Total £000
Deferred tax (liability)/asset at 3 May 2019	-	-	-	-	-
On acquisitions	(1,983)	(223,880)	651	3,899	(221,313)
(Charge)/credit to profit or loss	120	18,787	(784)	(3,037)	15,086
Deferred tax (liability)/asset at 30 September 2019	(1,863)	(205,093)	(133)	862	(206,227)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Deferred tax assets have been recognised in respect of all temporary differences giving rise to income tax assets because it is probable that these assets will be recoverable.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 £000
Deferred tax liabilities	(207,091)
Deferred tax assets	864
Net deferred tax liabilities	(206,227)

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

20. Equity

Share capital

	2019 £000
Shares classified as capital	
Authorised	
142,460,000,000 ordinary shares of £0.01 each	1,424,600
Called-up share capital – allotted and fully paid	
142,460,000,000 ordinary shares of £0.01 each	1,424,600

Ordinary Shares

The Ordinary Shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Non-controlling interest

The Group recognises non-controlling interest at shareholder's proportionate share (17.16%) of the acquired entity's net identifiable assets.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

21. Warrants and Employee share schemes

The Group operates a number of share-based incentive schemes for both its employees and third parties.

The Group recognised a total share-based payment charge of £6.7 million net of credits of £0.2m on old scheme payments that were recognised in the period. £1.1 million is recognised in share based payment reserve as equity, with the remainder of share based payment charge being recognised as short term liability as per Note 15.

Employee share schemes

Management Equity Plan: Selected management are invited to subscribe in cash to sweet shares in ZPG Property Holdings Limited and ZPG Comparison Holdings Limited. The subscription price is based on an unrestricted market value calculated on a quarterly basis by an independent expert.

Value Incentive plan: The remainder of the permanent workforce were invited to subscribe to the Value Incentive Plan to sweet shares in ZPG Property Holdings Limited and ZPG Comparison Holdings Limited in January 2019. The subscription price for employees who accepted the invitation to subscribe in January 2019 was funded by the Group in the form of a bonus expensed through payroll. Subscription for future entrants to this scheme is funded via a non-recourse loan. The subscription price is based on an unrestricted market value calculated on a quarterly basis by an independent expert.

Hard Equity Plan: A number of employees were invited to subscribe to shares in Zephyr Holdco Limited, the parent of the Group. Subscription to these shares was on a cash basis.

The share-based payment charges for the Management Equity Plan, the Value Incentive Plan and the Hard Equity Plan are calculated using the Black Scholes model and the charge is spread straight line over a five-year period. The volatility used in the model of 25.4% is based on volatility in the shares of a comparable listed company. The inputs are as follows.

Property Metrics				Comparison Metrics				Group Metrics	
Grant Date	Jan to Mar 19	Apr to Jun 19	Jul to Sept 19	Grant Date	Jan to Mar 19	Apr to Jun 19	Jul to Sept 19	Grant Date	Jan to Mar 19
Risk free rate	3.5%	3.5%	3.5%	Risk free rate	3.5%	3.5%	3.5%	Risk free rate	3.5%
Volatility	25.4%	25.4%	25.4%	Volatility	25.4%	25.4%	25.4%	Volatility	25.4%
Dividend yield	0	0	0	Dividend yield	0	0	0	Dividend yield	0
Stock price	17.04	17.04	17.04	Stock price	8.50	8.50	8.50	Stock price	0.02
Exercise price	1.15	1.32	1.37	Exercise price	0.98	1.08	1.13	Exercise price	0.01
Term	5	5	5	Term	5	5	5	Term	5

The Group has the right to repurchase the shares in the event of a participant leaving the employment of the Group.

	Management Equity Plan		Value Incentive Plan		Hard Equity Plan	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
	'000	£	'000	£	'000	£
Outstanding at the beginning of the period	-	-	-	-	-	-
Granted	623	1.13	148	1.11	237,798	0.01
Exercised during the period	-	-	-	-	-	-
Forfeited during the period	(117)	1.05	(27)	1.08	(19,622)	0.01
Outstanding options at the end of the period	506	1.15	121	1.12	218,176	0.01

Deferred Bonus Plan (DBP): The ZPG Group had operated a Deferred Bonus Plan (DBP) which defers a proportion of eligible employees' annual bonuses into nil-cost options. The options vested over a period of between one and three years from the end of the performance period. The performance period for the 2019 DBP runs from 1 October 2017 until 31 December 2018.

Following the change in The ZPG Group's ultimate controlling party in the prior year, there will be no further grants under this scheme. There are no outstanding options under this scheme at 30 September 2019.

Warrants: The Group granted warrants to third parties in January 2019. The charge for the period amounted to £5.9m. The Group has granted 1.0m warrants to third parties during the period ended 30 September 2019.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

22. Related party transactions

Key management personnel

The following were considered to be key management personnel of the Group during the period: The Chairman, the Directors, the Chief Financial Officer, the Managing Directors of Property and Comparison.

Other Group companies

Details of transactions with subsidiaries are outlined in the Company's financial statements. Transactions with other consolidated entities have been eliminated on consolidation.

Other related parties

During the period the Group settled invoices for services provided from Silver Lake Management Company V and Red Ventures Limited and AEC Holdings Limited who are all related parties, for the provision of staff and commercial services in the period during and following the acquisition. The total of these invoices was £18.2m excluding VAT.

There were no material transactions with any other related party in the period.

23. Financial instruments

Carrying amount and fair value of financial assets and liabilities

The Group has shareholdings and commercial arrangements with a number of other entities. Where these holdings do not give the Group significant influence over the entity the holdings are classified as Financial assets at fair value through other comprehensive income. Details for Financial assets at fair value through other comprehensive income are included in Note 13. The valuation of Financial assets at fair value through other comprehensive income are based on level 2 inputs. The Group uses publicly available financial information to determine the fair value of its shareholding and any warrants held. The fair value of these assets is equal to their carrying value.

All other financial assets, including cash and cash equivalents, are designated as "Loans and receivables" and are held at amortised cost. All financial liabilities are classified as other liabilities and are measured at amortised cost except for deferred and contingent consideration which have been classified as financial liabilities carried at fair value. The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements are approximate to their fair values.

Financial risk management

The Group is exposed to the following risks from financial instruments:

- credit risk;
- market risk; and
- liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or bank ("counterparty") fails to meet its contractual obligations. The Group's maximum exposure to credit risk at the end of each period was equal to the carrying amount of financial assets recorded in the consolidated financial statements. The exposure to credit risk is influenced by the individual characteristics of each counterparty.

The potential for customer default varies between the Group's two divisions. The customer base of the Property division is large, so there is no significant concentration of credit risk. The Comparison division operates in a market with a small number of customers, which creates a concentration of debtor balances, and from time to time the amounts due from one or a number of suppliers may be material. However, customers within this market are often large energy and telecommunications organisations

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

23. Financial instruments (continued)

with high credit ratings and access to significant funds. The Group's largest customer contributed 9.1% of the Group's trade receivables balance as at period end date.

The Group manages counterparty risk on its trade receivables through strict credit control quality measures and regular aged debt monitoring procedures. The Group reserves the right to charge interest on overdue receivables, although it does not hold collateral over any trade receivable balances. Overdue amounts are regularly reviewed, and impairment provisions are created where necessary. This provision is reviewed regularly in conjunction with a detailed analysis of ageing profile, historical payment profiles and past default experience. The Group has long-standing relationships with its key customers and extremely low historical levels of customer credit defaults.

The ageing of trade receivables at the period end is as follows:

	Expected Credit loss rate	2019	Lifetime ECL £000
		Estimated total gross carrying amount at default £000	
0–30 days	0.32%	14,514	(46)
31–60 days	1.86%	4,784	(89)
61–90 days	3.31%	1,874	(62)
91+ days	12.1%	4,712	(570)
Total		25,884	(767)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was granted up to the period end date.

Receivables written off during the period to 30 September 2019 totalled £0.7m. As at 30 September 2019 receivables of £10.6m were past due but not impaired.

The credit risk associated with bank and deposit balances is mitigated by the use of banks with good credit ratings.

Market risk

Market risk is the risk that changes in foreign exchange and interest rates will affect the income and financial management of the Group. The Group is exposed to foreign exchange risk as a result of the €400 million term debt it holds which was part of the funding taken out in order to acquire the ZPG Group.

	2019
	Impact on post-tax profit £000
GBP/EUR exchange rate – increase 10%	(35,502)
GBP/EUR exchange rate – decrease 10%	35,502

At 30 September 2019 the Group's borrowings are detailed in Note 18.

Liquidity risk

Liquidity risk refers to the ability of the Group to meet the obligations associated with its financial liabilities that are settled in cash as they fall due. Management regularly reviews performance against budgets and forecasts to ensure sufficient cash funds are available to meet its contractual obligations.

The Group's activities are highly cash generative allowing it to effectively service working capital requirements and meet its interest payments. At 30 September 2019 the Group held total cash and cash equivalents of £100.5m and net debt of £808.4m with access to an undrawn £150m RCF facility.

Notes to the consolidated financial statements (continued)

For the period ended 30 September 2019

23. Financial instruments (continued)

The following tables detail the Group's remaining contractual maturities for undiscounted financial liabilities, including interest. The contractual maturity is based on the earliest date on which the Group may be required to settle.

	Effective interest rate	Within 1 year £000	1 to 2 years £000	2 to 5 years £000	More than 5 years £000	Total contractual amount £000
At 30 September 2019						
Trade payables		10,642	-	-	-	10,642
Lease Liabilities		4,326	4,633	12,587	22,997	44,543
Borrowings	5.88%	48,828	48,862	146,721	985,797	1,230,118
Total		63,796	53,495	159,308	78,682	1,286,303

Treasury and capital risk management

The Group's policy is to actively manage its cash and capital structure to ensure that it complies with its parent loan agreements and minimises the Group's interest payments by paying down its debt where possible. Management will consider the use of excess cash, including the payment of special dividends to shareholders and merger and acquisition activity, based on the risks and opportunities of the Group at that time. The Directors believe that the current debt to equity ratio remains appropriate but continue to monitor the efficiency of the capital structure on an ongoing basis.

The Group capital structure is as follows:

	2019 £m
Equity	1,619
Loans and borrowings	(909)
Cash and cash equivalents	100

24. Subsequent events

There are no reportable subsequent events.

25. Ultimate controlling party

The direct parent of the Company is Zephyr Luxco S.à.r.l which is a company registered in Luxembourg. The largest consolidated group financial statements of which Zephyr Holdco is a part are Zephyr Holdco Limited. The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.

Company statement of financial position

As at 30 September 2019

	Notes	2019 £000
Assets		
Non-current assets		
Investments in subsidiaries		1,424,818
Total assets		1,424,818
Equity		
Share capital		1,424,600
Other reserves		218
Total equity		1,424,818

The Company reported a profit for the period ended 30 September 2019 of £nil.

The financial statements of Zephyr Holdco Limited (company number 11346641) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



Simon Patterson
Director

Company statement of changes in equity

For the period ended 30 September 2019

	Share capital £000	Other reserves £000	Retained earnings £000	Total equity £000
At 3 May 2018	-	-	-	-
Profit and total comprehensive income for the period	-	-	-	-
Shares issued	1,424,600	-	-	1,424,600
Share-based payments charges	-	218	-	218
At 30 September 2019	1,424,600	218	-	1,424,818

Notes to the Company financial statements

For the period ended 30 September 2019

1. Accounting policies and basis of accounting

The financial statements of Zephyr Holdco Limited (the Company) have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 16.

The Company's principal activity is to act as an investment holding company that provides management services to its subsidiaries.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, presentation of a cash flow statement, standards not yet effective, and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

2. Critical accounting judgements or key sources of estimation uncertainty

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the parent company financial statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Profit for the period

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

The Company had no employees during the period.

4. Investments in subsidiaries

Investments in subsidiaries are valued at cost less any provision for impairment. Further information about subsidiaries, including disclosures about non-controlling interests, is provided in note 9 to the consolidated financial statements.

5. Share capital and share premium account

The movements on these items are disclosed in notes 20 to the consolidated financial statements.

6. Subsequent events

There are no reportable subsequent events.

7. Ultimate controlling party

The direct parent of the Company is Zephy Luxco S.à.r.l. The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.