Fontaine Limited

Annual Report

Year ended

31 March 2022

Company Number 12355591

Fontaine Limited

Company Information

Directors	S Cook B Ronfle-Nadaud
Registered number	12355591
Registered office	8th Floor 20 Farringdon Street London EC4A 4AB
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Credit Suisse AG One Cabot Square London E14 4QJ
Tax advisers	Ernst & Young LLP 1 More London Place London SE1 2AF

Fontaine Limited

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Fontaine Limited

Group Strategic Report
For the Year Ended 31 March 2022

Results for the year

In the 2022 financial year total Revenues for the Group amounted to €155.1m (2021: €75.4m). Recurring EBITDA excluding acquisition and integration costs closed at €88.2m, while profit before tax attributable to shareholders for the period amounted to €38.9m (2021: €0.2m).

The results of the year include a full year trading of The Orange Square Company, the Creed UK distributor purchased at the beginning of March 2021, whose operations have been successfully integrated into the Group.

In early May 2021, the Group acquired two French boutiques from their existing owner. This was not a material acquisition in the scope of the Group consolidated accounts.

The COVID-19 pandemic still partially impacted sales of Fontaine as global retail lock-downs and other restrictions were imposed during the first part of the financial year and over Christmas in Europe, however not at the same scale experienced in the prior year.

During the financial year additional steps have been taken to support the Group's growth ambitions. New point of sales, either stores or corners, have been opened around the world by our distributors or directly. The group also entered into China with the opening of 7 point of sales and continued its expansion in Travel Retail. A new female fragrance has been successfully launched in the last quarter of the financial year with Global marketing support for the first time.

Outlook

The Group believes the niche luxury perfume market will continue to enjoy growth globally, with Creed well positioned to participate in the growth of the category going forward. The Group's strategy is to drive significant growth in revenue and profit, while maintaining strong cash flow generation, building on a successful 2022 financial year, keeping the momentum going.

COVID-19

Since the start of the pandemic, the safety and wellbeing of the Group's staff, particularly those in the manufacturing plant in France, has remained the Group's top priority. Sanitary measures including regular disinfection of all buildings have been implemented, as well as compulsory mask wearing.

A new flexible model of working has been introduced for Staff based in the head office of Creed and The Orange Square Company. This will allow teams to work efficiently and safely either from home or at the office.

Principal risks and uncertainties

The senior management team is involved in all key decisions and the management of risk. Where possible, structured processes and strategies are in place to monitor and mitigate as appropriate. This involves regular formal review at Board level.

•Economic downturn
The success of the Group's business model is reliant on consumer growth. An economic downturn, resulting in a reduction in consumer spending power, will have an impact on the income achieved by the Group. This is somewhat mitigated by the economic profile of the Creed customer base, who appear better insulated from economic fluctuations than the average consumer, as demonstrated by demand during the Covid-19 pandemic. Further mitigation is provided by the global presence of the brand.

•Manufacturing Business Continuity
The business relies on one manufacturing site to answer market demand. A major incident in the factory would impact the Group's sales while restoring production. A business continuity plan is in development to mitigate that risk, with interim support provided by key business partners. The factory has substantial fire and theft protections, and holds stock of finish products.

•Competition
The market in which the Group operates is competitive. The overall niche market is expected to continue to grow as consumers graduate from lower premium or mass fragrance segments and the appetite for niche fragrances develops in new markets.

The Creed brand is firmly anchored at the luxury end of the niche market, and benefits from a 250-year heritage, a dedicated customer base, and a sophisticated distribution network.

•COVID-19 pandemic
The Group continues to comply with international governmental advice and requirements across its operations to prioritise safety. New protocols and precautions have caused minimal disruption to day-to-day operations thus far, but will require ongoing review and management. With the virus becoming endemic and the population largely vaccinated, the expectation is any further disruption caused by Covid will continue to subside.

Section 172 Statement

Directors of a company must act in a way that they consider, in good faith, promote the success of the company for the benefit of its members as a whole, taking into account the non-exhaustive list of factors set out in Section 172 of the Companies Act 2006.

Section 172 also requires directors to take into consideration the interests of other stakeholders set out in Section 172(1) in their decision making.

Engagement with the Group's members and wider stakeholder groups plays an essential role in the business. The directors are cognisant of fostering an effective and mutually beneficial relationship with each stakeholder group. An understanding of stakeholder needs and concerns is factored into boardroom discussions regarding the potential long-term impacts of the Group's strategic decisions on each group.

After the reporting period end, the Board has continued to regard the interests of the Group's stakeholders, including the potential impact of its future activities on the community, the environment and the Group's reputation when making decisions. The Board also continues to take all necessary measures to ensure the Group is acting in good faith and fairly between members, and is promoting the success of the company for its constituents in the long term.

The table below acts as the Company's Section 172 statement by setting out the key stakeholder groups and how Fontaine Group has engaged with them over the reporting period.

Stakeholder	Why the Directors engage	How the Directors engage
Investors	The Group maintains and values regular dialogue with its investors and places great importance in the relationship with them. It is understood that the Company's investors expect a comprehensive insight into the financial performance of the Group, and awareness of long-term strategy and direction. As such, the directors aim to provide high levels of transparency and clarity about results and long-term strategy to build trust in future plans.	• Monthly Executive Meeting • Quarterly Board Meeting • Annual Report • Ad-hoc business reviews • Strategic Reviews

Stakeholder	Why the Directors engage	How the Directors engage
Employees	The directors commit: To act with integrity and fairness at all times. To celebrate diversity. To develop each and every one of the Group's team to be the best version of themselves. To respect a healthy work-life balance. To ensure everyone feels empowered to deliver to their full potential. To celebrate success and reward achievements. To allow everyone to feel part of the decision-making process. To work with the Group's team to define a better work environment, adapting to the world around us. To create an environment where everyone's opinions are valued and encouraged. To connect the whole team around a common goal.	• Open and regular informal dialogue • Feedback culture • Encouraging employee development and going the extra mile • Board level communication and interaction
Regulatory bodies	Fontaine Group operations are subject to a wide range of laws, regulations including data protection, tax, employment, environmental and health and safety legislation, along with contractual terms.	• Annual Report • Direct contact with regulators • Compliance updates at Board meetings • Risk reviews
Customers and final consumers	The directors aim to listen to and engage with its customers on a regular basis to ensure alignment on brand strategy and defining common goals. The Group aims to own more of the relationship with its final consumers through online business and addresses any concerns in a timely and professional manner.	• Ongoing business reviews with customers • Face-to-face meetings with customers to further develop relationships • Brand and selling training roll-out across customers • Direct engagement with final consumer through online and social media and CRM data

Stakeholder	Why the Directors engage	How the Directors engage
Suppliers	The Group has a number of key partners and suppliers with whom strong and long-term relationships have been built. Alongside these relationships, the directors expect to introduce new partnerships to enhance innovation and ensure growth. Regarding raw material supply, the directors seek to work with high quality suppliers who are certified and engage in future sustainability.	• Open two-way dialogue and regular face to face meetings • Quality reviews • Performance review and feedback

Approved by the Board and signed on its behalf by:

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S Cook
Director

Date: 29 July 2022

Fontaine Limited

Directors' Report
For the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Review of business and financial performance

Information on the financial position and development of the Group is set out in the Strategic Report commencing on page 1.

Results

The Group reports a profit before tax for the year of €38,938,000 (2021: €173,000).

Subsequent events

On 27 July 2022, the Group signed a legally binding heads of terms agreement with the shareholders of International Cosmetics & Perfumes, Inc to acquire 100% of the issued share capital of the company. The deal is expected to be for Cash and will be finalised by the end of 2022.

Future developments

This has been included in the Strategic Report.

Financial risk management

Details of the Group's financial risk management objectives and policies and its exposure to risks associated with the use of financial instruments are disclosed in note to the financial statements.

Directors

The directors of the Company who served during the year and up to the date of this report are as follows:

S Cook (CEO)
B Ronfle-Nadaud (CFO)
J Ferran (resigned 11 October 2021)
D Skattum (resigned 11 October 2021)
P E Haid (resigned 11 October 2021)
A Bourbonnais (resigned 11 October 2021)

Qualifying third party indemnity provisions

The Group registered to qualifying third-party indemnity insurance for the benefit of the directors.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group brand, the "House of Creed" has been built on generations of craftsmanship and appreciation for some of the world's finest ingredients. The Group wants to build on this legacy to create timeless fragrances for the future, in a way that is responsible, mindful and sustainable.

Creed's vision: Fragrance for the Future

Nature provides us with the finest ingredients for our products. This is why the Group embraces its responsibility to the natural environment, as well as the people who work with and alongside.

The Group wants to be a leader and an innovator, not only finding new and sustainable ways of working, but using them to be even more creative with exciting new fragrances and products.

That is why it will soon be launching the 'Fragrance for the Future' framework which will help guide the Group approach to sustainability.

The Group wants its products and ingredients, created with the expertise and techniques of generations past, to be sustainably produced and for generations to come.

Tackling our carbon footprint

The Group will not only act now, but act fast, to drive change and secure a more sustainable and lower carbon future.

This means the Group is now closely measuring its carbon footprint, and finding small but impactful ways to reduce it – for example, by taking steps to ensure its energy use in heating and lighting is more efficient. These steps add up to make a big difference.

The Group has also completely offset its existing carbon emissions through a partnership with carbon tracking and offsetting company, trace, which allows the Group to support sustainable initiatives, emission reduction projects and planting schemes around the world.

Reducing waste and finding beauty in the discarded

The Group is taking a 360° view of the waste created across the business, and is minimising it in as many ways as it can.

New products put 'Reduce, Recycle and Reuse' at the heart of the design process, to make sure strict sustainability standards are met, using robust recycling initiatives in the factory where almost every element of waste is now recycled.

All the product wrapping is already fully recyclable, re-usable, and from sustainable sources. The Group introduced re-useable materials to substitute packaging and gift wrapping, finding inventive ways of using items such as silk scarves and wallets to wrap products and to act as functional keepsakes.

Biodiversity and Creed's relationship with the natural world

The Group is committed to working with its partners around the world to preserve, respect and sustainably source the raw materials used, to ensure biodiversity across the supply chain is promoted.

The partnership with One Tree Planted allows customers to get involved in global reforestation. The Group donates a tree every time an order is place on its website. One Tree Planted partners with local communities and experts to rebuild forests, provide jobs, and - critically - to restore biodiversity across the globe. Last year, it planted over 23 million trees through 166 projects in 42 countries.

Supporting people and communities

The Group is a business that depends on creativity, skill and ingenuity to create fragrances for the future. For the House of Creed, a diverse range of experiences and backgrounds is the key to this. The Group wants to foster new and raw talent no matter where it comes from, to ensure Creed remains the innovative luxury business it is today.

The Group also has a responsibility to the communities with which it works. As part of the "Fragrance for the Future" framework, the Group will play an active role in these communities by supporting fairness, safety and human rights throughout its business and supply chain.

The Group is only at the start of its sustainability journey, and still face real challenges - but is determined to lead the way in overcoming them.

For this second year of reporting under SECR, the following assumptions have been used for the annual emissions calculation:

Quantification and Reporting Methodology

HM Government Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance (March 2019) has been used for the collation of data sources and reporting of emissions. UK Government GHG Conversion Factors for Group Reporting has been used for the reporting of emissions, using the 2021 version.

Business travel

Activities relating to reportable travel were still very limited during the year due to the pandemic, so have been excluded.

Organisational boundary

The reporting boundary for GHG emissions has been limited to Fontaine Limited, Fragrances Production and The Orange Square Company, which was consolidated from March 2021.

Operational scope

Measurements include mandatory scope 1, 2 and 3 emissions.

Base period

This is the second period for which a GHG emission dataset has been collated, prior period, that was considered as base period, was limited to 10 months.

Intensity measurement

The reporting metric chosen is gross scope 1, 2, and 3 emissions presented as in units of 'kilograms of carbon dioxide equivalent (CO_2e), as this best reflects business activity. The intensity measurement will be reported each period, with comparison made against previous period's performance.

Carbon offsetting

Carbon offsetting actions are described in the "Tackling our carbon footprint" paragraph.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the year 1 April 2021 to 31 March 2022. The year under review includes The Orange Square Company.

Energy consumption used to calculate emissions (kWh) from direct and indirect consumptions
Energy consumption breakdown (kWh) – optional:

- Electricity 272,654 (187,116 in FY21)
- Transport from direct deliveries (all ex-works deliveries are excluded) km 604,706 (km 399,400 in FY21)

Scope 1 emissions in metric kC02e
Scope 1 is limited to owned transport, no identified emissions are produced by manufacturing process
Total Scope 1 – 406,549 (292,180 in FY21)

Scope 2 emissions in metric kC02e
Purchased electricity 58,218 (43,624 in FY21)

Scope 3 emissions in metric kC02e
Scope 3 is made of indirect consumptions as Transmission and distribution of electricity, water consumption, glass usage (other raw materials consumptions have not been included)
Total Scope 3 – 827,447 (222,269 in FY21)

Total gross emissions in metric kC02e 1,292,215 (558,073 in FY21)

Statement of disclosure to auditor

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group achieved a consolidated Profit before tax of €38.9m during the financial year under review and held cash reserves at the end of the financial year of €80.9m.

Management prepared a detailed Budget with input from its main distributors on sales forecast and assumptions, for at least 12 months from the date of approval of these financial statements. Since then, Q1 of the new fiscal period has confirmed strong demand of our products. Therefore, based on the Group's budget and projections, the directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continues to adopt the going concern basis in preparing its financial statements.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the UK Companies Act 2006. The financial statements must, in accordance with International Accounting Standards, present fairly the financial position and performance of the Group; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with International Accounting Standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Auditor

BDO LLP has indicated its willingness to continue in office and a resolution will be proposed at the Annual General Meeting to reappoint BDO LLP as auditor for the next financial period.

Approved by the board and signed on its behalf by:

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S Cook
Director

Date: 29 July 2022

Fontaine Limited

Independent Auditors' Report to the Members of Fontaine Limited

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Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, 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 of Fontaine Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position , the Company Statement of Financial Position , the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law UK adopted international accounting standards, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The 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.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management. We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, drawing on our broad sector experience, and considered the risk of acts by the Group that were contrary to these laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation and equivalent local laws and regulations.

We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information, for example, minutes of the Board of Directors meetings and correspondence between the Group or Parent Company and its solicitors. Our tests included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
Gareth M Jones
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Gareth M Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

29 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Fontaine Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2022

	Note	Year ended 31 March 2022 €000	As restated Period ended 31 March 2021 €000
Revenue	3	**155,068**	75,384
Cost of sales		**(30,404)**	(14,503)
Gross profit		**124,664**	60,881
Administrative expenses:			
Marketing expenses		**(8,265)**	(1,464)
Personnel expense		**(16,354)**	(3,758)
Other administrative expenses		**(49,261)**	(37,572)
Other operating income		**107**	9
Operating profit	4	**50,891**	18,096
Finance revenue	6	**2,229**	13
Finance expense	7	**(14,182)**	(17,936)
Profit before taxation		**38,938**	173
Taxation	8	**(5,021)**	(1,800)
Profit/(loss) for the financial year		**33,917**	(1,627)
Foreign exchange from translation of subsidiary		**678**	(72)
Actuarial gains and losses on employee benefit obligations, net of tax		**30**	(20)
Other comprehensive income/(expense) for the year		**708**	(92)
Total comprehensive income/(expense) for the year		**34,625**	(1,719)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		**33,917**	(1,627)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the parent Company		**34,625**	(1,719)

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited
Registered number:12355591

Consolidated Statement of Financial Position
As at 31 March 2022

	Note	2022 €000	As restated 2021 €000
Assets			
Non-current assets			
Goodwill	9	**89,782**	89,327
Other intangible assets	10	**408,755**	438,141
Property, plant and equipment	11	**9,535**	6,703
Deferred tax assets	21	**1,432**	38
Total non-current assets		**509,504**	534,209
Current assets			
Inventories	13	**16,619**	15,461
Trade and other accounts receivables	14	**27,952**	19,441
Cash and cash equivalents		**80,905**	20,937
Total current assets		**125,476**	55,839
Total assets		**634,980**	590,048
Liabilities			
Non-current liabilities			
Loans and borrowings	16	**(244,956)**	(242,534)
Lease liabilities	23	**(2,227)**	(1,845)
Other long term liabilities	17	**(18,670)**	(18,459)
Deferred tax liabilities	21	**(6,371)**	(7,700)
Provisions	22	**(180)**	(326)
Total non-current liabilities		**(272,404)**	(270,864)
Current liabilities			
Loans and borrowings	16	**(2,394)**	(4,244)
Lease liabilities	23	**(726)**	(428)
Trade and other payables	15	**(23,120)**	(18,422)
Current tax liabilities		**(6,476)**	(855)
Total current liabilities		**(32,716)**	(23,949)
Total liabilities		**(305,120)**	(294,813)
Net assets		**329,860**	295,235

Fontaine Limited
Registered number:12355591

Consolidated Statement of Financial Position (continued)
As at 31 March 2022

	Note	2022 €000	As restated 2021 €000
Equity			
Share capital	18	**2,969**	2,969
Share premium	18	**293,942**	293,942
Translation reserve		**1,254**	(29)
Retained earnings		**31,695**	(1,647)
Total equity		**329,860**	295,235

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 July 2022.

DocuSigned by:
Beatrice Ronfle-Nadaud
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B Ronfle-Nadaud
Director

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited
Registered number:12355591

Company Statement of Financial Position
As at 31 March 2022

	Note	2022 €000	2021 €000
Assets			
Non-current assets			
Goodwill	9	**75,949**	75,604
Intangible fixed assets	10	**384,885**	412,009
Property, plant and equipment	11	**1,112**	219
Investments	12	**42,646**	40,479
Total non-current assets		**504,592**	528,311
Current assets			
Inventories	13	**107**	92
Trade and other accounts receivables	14	**36,527**	17,722
Bank and cash balances		**63,557**	17,371
Total current assets		**100,191**	35,185
Total assets		**604,783**	563,496
Liabilities			
Non-current liabilities			
Loans and borrowings	16	**(250,883)**	(249,353)
Lease liabilities	23	**(536)**	-
Other long term liabilities	17	**(18,670)**	(4,261)
Deferred tax liabilities	21	**(426)**	(1,392)
Total non-current liabilities		**(270,515)**	(255,006)
Current liabilities			
Loans and borrowings	16	**(2,394)**	(4,201)
Lease liabilities	23	**(113)**	-
Trade and other payables	15	**(10,700)**	(10,504)
Current tax liabilities		**(6,477)**	-
Total current liabilities		**(19,684)**	(14,705)
Total liabilities		**(290,199)**	(269,711)
Net assets		**314,584**	293,785

Fontaine Limited
Registered number:12355591

Company Statement of Financial Position (continued)
As at 31 March 2022

	Note	2022 €000	2021 €000
Equity			
Share capital	18	**2,969**	2,969
Share premium	18	**293,942**	293,942
Retained earnings		**17,673**	(3,126)
Total equity		**314,584**	293,785

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 July 2022.

DocuSigned by:
Beatrice Ronfle-Nadaud
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B Ronfle-Nadaud
Director

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2022

	Share capital	Share premium	Translation reserves	Retained earnings	Total equity
	€000	€000	€000	€000	€000
At 1 April 2021 (as previously stated)	2,969	293,942	(562)	(1,154)	295,195
Prior year adjustment (note 24)	-	-	533	(493)	40
At 1 April 2021 (as restated)	2,969	293,942	(29)	(1,647)	295,235
Comprehensive income for the year					
Profit for the year	-	-	-	33,917	33,917
Currency translation differences	-	-	678	-	678
Actuarial gains and losses on employee benefit obligations, net of tax	-	-	-	30	30
Other comprehensive income for the year	-	-	678	30	708
Total comprehensive income for the year	-	-	678	33,947	34,625
Transfer	-	-	605	(605)	-
At 31 March 2022	2,969	293,942	1,254	31,695	329,860

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited

Consolidated Statement of Changes in Equity
For the Period Ended 31 March 2021

	Share capital €000	Share premium €000	Translation reserves €000	Retained earnings €000	Total equity €000
Comprehensive expense for the period					
Loss for the period (as restated)	-	-	-	(1,627)	(1,627)
Currency translation differences (as restated)	-	-	(72)	-	(72)
Actuarial gains and losses on employee benefit obligations, net of tax	-	-	-	(20)	(20)
Other comprehensive expense for the period (as restated)	-	-	(72)	(20)	(92)
Total comprehensive expense for the period (as restated)	-	-	(72)	(1,647)	(1,719)
Shares issued during the period	2,969	293,942	-	-	296,911
Foreign exchange	-	-	43	-	43
At 31 March 2021	2,969	293,942	(29)	(1,647)	295,235

The notes on pages 26 to 63 form part of these financial statements.

Please see note 24 for details of the prior period adjustment.

Fontaine Limited

Company Statement of Changes in Equity
For the Year Ended 31 March 2022

	Share capital	Share premium	Retained earnings	Total equity
	€000	€000	€000	€000
At 1 April 2021	**2,969**	**293,942**	**(3,126)**	**293,785**
Comprehensive income for the year				
Profit for the year	-	-	**20,799**	**20,799**
Total comprehensive income for the year	-	-	**20,799**	**20,799**
At 31 March 2022	**2,969**	**293,942**	**17,673**	**314,584**

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited

Company Statement of Changes in Equity
For the Period Ended 31 March 2021

	Share capital €000	Share premium €000	Retained earnings €000	Total equity €000
Comprehensive expense for the period				
Loss for the period	-	-	(3,126)	(3,126)
Total comprehensive expense for the period	-	-	(3,126)	(3,126)
Shares issued during the period	2,969	293,942	-	296,911
At 31 March 2021	2,969	293,942	(3,126)	293,785

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2022

	2022 €000	As restated 2021 €000
Cash flows from operating activities		
Profit for the financial year / period	**33,917**	(1,627)
Depreciation and amortisation	**34,187**	9,591
Gain on conversion of IFRS 16 leases	**(614)**	-
Net finance costs	**11,156**	17,569
Interest received	**2,229**	7
Income tax expense	**5,021**	1,800
Change in inventories	**(1,158)**	(15,461)
Change in receivables	**(8,513)**	(19,441)
Change in payables	**4,513**	36,790
Income tax paid	**(2,123)**	6,717
Net cash flows from operating activities	**78,615**	35,945
Cash flows from investing activities		
Acquisition of tangible and intangible assets	**(6,419)**	(543,763)
Receipts from disposals of tangible and intangible assets	**702**	44
Net cash flows used in investments	**(5,717)**	(543,719)
Cash flows from financing		
Share capital issued	**-**	296,882
New loans issued (net of issue costs)	**572**	246,778
Capital element of leases	**680**	2,273
Interest paid	**(14,182)**	(17,576)
Net cash flows (used in)/from financing	**(12,930)**	528,357
Net change in cash and cash equivalents	**59,968**	20,583
Cash and cash equivalents at beginning of year / financial period	**20,937**	-
Foreign exchange gains and losses	**-**	354
Cash and cash equivalents at the end of year / financial period	**80,905**	20,937
Cash and cash equivalents at the end of year comprise:		
Cash and cash equivalents	**80,905**	20,937

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited

Company Statement of Cash Flows
For the Year Ended 31 March 2022

	2022 €000	2021 €000
Cash flows from operating activities		
Profit/(loss) for the financial year / period	**20,799**	(3,126)
Depreciation and amortisation	**150**	4,302
Amortisation of investments	**19,901**	-
Earn-out Orange Square	**13,857**	-
Impairment	**8,155**	-
Foreign exchange gains and losses	**(1,825)**	-
Financial expenses	**12,764**	16,550
Income tax (credit)/charge	**(5,511)**	1,392
Change in inventories	**(15)**	(92)
Change in receivables	**(18,805)**	(17,722)
Change in payables	**12,378**	15,084
	61,848	16,388
Net cash flows from operating activities		
Cash flows from investing activities		
Acquisition of tangible and intangible assets	**(1,176)**	(492,453)
Receipt from disposals of tangible and intangible assets	**73**	-
Purchase of investments	**(2,167)**	-
Acquisition of subsidiaries' securities	**-**	(40,479)
	(3,270)	(532,932)
Net cash flows used in investing activities		
Cash flows from financing		
Share capital issued	**-**	296,911
New loans issued (net of issue costs)	**-**	253,554
Capital element of leases	**649**	-
Loan repayments	**(277)**	-
Interest paid	**(12,764)**	(16,550)
Net cash flows (used in)/from financing	**(12,392)**	533,915
Net change in cash and cash equivalents	**46,186**	17,371
Cash and cash equivalents at beginning of year / financial period	**17,371**	-
Cash and cash equivalents at the end of year / financial period	**63,557**	17,371
Cash and cash equivalents at the end of year comprise:		
Cash and cash equivalents	**63,557**	17,371

The notes on pages 26 to 63 form part of these financial statements.

Fontaine Limited

Consolidated Analysis of Net Debt
For the Year Ended 31 March 2022

	At 1 April 2021 €000	Cash flows €000	New leases €000	Other non-cash changes €000	At 31 March 2022 €000
Consolidated Analysis of Net Debt					
Cash at bank and in hand	20,937	59,968	-	-	80,905
Debt due after 1 year	(242,534)	-	-	(2,422)	(244,956)
Debt due within 1 year	(4,244)	1,850	-	-	(2,394)
Lease liabilities	(2,273)	720	(1,286)	(114)	(2,953)
	(228,114)	62,538	(1,286)	(2,536)	(169,398)

Company Analysis of Net Debt
For the Year Ended 31 March 2022

	At 1 April 2021 €000	Cash flows €000	New leases €000	Other non-cash changes €000	At 31 March 2022 €000
Company Analysis of Net Debt					
Cash at bank and in hand	17,371	46,186	-	-	63,557
Debt due after 1 year	(249,353)	-	-	(1,530)	(250,883)
Debt due within 1 year	(4,201)	1,807	-	-	(2,394)
Lease liabilities	-	34	(669)	(14)	(649)
	(236,183)	48,027	(669)	(1,544)	(190,369)

1. Basis of preparation and summary of significant accounting policies

Basis of preparation of financial statements

The consolidated and company financial statements are for the year ended 31 March 2022. They have been prepared in accordance with International Accounting Standards in conformity with the requirements of the UK Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below.

Fontaine Limited is the Group's ultimate parent company. The Company is a private limited company incorporated and domiciled in England and Wales. The address of Fontaine Limited registered office is 8th floor, 20 Farringdon Street, EC4A 4AB and its principal place of business is 200 Aldersgate Street - 16th Floor, London, EC1A 4HD.

Going concern

The Group achieved a consolidated Profit before tax of €38.9m during the year under review and held cash reserves at the end of the period of €80.9m.

Management prepared a detailed Budget with input from its main distributors on sales forecast and assumptions, for at least 12 months from the date of approval of these financial statements. Since then, Q1 of the new fiscal period has confirmed strong demand of our products. Therefore, based on the Group's budget and projections, the directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future, which is expected to be at least 12 months from the date of signing these accounts. The Group continues to adopt the going concern basis in preparing its financial statements.

1. Basis of preparation and summary of significant accounting policies (continued)

New standards, amendments and interpretations

New standards, interpretations and amendments effective from 1 January 2021

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 March 2022:

Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16).

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief to the Group in respect of certain loans whose contractual terms are affected by interest benchmark reform.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

New standards, interpretations and amendments not yet effective:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

1. Basis of preparation and summary of significant accounting policies (continued)

The following amendments are effective for the period beginning 1 January 2023:

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

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

<u>Other standards</u>

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

The adoption of these new or amended Accounting Standards and Interpretations is not expected to have any significant impact on the financial performance or position of the Group.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2022. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. Intra-group transactions and profits are eliminated fully on consolidation.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated financial statements.

Subsequent changes in non-controlling interests not affecting control are then systematically recognized in equity.

At the date of control acquired in steps, any proportionate share previously held by the Group is reassessed at fair value in income.

Costs directly related to business combinations are recognised in income for the year as "Other operating income and expenses".

1. Basis of preparation and summary of significant accounting policies (continued)

Foreign currencies

i) Presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which that subsidiary operates (the functional currency). The consolidated financial statements of the Group are presented in Euros.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of depreciation and any provisions for impairment.

Depreciation is calculated using the straight-line method to allocate the depreciable value of property, plant and equipment to the statement of comprehensive income over its useful economic life as follows:

Buildings	-	15 to 30 years
Machinery and equipment	-	2 to 5 years
Other property, plant and equipment	-	3 to 8 years

Assets held under lease are depreciated over the shorter of their useful life and the lease term.

The useful economic lives are reassessed at least annually. Material residual value estimates are updated as required, but at least annually. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income.

Work in progress is stated at cost, including costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to the location and condition. Work in progress is not depreciated until such time as the relevant assets are completed and become available for use.

Land is not depreciated.

Inventories

Inventories are stated at the lower of cost and net realisable value and are accounted for on the FIFO basis. Manufactured products are valued at production cost, which includes direct, indirect consumption and production expenses; and depreciation of assets used in manufacturing. Raw materials and other consumables are valued at purchase price and incidental costs.

Net realisable value is based on estimated selling prices less further costs of disposal.

1. Basis of preparation and summary of significant accounting policies (continued)

Leased assets

When entering into a contract the Group assesses whether or not a lease exists. A lease exists if a contract conveys a right to control the use of an identified asset under a period of time in exchange for consideration. Leases of low value items and short-term leases (leases of less than 12 months at the commencement date) are charged to the profit or loss on a straight-line basis over the lease term in administrative expenses.

The Group recognises right-of-use assets at cost and lease liabilities on the statement of financial position at the lease commencement date based on the present value of future lease payments. The right-of-use assets are amortised on a straight-line basis over the length of the lease term. The lease liabilities are recognised at amortised cost using the effective interest rate method. Discount rates used reflect the incremental borrowing rate specific to the lease.

Intangible assets

Intangible assets are recognised at cost less any accumulated impairment.

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Goodwill

Goodwill is measured as the difference between:

- the fair value of the consideration transferred, plus non-controlling interests in the acquired entity and, for a business combination carried out in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquired entity; and
- the net identifiable assets acquired and liabilities assumed.

If, after reassessment, the acquisition date net balance of identifiable assets acquired and liabilities assumed exceeds the fair value of the consideration transferred to the seller, the excess is recognised immediately in net income as a gain from an acquisition on favourable terms.

Measurement of the acquisition price, as well as identifiable assets acquired and liabilities assumed at the acquisition date must be finalised within the 12 months following the acquisition date. Any potential adjustment of the acquisition price is recognised at fair value from the acquisition date, and any subsequent adjustment to the acquisition price not arising, within one period, from conditions that existed at the acquisition date, is recognised in income.

Subsequently, goodwill is not amortised. It is measured at its original amount, less any impairment recorded.

Other intangible assets

The Group's intangible assets consist of distribution agreements, expenditure on website development, licenses and brands (trademarks) related to Creed brand.

The distribution agreements have a useful economic life of 5 years. The 5 years useful economic life is based on benchmarking and approved by the directors.

Capitalised brand is regarded as having indefinite useful economic life and has therefore not been amortised. The brand is protected by trademarks, which are renewable indefinitely, in all of the major

1. Basis of preparation and summary of significant accounting policies (continued)

Intangible assets (continued)

markets in which they are sold. There are not believed to be any legal, regulatory or contractual provisions that limit the useful life of this brand. The nature of the niche perfume industry and the history of Creed brand are that obsolescence is not a common issue, with indefinite brand lives being commonplace.

Accordingly, the directors believe that it is appropriate that the brand is treated as having indefinite life for accounting purposes.

The Group carries out an annual impairment review of the brand (trademark), goodwill and the distribution agreement.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, and deposits held with banks with original maturities of three months or less from inception.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are initially measured at fair value. Financial assets and liabilities are measured subsequently as described below.

Financial assets

The Group classifies its financial assets at amortised cost. Management determines the classification of its financial assets at initial recognition.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents. Financial assets do not comprise prepayments.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the statement of comprehensive income.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses (ECLs). During this process the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with.

On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision the loss being recognised within administrative expenses in the consolidated statement of comprehensive income.

1. Basis of preparation and summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment provisions for other receivables are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income is recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income is recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis is recognised.

Financial liabilities

The Group's financial liabilities include trade and other payables and lease liabilities. All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost, using the effective interest method.

All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in profit or loss, including net foreign exchange gains or losses, are included in the statement of comprehensive income line items "finance expense" or "finance income".

Employee benefits

Defined contribution pension scheme

The Group operates a defined contribution plan. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Pension contributions to personal pension schemes are charged to the statement of comprehensive income in the year in which they occur.

The above defined contribution plan excludes the subsidiary Fragrances Production in France which has a defined benefit plan.

Defined benefit pension scheme (Fragrances Production)

Retirement benefits must be legally or conventionally paid to the employees when retired. The evaluation of retirement benefits takes into account actuarial assumptions, in particular the probabilities of remaining in the Group to retirement date, foreseeable changes in remuneration, and financial discounting at the rate applicable to AA-rated corporate bonds in the eurozone, with a term greater than 10 periods.

Actuarial gains and losses are the result of adjustments based on experience (differences between actuarial assumptions used and actual results) or changes in assumptions. They are recognised in "Other items of comprehensive income" for the period during which they were recognised.

The cost of potentially recognised past service costs are accounted for in the net income for the year during which they were recognised.

The expense recognised in operating income includes the cost of services rendered during the year plus any plan amendment, curtailment or settlement. Interest costs and the expected potential return

1. Basis of preparation and summary of significant accounting policies (continued)

Employee benefits (continued)

on assets are recognised in "Other financial income and expense".

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of issue costs.
- Retained earnings represent accumulated profits and losses from incorporation.
- Share-based payments is a reserve in which the entity receives goods or services either as consideration for its equity instruments for amounts based on the price of the entity's shares or other equity instruments of the entity.

Revenue recognition

Revenue comprises the fair value of the sale of goods to external customers excluding excise duty and VAT.

Contracts and obligation

All customer contracts have one element that the Group provides to the customer, being premium branded fragrances.

Therefore, the supply of the premium branded fragrances is the only performance obligation and all revenue is recognised at a point in time.

Determining the transaction price

The transaction price is determined as the fair value of the consideration the Group expects to receive over the course of the contract.

Allocate the transaction price to the performance obligations in the contract

The allocation of the transaction price to the one performance obligation in the contract is non-complex for the Group. There is a fixed unit price for each product sold to a customer. Therefore, there is limited judgement involved in allocating the contract price to each unit ordered.

Recognise revenue when or as the entity satisfies its performance obligations

The overarching terms are consistent in each contract. All revenue is recognised at a point in time, when the fragrances are delivered to the customer, as the customer can benefit from the use of the goods when they have been delivered, and control of the goods has been transferred when delivered to the customer.

1. Basis of preparation and summary of significant accounting policies (continued)

Current and deferred tax

Current tax is the tax payable based on taxable profit for the year.

Deferred taxes are calculated using the liability method on material temporary differences.

Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income.

Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited to other comprehensive income, in which case the related deferred tax is also charged or credited to other comprehensive income, or where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

2. Significant judgements and estimates

The preparation of consolidated and company financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Intangible assets

As disclosed under the intangible assets accounting policy above, the Group does not amortise its brand (trademark) as they are considered to have an indefinite life. Impairment reviews will be carried out annually to ensure that these assets are not carried above their recoverable amount with a number of significant assumptions and estimates to be made by management when performing these annual impairment reviews. These assumptions and estimates are described more fully within note 10. Intangible assets have a carrying value of €408.8m at the reporting date.

Recognition of deferred tax asset

The Group's management bases its assessment of the probability of future taxable income on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is usually recognised. Therefore, management has recognised a deferred tax asset of €1,432,000 (2021: €38,000) (see note 21).

3. Segment revenue

	Year ended 31 March 2022 €000	Period ended 31 March 2021 €000
Revenue		
US	**31,254**	21,578
Europe	**82,745**	31,930
Asia	**18,970**	9,238
Middle East	**13,430**	5,874
Rest of the World	**8,669**	6,764
Total Revenue	**155,068**	75,384

The directors have decided that providing a geographical split by region, as per the above, offers an enhanced indicator of business activity. Only revenues can be easily identifiable when splitting between regional markets for this year. All trade is undertaken by Fontaine Limited based in the UK. The majority of the stocks are held by Fragrances Production, the entity responsible for the manufacture of the goods, which is geographically located in France.

During the year ended 31 March 2022, 20% of the Group's revenue was derived from one wholesale distributor, based in the US. There were no other customers who accounted for more than 10% of the revenue.

The revenue for the year ended 31 March 2022 reflects the full 12 months' consolidation of The Orange Square Company Limited.

4. Profit from operations

Profit from operations is stated after charging/(crediting):

	Year ended 31 March 2022 €000	As restated Period ended 31 March 2021 €000
Depreciation of property, plant and equipment (note 11)	**3,645**	2,809
Amortisation of intangible assets (note 10)	**22,387**	4,810
Impairment of intangible assets (note 10)	**8,155**	-
Depreciation - write back of inventories (note 13)	**(1,424)**	(2,180)
POSM write back impairment	**-**	(128)
Other provision (note 22)	**(146)**	326
Short-term lease expense (note 23)	**148**	364
Acquisition fees of Creed and Orange Square	**-**	17,964

Please see note 24 for details of the prior period adjustment.

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

4. Profit from operations (continued)

During the year, the Group obtained the following services from the Group's auditor at costs as detailed below:

	Year ended 31 March 2022 €000	Period ended 31 March 2021 €000
Audit of the financial statement of the company	**94**	105
Audit of the financial statement of the group's subsidiaries	**59**	55
Tax advisory services	**11**	10
Financial reporting services	**24**	8
Total	**188**	178

5. Directors and employees

	Group Year ended 31 March 2022 €000	Group Period ended 31 March 2021 €000	Company Year ended 31 March 2022 €000	Company Period ended 31 March 2021 €000
Wages and salaries	**13,919**	3,159	**3,529**	1,805
Social security costs	**2,031**	435	**533**	173
Pension cost	**404**	164	**-**	57
	16,354	3,758	**4,062**	2,035

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

	Group Year ended 31 March 2022 No.	Group Period ended 31 March 2021 No.	Company Year ended 31 March 2022 No.	Company Period ended 31 March 2021 No.
Employees	**296**	264	22	10

5. Directors and employees (continued)

Directors' emoluments

	Year ended 31 March 2022 €000	Period ended 31 March 2021 €000
Salaries and fees	**660**	336
Bonuses	**35**	28
Share-bonuses	**-**	165
Pension costs	**28**	24
	723	553

Key management personnel include the Fontaine Limited directors, who together have authority and responsibility for planning, directing, and controlling the activities of the Group. Their remuneration is disclosed above.

The highest paid Director was paid €356,000 (2021 - €488,000) including bonuses and share bonuses.

6. Finance revenue

	Year ended 31 March 2022 €000	Period ended 31 March 2021 €000
Foreign exchange gains	**2,223**	6
Other interest receivable	**6**	7
	2,229	13

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

7. Finance expense

	Year ended 31 March 2022 €000	As restated Period ended 31 March 2021 €000
Bank interest payable	**12,760**	16,560
Other loan interest payable	**10**	7
Foreign exchange losses	**110**	360
Loan and lease discount charge	**1,301**	1,008
Other interest payable	**1**	1
	14,182	17,936

Please see note 24 for details of the prior period adjustment.

8. Taxation

	Year ended 31 March 2022 €000	As restated Period ended 31 March 2021 €000
Current tax		
Current corporate income tax	**7,807**	448
Total current tax	**7,807**	448
Deferred tax		
Deferred corporate income tax	**(1,877)**	1,352
Changes to tax rates	**169**	-
Adjustments in respect of previous periods	**(1,078)**	-
Total deferred tax	**(2,786)**	1,352
Total tax charge for the fiscal year	**5,021**	1,800

Included within other comprehensive income is a deferred tax charge of €11k (2021: credit of €8k).

8. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	Year ended 31 March 2022 €000	As restated Period ended 31 March 2021 €000
Profit on ordinary activities before tax	**38,938**	173
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**7,398**	33
Effects of:		
Difference between UK and local tax rates	**(325)**	42
Prior year adjustment	**(1,078)**	-
Non-taxable income less expenses not deductible for tax purposes	**(29)**	1,707
Tax rate change	**169**	-
Other differences leading to an increase (decrease) in the tax charge	**26**	18
Group relief	**(1,140)**	-
Total tax charge for the year/period	**5,021**	1,800

Please see note 24 for details of the prior period adjustment.

Factors that may affect future tax charges

The increase in the main rate of UK corporation tax to 25% from 19% was substantively enacted in May 2021. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2023, the date on which that new rate becomes effective.

9. Goodwill

	Group 2022 €000	Group As restated 2021 €000	Company 2022 €000	Company As restated 2021 €000
At 1 April 2021 (as previously stated)	**94,752**	-	**75,604**	-
Prior period adjustment	**(5,425)**	-	-	-
At 1 April 2021 (as restated)	**89,327**	-	**75,604**	-
Acquisition	**134**	89,327	**345**	75,604
Foreign exchange movement	**321**	-	-	-
At 31 March 2022	**89,782**	89,327	**75,949**	75,604

Please see note 24 for details of the prior period adjustment.

Impairment testing: To ensure that the goodwill and intangible assets with indefinite useful lives are not carried above their recoverable amount, impairment reviews are performed comparing the net carrying value with the recoverable amount using value in use calculations.

An impairment review was carried out at the year end, and the Board has considered that there is no indication of impairment at 31 March 2022.

These calculations are performed annually, or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. The value in use calculations are based on discounted forecast cash flows.

10. Other intangible assets

Group

	Concessions, patents and similar rights €000	Distribution agreements €000	Trademarks and formulas €000	Total €000
Cost				
At 1 April 2021 (as previously stated)	1,024	71,286	344,606	416,916
Prior period adjustment	-	26,040	-	26,040
At 1 April 2021 (as restated)	1,024	97,326	344,606	442,956
Additions	1,228	-	-	1,228
Disposals	(158)	-	-	(158)
Reclassification	(217)	-	-	(217)
Foreign exchange movement	4	230	-	234
At 31 March 2022	1,881	97,556	344,606	444,043
Amortisation				
At 1 April 2021 (as previously stated)	358	4,264	-	4,622
Prior period adjustment	21	172	-	193
At 1 April 2021 (as restated)	379	4,436	-	4,815
Charge for the year	252	22,135	-	22,387
On disposals	(93)	-	-	(93)
Impairment charge	-	8,155	-	8,155
Foreign exchange movement	4	20	-	24
At 31 March 2022	542	34,746	-	35,288
Net book value				
At 31 March 2022	1,339	62,810	344,606	408,755
At 31 March 2021 (as restated)	645	92,890	344,606	438,141

Please see note 24 for details of the prior period adjustment, where the net effect of the above adjustment of €25,847k is shown.

10. Other intangible assets (continued)

In respect of prior year:

Group

	Concessions, patents and similar rights €000	Distribution agreements €000	Trademarks and formulas €000	Total €000
Cost				
Additions (as restated)	547	97,326	344,606	442,479
Disposals	(44)	-	-	(44)
Acquired on acquisition of business	513	-	-	513
Foreign exchange movement	8	-	-	8
At 31 March 2021	1,024	97,326	344,606	442,956
Amortisation				
Charge for the period (as restated)	374	4,436	-	4,810
Foreign exchange movement	5	-	-	5
At 31 March 2021	379	4,436	-	4,815
Net book value				
At 31 March 2021	645	92,890	344,606	438,141

Please see note 24 for details of the prior period adjustment.

10. Other intangible assets (continued)

Company

	Concessions, patents and similar rights €000	Distribution agreements €000	Trademarks and formulas €000	Total €000
Cost				
At 1 April 2021	385	71,286	344,606	416,277
Additions	1,138	-	-	1,138
Disposals	(51)	-	-	(51)
Reclassification	(155)	-	-	(155)
At 31 March 2022	1,317	71,286	344,606	417,209
Amortisation				
At 1 April 2021	4	4,264	-	4,268
Charge for the year	106	19,795	-	19,901
Impairment charge	-	8,155	-	8,155
At 31 March 2022	110	32,214	-	32,324
Net book value				
At 31 March 2022	1,207	39,072	344,606	384,885
At 31 March 2021	381	67,022	344,606	412,009

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

10. Other intangible assets (continued)

In respect of prior year:

Company

	Concessions, patents and similar rights €000	Distribution agreements €000	Trademarks and formulas €000	Total €000
Cost				
Additions	385	71,286	344,606	416,277
At 31 March 2021	385	71,286	344,606	416,277
Amortisation				
Charge for the period	4	4,264	-	4,268
At 31 March 2021	4	4,264	-	4,268
Net book value				
At 31 March 2021	381	67,022	344,606	412,009

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

11. Property, plant and equipment

Group

	Land €000	Buildings €000	Work in progress €000	Machinery and equipment €000	Other property, plant and equipment €000	Total €000
Cost or valuation						
At 1 April 2021	194	6,194	108	1,134	3,915	11,545
Additions	-	2,774	179	428	1,028	4,409
Acquired on acquisition of business	-	1,971	9	-	604	2,584
Disposals	-	(24)	(9)	(37)	(263)	(333)
Reclassification	-	-	(108)	108	-	-
Exchange adjustments	-	80	-	-	58	138
At 31 March 2022	194	10,995	179	1,633	5,342	18,343
Depreciation						
At 1 April 2021	-	2,509	-	394	1,939	4,842
Charge for the year	-	1,235	-	317	2,093	3,645
Disposals	-	(10)	-	(37)	(263)	(310)
Acquired on acquisition of business	-	240	-	-	334	574
Exchange adjustments	-	32	-	-	25	57
At 31 March 2022	-	4,006	-	674	4,128	8,808
Net book value						
At 31 March 2022	194	6,989	179	959	1,214	9,535
At 31 March 2021	194	3,685	108	740	1,976	6,703

11. Property, plant and equipment (continued)

In respect of prior year:

Group

	Land €000	Buildings €000	Work in progress €000	Machinery and equipment €000	Other property, plant and equipment €000	Total €000
Cost or valuation						
Additions	-	4,376	101	781	646	5,904
Acquired on acquisition of business	194	1,749	7	353	3,237	5,540
Exchange adjustments	-	69	-	-	32	101
At 31 March 2022	194	6,194	108	1,134	3,915	11,545
Depreciation						
Charge for the period	-	2,470	-	126	213	2,809
Acquired on acquisition of business	-	-	-	268	1,704	1,972
Exchange adjustments	-	39	-	-	22	61
At 31 March 2022	-	2,509	-	394	1,939	4,842
Net book value						
At 31 March 2021	194	3,685	108	740	1,976	6,703

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

11. Property, plant and equipment (continued)

Company

	Buildings €000	Work in progress €000	Machinery and equipment €000	Other property, plant and equipment €000	Total €000
Cost or valuation					
At 1 April 2021	-	-	84	189	273
Additions	669	120	-	387	1,176
Disposals	-	-	-	(22)	(22)
Reclassification	-	-	(84)	(27)	(111)
At 31 March 2022	669	120	-	527	1,316
Depreciation					
At 1 April 2021	-	-	2	52	54
Charge for the year	34	-	-	116	150
Reclassification	-	-	(2)	2	-
At 31 March 2022	34	-	-	170	204
Net book value					
At 31 March 2022	635	120	-	357	1,112
At 31 March 2021	-	-	82	137	219

11. Property, plant and equipment (continued)

In respect of prior year:

Company

	Machinery and equipment €000	Other property, plant and equipment €000	Total €000
Cost or valuation			
Additions	84	189	273
At 31 March 2021	84	189	273
Depreciation			
Charge for the period	2	52	54
At 31 March 2021	2	52	54
Net book value			
At 31 March 2021	82	137	219

Subsidiary	**Registered address**
Fragrances Production Sarl	Route de Nemours, 77600 Ury
The Orange Square Company Ltd	Peregrine House, 26-28 Paradise Road, Richmond, Surrey, TW9 1SE
Fontaine Luxembourg Sarl	1 rue du Fort Elizabeth, L-1463
Lagune Limited	C/O TMF Group 8th Floor, 20 Farringdon Street, London
Creed Middle East Perfumes Trading LLC	Office No. 222 Matloob Building, Al Safia, DUBAI
Myrrh Sarl	Route de Nemours, 77600 Ury.
Fontaine HK Ltd	Unit 305-7, 3/F., Laford Centre, 838 Lail Chi Kok Road, Cheung Sha Wan
Fontaine France	38 avenue Pierre Ier de Serbie 75088 Paris
Fontaine (Shanghai)	Room 509-39, No. 98 Rushan Road, Pudong New District

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

12. Investments

Investments comprise the following subsidiary companies:

Name of company	Country of incorporation	Nature of business	Holding
Fragrances Production Sarl	France	Production of fragrances	100%
The Orange Square Company Ltd	England & Wales	Marketing and trade of fragrances	100%
Fontaine Luxembourg Sarl	Luxembourg	Customer service support	100%
Lagune Limited	England & Wales	Dormant	40%
Creed Middle East Perfumes Trading LLC	UAE	Marketing and sales of fragrances	49%
Fontaine HK Ltd	Hong Kong	Holding company	100%
Myrrh Sarl	France	Real estate management	100%
Fontaine France	France	Sales of fragrances	100%
Fontaine (Shanghai)*	China	Sales of fragrances	100%

*Held indirectly, by Fontaine HK Ltd

12. Investments (continued)

Company

	Investments in subsidiary companies €000
Cost or valuation	
At 1 April 2021	40,479
Additions	2,167
At 31 March 2022	42,646

Additions during the year comprise the acquisitions during the year of 100% of the issued share capital of Fontaine France and Fontaine HK Ltd.

In respect of prior year:

Company

	Investments in subsidiary companies €000
Cost or valuation	
Additions	40,479
At 31 March 2021	40,479

13. Inventories

	Group 2022 €000	Group 2021 €000	Company 2022 €000	Company 2021 €000
Raw materials and consumables	**13,951**	10,551	**-**	-
Finished goods	**4,092**	7,090	**107**	92
Depreciation of inventories	**(1,424)**	(2,180)	**-**	-
Total net inventories	**16,619**	15,461	**107**	92

14. Trade and other receivables

	Group 2022 €000	Group 2021 €000	Company 2022 €000	Company 2021 €000
Trade receivables	**15,758**	12,429	**11,000**	11,198
Amounts owed by group undertakings	**-**	-	**16,428**	-
VAT repayable	**8,976**	4,118	**7,533**	3,692
Prepayments	**2,165**	1,768	**913**	301
Other receivables	**933**	1,126	**653**	2,531
Tax recoverable	**120**	-	**-**	-
Total	**27,952**	19,441	**36,527**	17,722

The total overdue trade receivables for the Group, less than one month, is €4,885,000, of which €4,115,000 is held in the Company.

Company: Amounts owed by group undertakings includes intercompany balances which are unsecured, interest-free and repayable on demand.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The Group measures ECL based on historical data in addition to current and forward-looking information utilising managements knowledge of their customers. The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. Amounts owed by subsidiary undertakings are repayable on demand.

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

15. Trade and other payables

	Group 2022 €000	Group 2021 €000	Company 2022 €000	Company 2021 €000
Trade payables	**15,224**	8,270	**4,366**	1,841
Amounts owed to group undertakings	**-**	-	**1,469**	-
VAT and tax payables	**1,793**	854	**132**	248
Other liabilities	**2,424**	7,346	**1,069**	6,463
Prepaid income and accrued expenditure	**3,679**	1,952	**3,664**	1,952
Total	**23,120**	18,422	**10,700**	10,504

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

16. Loans and borrowings

	Group 2022 €000	Group 2021 €000	Company 2022 €000	Company 2021 €000
Amounts falling due within one year				
Bank loans	**2,394**	4,244	**2,394**	4,201
	2,394	4,244	**2,394**	4,201
Amounts falling due after more than 5 years				
Bank loans	**244,956**	242,534	**244,956**	242,534
Loans owed to group undertakings	**-**	-	**5,927**	6,819
	244,956	242,534	**250,883**	249,353
	247,350	246,778	**253,277**	253,554

A Senior facilities agreement (SFA) incorporating term debt for the acquisition and a revolving credit facility has been signed with Credit Suisse.

The main term loan facility has been issued for an amount of €250m with 84 months termination date from the acquisition closing date and interest rate based on Margin plus LIBOR or EURIBOR (with zero floors). The Margin is based on the Net debt ratio reported on a quarterly basis. An additional Revolving loan for an amount of €50m falling 72 Months from the Closing Date has also been secured as part of the SFA but not used since the acquisition. The loan facility is secured over all assets of the Company under a floating charge.

17. Other long term liabilities

	Group 2022 €000	Group As restated 2021 €000	Company 2022 €000	Company As restated 2021 €000
Other long term liabilities	**18,670**	18,459	**18,670**	4,261

Other long term liabilities relate to contingent consideration on acquisitions.

Please see note 24 for details of the prior period adjustment.

18. Share capital and reserves

Group and Company

Share capital

	2022 €000	2021 €000
Allotted and fully paid		
296,934,863 Ordinary shares of €0.01 each	**2,969**	2,969

The ordinary shares confer the right to receive a dividend, the right to one vote per share and the right to participate in a distribution on a winding up of the Company or a return of capital.

Share premium

	2022 €000	2021 €000
Share premium		
Share premium	**293,942**	293,942

Fontaine Limited

Notes to the Financial Statements
For the Year Ended 31 March 2022

19. Financial instruments

All of the Group's and Company's financial instruments are measured at amortised cost.

Financial assets

The principal financial assets of the Group and Company are bank balances and cash, trade and other receivables and amounts owed by subsidiaries, as follows:

	Group 2022 €000	Group 2021 €000	Company 2022 €000	Company 2021 €000
Bank and cash balances	**80,905**	20,937	**63,557**	17,371
Trade receivables	**15,758**	12,429	**11,000**	11,198
Amounts owed by group companies	**-**	-	**16,428**	-
Other receivables	**933**	1,126	**653**	2,531
Total financial assets	**97,596**	34,492	**91,638**	31,100

Financial liabilities

The principal financial liabilities of the Group and Company are trade and other payables, accruals and amounts owed to subsidiaries, as follows:

19. Financial instruments (continued)

	Group 2022 €000	Group 2021 €000	Company 2022 €000	Company 2021 €000
Trade payables	**(15,224)**	(8,270)	**(4,366)**	(1,841)
Other liabilities	**(2,424)**	(7,346)	**(1,069)**	(6,463)
Amounts owed to group companies	**-**	-	**(1,469)**	-
Total	**(17,648)**	(15,616)	**(6,904)**	(8,304)

Risk Management

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date. All classes relate to financial assets classified as loans and receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of expected credit losses. Impairment is made where there is an identified event which, based on previous experience, is evidence of a likely reduction in the recoverability of the cash flows. The Group has some concentration of risk, given that a significant proportion of its sales are made to a single wholesale distributor. However, historically the incidences of credit risk within the Group are very low and the Group expects this to continue into the future so it currently carries no expected credit losses.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions in a currency other than their functional currency.

Given the weight of our US distributors ICP in our total sales we are exposed to dollars fluctuations. As an indication, a 5% Dollars / Euro exchange rate change would impact our net revenues by €1.5m.

Also with Orange Square forward integration we now have exposure to the Sterling / Euro exchange rate. As an indication a 5% change of Sterling / Euro exchange rate would impact our net revenues by €2.5m.

Liquidity risk analysis

The Group has secured funding through its main long term loan and revolving facility which give us stability and flexibility for the coming years. The Group monitors its liquidity on an ongoing basis by undertaking regular cash flow forecasting based on full P&L, Capex and Working Capital assumptions. Given the high cash conversion generated by the business the Management have strong confidence that on a normalised basis the business has a low liquidity risk.

Interest rate

Interest rate are determined by our Senior Facilities agreement with Credit Suisse and pending on our net debt leverage ratio. Any change of our interest rate by 0.5% has an impact of €1.25m on a periodic basis. Since beginning of June 2021 our interest rate dropped by 0.25%.

20. Capital management

The Group's capital structure consists of equity share capital.

The Company monitors its capital structure closely, should additional funding be required it would either be secured as additional share capital or long term loan.

21. Deferred taxation

Group

	2022 €000	2021 €000
At beginning of year	**(7,662)**	-
Credited/(charged) to profit or loss	**2,786**	(1,352)
(Charged)/credited to other comprehensive income	**(11)**	8
Arising on business combinations	**(52)**	(6,318)
At end of year	**(4,939)**	(7,662)

21. Deferred taxation (continued)

Company

	2022 €000	2021 €000
At beginning of year	**(1,392)**	-
Credited/(charged) to profit or loss	**966**	(1,392)
At end of year	**(426)**	(1,392)

The deferred tax balance is made up as follows:

	Group 2022 €000	Group As restated 2021 €000	Company 2022 €000	Company As restated 2021 €000
Deferred tax assets				
Loss carry forwards and tax credits	-	131	-	131
Employee benefits	**30**	40	-	-
Lease contracts	-	52	-	(2)
Interest on loan	**2,626**	1,479	**2,626**	1,479
Other timing differences	**1,437**	19	**5**	1
Netting of deferred tax assets/liabilities by tax entity	**(2,661)**	(1,683)	**(2,631)**	(1,609)
	1,432	38	-	-
Deferred tax liabilities				
Intangible assets	**(2,918)**	(2,980)	**(2,935)**	(2,980)
Tangible assets	**(371)**	(219)	**(122)**	(21)
Netting of deferred tax assets/liabilities by tax entity	**2,661**	1,683	**2,631**	1,609
Business combinations	**(5,743)**	(6,184)	-	-
	(6,371)	(7,700)	**(426)**	(1,392)
Net deferred tax (liability)	**(4,939)**	(7,662)	**(426)**	(1,392)
Comprising:				
Asset	**1,432**	38	-	-
Liability	**(6,371)**	(7,700)	**(426)**	(1,392)
	(4,939)	(7,662)	**(426)**	(1,392)

21. Deferred taxation (continued)

A deferred tax liability of €6,371,000 related to intangible and fixed assets temporary differences and business combinations has been recognised for the reporting period. A deferred tax asset of €1,432,000 in respect of restricted interest on loan and other timing differences has been netted against the deferred tax liability to give a net deferred tax liability of €4,939,000 at the year end. Deferred tax asset and liability balances have been offset within the same jurisdiction, as permitted by IAS 12.

The increase in the main rate of UK corporation tax to 25% from 19% was substantively enacted in May 2021. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2023, the date on which that new rate becomes effective.

Please see note 24 for details of the prior period adjustment.

22. Provisions

Group

	Other contingency provisions €000	Pension plan provision €000	Provision for customer litigations €000	Total €000
At 1 April 2021	59	144	123	326
Credited to profit or loss	-	(23)	(123)	(146)
At 31 March 2022	59	121	-	180

In respect of prior year:

Group

	Other contingency provisions €000	Pension plan provision €000	Provision for customer litigations €000	Total €000
Charged to profit or loss	59	144	123	326
At 31 March 2021	59	144	123	326

23. Leases

The Group has different leases during the year ended 31 March 2022.

The Group recognises a "right-of-use" asset and a rental payable on the start date of the lease contract. The right-of-use asset is initially valued at cost, and the carrying amount is less any depreciation and changes in the leases.

For leases with a maximum twelve months period and leases with low value, the Group has applied the short term lease and low value exemption.

Right of use asset

Group

2022

	Store €000	Building €000	Warehouse €000	Total €000
Cost				
At 1 April 2021	2,499	1,418	528	4,445
Additions	617	669	-	1,286
Exchange adjustments	51	12	5	68
At 31 March 2022	3,167	2,099	533	5,799
Accumulated amortisation				
At 1 April 2021	(1,205)	(879)	(362)	(2,446)
Charge in the year	(241)	(321)	(52)	(614)
Exchange adjustments	(16)	(9)	(4)	(29)
At 31 March 2022	(1,462)	(1,209)	(418)	(3,089)
Net book value	1,705	890	115	2,710

2021

	Store €000	Building €000	Warehouse €000	Total €000
Cost				
On acquisition of business	2,499	1,418	528	4,445
At 31 March 2021	2,499	1,418	528	4,445
Accumulated amortisation				
Charge in the period	(1,205)	(879)	(362)	(2,446)
At 31 March 2021	(1,205)	(879)	(362)	(2,446)
Net book value	1,294	539	166	1,999

23. Leases (continued)

Company

2022

	Building €000
Cost	
At 1 April 2021	-
Additions	**669**
At 31 March 2021	**669**
Accumulated amortisation	
At 1 April 2021	-
Charge in the year	**(34)**
At 31 March 2021	**(34)**
Net book value	**635**

	Group 2022 €000	Group 2021 €000	Company 2021 €000	Company 2021 €000
Lease liabilities				
Within 1 year	**726**	428	113	-
In 1-5 years	**1,861**	1,659	536	-
More than 5 years	**366**	186	-	-
	2,953	2,273	649	-

	Group 2022 €000	Group 2021 €000	Company 2022 €000	Company 2021 €000
Amounts recognised in the income statement				
Interest on lease liabilities	**114**	**9**	14	-
Expenses relating to short-term leases	**148**	**364**	-	-
Expenses relating to leases of low-value assets	**-**	**2**	-	-
	262	**375**	14	-

24. Prior period adjustments

Change in accounting basis: Useful Economic Life

For the current financial year the board have taken the decision to change the Group's accounting basis with regard to useful economic life of the Intangible assets held as Distribution agreements. Specifically, the Group has concluded that the financial statements provide more relevant and reliable financial information for the entity through application of useful life of 5 years rather than 14 years and have therefore made this change. The principal shareholders of the Company have approved such a change.

In making this change the board have considered comparability with other entities and the subjectivity around the expected life of the agreements.

Prior period adjustment

In preparing the financial statements for the current year, the board identified additional information about the earn out conditions relating to the historical acquisitions of The Orange Square Company Limited in the financial year 31 March 2021 which met the conditions of a measurement period adjustment. Therefore, as allowed under International Financial Reporting Standards as these Earn Out were contractual and estimated at the date of the acquisition and were within 12 months of the acquisition, the revised amount payable in connection with the acquisition has been treated as a prior period adjustment.

The total financial impacts of this change in accounting basis and prior period adjustment in the prior period of the Group are as follows:

	As previously stated Period ended 31 March 2021 €000	Prior period adjustment €000	As restated Period ended 31 March 2021 €000
Consolidated Statement of Comprehensive Income			
Revenue	75,384	-	75,384
Cost of sales	(14,503)	-	(14,503)
Marketing expenses	(1,464)	-	(1,464)
Personnel expense	(3,758)	-	(3,758)
Other administrative expenses	(37,371)	(201)	(37,572)
Other operating income	-	9	9
Finance revenue	13	-	13
Finance expense	(17,599)	(337)	(17,936)
Taxation	(1,836)	36	(1,800)
Loss for the period	(1,134)	(493)	(1,627)
Foreign exchange from translation of subsidiary	(605)	533	(72)
Actuarial gains and losses on employee benefit obligations, net of tax	(20)	-	(20)
Total comprehensive expense for the period	(1,759)	40	(1,719)

24. Prior period adjustments (continued)

	As previously stated 31 March 2021 €000	Prior period adjustment €000	As restated 31 March 2021 €000
Consolidated Statement of Financial Position			
Goodwill	94,752	(5,425)	89,327
Other intangible assets	412,294	25,847	438,141
Other non-current assets	7,388	(647)	6,741
Current assets	55,192	647	55,839
Other long term liabilities	(4,405)	(14,054)	(18,459)
Deferred tax liabilities	(1,516)	(6,184)	(7,700)
Provisions	-	(326)	(326)
Trade and other payables	(18,604)	182	(18,422)
Other liabilities	(249,906)	-	(249,906)
Net assets	295,195	40	295,235
Share capital	2,969	-	2,969
Share premium	293,942	-	293,942
Translation reserve	(562)	533	(29)
Retained earnings	(1,154)	(493)	(1,647)
Total equity	295,195	40	295,235

25. Related party transactions

Remuneration of the directors and key management personnel has been disclosed in note 5. As at the year-end there were unsecured loans to Directors totalling €120,000 which have an interest rate of 2.25% p.a.

During the year, the Company had the following transactions with its subsidiary companies:

	2022 €000	2021 €000
Income receivable from subsidiaries		
Trade income	**13,764**	1,033
Other income	**10,268**	-
Total income	**24,032**	1,033
Trade balance	**11,087**	690
Other balances	**5,341**	2,356
Total balance (note 14)	**16,428**	3,046
Expenses payable to subsidiaries		
Trade cost	**24,901**	15,001
Other expenses	**1,429**	1,410
Total expenses	**26,330**	16,411
Trade balance (note 15)	**1,469**	1,096
Loan (note 16)	**5,927**	6,818
Total balance	**7,396**	7,914

26. Events after the reporting date

On 27 July 2022, the Group signed a legally binding heads of terms agreement with the shareholders of International Cosmetics & Perfumes, Inc to acquire 100% of the issued share capital of the company. The deal is expected to be for Cash and will be finalised by the end of 2022.

27. Ultimate controlling party

The immediate parent undertaking is Chenal II, a company registered in Jersey.

The ultimate parent undertaking is Cascade I S.a.r.l, a company incorporated in Luxembourg, which is controlled by BlackRock Long Term Private Capital SCSp.