
M&E MILLS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

M&E MILLS LIMITED

COMPANY INFORMATION

Directors	E Mills (appointed 31 August 2021) M Mills (appointed 9 August 2021)
Registered number	13555394
Registered office	250 Tottenham Court Road London W1T 7QZ
Independent auditors	Nyman Libson Paul LLP Chartered Accountants 124 Finchley Road London NW3 5JS

M&E MILLS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Consolidated Analysis of Net Debt	14
Notes to the Financial Statements	15 - 35

**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Introduction

The Directors present the strategic report of M&E Mills Limited ("the Group") for the period between incorporation on 9 August 2021 and the period end date of 31 December 2022.

On 31 August 2021, the Group acquired 100% of M&E Mills Holdings Ltd and its subsidiaries.

Following the acquisition of shares, partly via share-for-share exchange and partly via cash consideration, M&E Mills Ltd became the ultimate parent of the M&E Mills Group of companies.

The consolidated financial statements of the Group have been prepared using acquisition accounting principles allowed under FRS 102. The carrying value of the assets and liabilities of the parties to the combination were adjusted to their fair value on consolidation. Any difference between the cost of the investment and the nominal value of the share capital acquired is recognised as goodwill.

Principal activities

The M&E Mills Group of companies manufactures, markets and distributes natural, plant-based food products; has a wellness digital application; promotes and sells a collection of recipe books; publishes a periodic podcast; and runs a plant-based restaurant.

The company is the investment holding company of the Group and does not trade on its account.

Business review and KPI analysis

2022 was another year of significant growth for our group of companies. This was despite continued and severe disruption to our operations due to Covid, inflation, Brexit, and the supply chain dislocations caused by the tragic war in Ukraine.

The majority of turnover was generated in our food products business, The Mae Deli Ltd. This was achieved through distribution growth in the UK, increased rates of sale on our core lines, and new listings in European retailers. A number of new products were launched in the year, including our new Fruit, Nut & Seed Bar range, which was launched in response to the government's new HFSS legislation. We also made a strategic choice to delist peripheral ranges to allow more time to focus on our core ranges - where we continue to see category-leading performance. In February 2022 we made a pack size change to our breakfast cereals to mitigate the impact of substantial cost inflation. This disrupted trading throughout the extended changeover period, but sales have since rebounded strongly. In the final quarter of 2022, we launched a new brand, Plants by Deliciously Ella, as an exclusive partnership with a major UK retailer. This brand will be a strategic priority ongoing.

We invested heavily in our App and content library and implemented a price increase which resulted in a substantial increase in turnover and net profit for Deliciously Ella Ltd.

Our central London restaurant had its first full year of trade and acts as an important brand home.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Principal risks and uncertainties

Financial risks

The company has shown through the shocks of Brexit, Covid, high inflation and supply chain dislocations, that the diversified activities of the group provide great resilience. We remain exposed to general consumer confidence fluctuations, but brand positioning has provided good insulation.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The company's policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate satisfactory creditworthiness.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group mitigates liquidity risk by carefully managing cash generation from its operations. At present, no working capital facilities are utilised.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Group aims to manage cash flow risk by monitoring and reviewing working capital closely.

Currency risk

The Group has a relatively small level of foreign currency transactions, on both receipts and payments, and therefore has not yet adopted any forward currency contracts or hedging policies as the risk is deemed to be low.

Interest rate risk

The company has a loan that is linked to Bank of England interest rates. The company will look to minimise any risk through active cash flow management and by reviewing available financing options regularly.

Inflation risk

The company is exposed to inflation from prices charged by third-party suppliers and logistics providers, as well as wages and other overheads. The company will always review commercial agreements and renegotiate terms where necessary to mitigate the impacts of inflation.

Supply Chain risk

Brexit, COVID-19, and the war in Ukraine have provided the Group with a number of supply challenges; however, the ongoing focus on profitable growth, strong relationships with our partners, and a diversified portfolio has helped reduce the impact on performance.

This report was approved by the board on 5 September 2023 and signed on its behalf.

M Mills
Director

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the period ended 31 December 2022.

Directors

The directors who served during the period were:

E Mills (appointed 31 August 2021)

M Mills (appointed 9 August 2021)

Results and dividends

The profit for the period, after taxation, amounted to £1,435,924.

Aggregated dividends of £777,721 were paid during the current and financial reporting period.

As of the date upon which this report was approved, the directors have not recommended payment of any further dividend in respect of the financial performance for the period ended 31 December 2022.

Future developments

We are committed to producing delicious, natural, plant-based food, and remain very confident about the long-term prospects of the business. We have a number of core product ranges in category-leading positions, with a huge amount of distribution growth still to pursue - both in the UK and internationally. Our ability to innovate rapidly against a growing trend to eat more plant-based food leaves us in a strong position to grow both of our product brands.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

M&E MILLS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the group since the period end.

Auditors

The auditors, Nyman Libson Paul LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 September 2023 and signed on its behalf.

M Mills
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M&E MILLS LIMITED

Opinion

We have audited the financial statements of M&E Mills Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2022, which comprise the group Statement of Comprehensive Income, the group and company Statements of Financial Position, the group Statement of Cash Flows, the group and company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M&E MILLS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M&E MILLS LIMITED (CONTINUED)

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.

Auditors' responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, 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 or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with

management. There are inherent limitations in the audit procedures described above 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 would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M&E MILLS LIMITED (CONTINUED)

Use of our report

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

Richard Paul (Senior Statutory Auditor)

for and on behalf of

Nyman Libson Paul LLP

Chartered Accountants

124 Finchley Road

London

NW3 5JS

5 September 2023

M&E MILLS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	Period ended 31 December 2022 £
Turnover	4	22,808,687
Cost of sales		(14,601,024)
Gross profit		<u>8,207,663</u>
Administrative expenses		(5,832,332)
Exceptional other operating charges		(126,457)
Operating profit	5	2,248,874
Interest payable and similar expenses	9	(508,107)
Profit before tax		<u>1,740,767</u>
Tax on profit	10	(304,843)
Profit for the financial period		1,435,924
Other comprehensive income for the period		
Foreign exchange loss		19,012
Total comprehensive income for the period		<u><u>1,454,936</u></u>
Profit for the period attributable to:		
Owners of the parent company		(1,435,924)
		<u><u>(1,435,924)</u></u>

The notes on pages 15 to 35 form part of these financial statements.

M&E MILLS LIMITED
REGISTERED NUMBER: 13555394

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £
Fixed assets		
Intangible assets	13	2,799,575
Tangible assets	14	590,952
		<u>3,390,527</u>
Current assets		
Stocks	16	829,680
Debtors: amounts falling due after more than one year	17	30,000
Debtors: amounts falling due within one year	17	2,859,341
Cash at bank and in hand	18	1,103,269
		<u>4,822,290</u>
Creditors: amounts falling due within one year		(3,429,437)
		<u>1,392,853</u>
Net current assets		<u>1,392,853</u>
Total assets less current liabilities		<u>4,783,380</u>
Creditors: amounts falling due after more than one year		(3,787,067)
Provisions for liabilities		
Deferred tax	23	(231,004)
		<u>765,309</u>
Net assets		<u><u>765,309</u></u>
Capital and reserves		
Called up share capital	24	88,094
Foreign exchange reserve	25	19,012
Profit and loss account	25	658,203
		<u>765,309</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 September 2023.

M Mills
Director

The notes on pages 15 to 35 form part of these financial statements.

M&E MILLS LIMITED
REGISTERED NUMBER: 13555394

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £
Fixed assets		
Investments	15	5,242,763
		<u>5,242,763</u>
Current assets		
Debtors: amounts falling due within one year	17	3,653
Cash at bank and in hand	18	50,938
		<u>54,591</u>
Creditors: amounts falling due within one year		(1,436,910)
		<u>(1,436,910)</u>
Net current (liabilities)/assets		(1,382,319)
Creditors: amounts falling due after more than one year		(3,762,500)
		<u>(3,762,500)</u>
Net assets		<u>97,944</u>
Capital and reserves		
Called up share capital	24	88,094
Profit for the period		787,571
Dividends paid		(777,721)
		<u>(777,721)</u>
Profit and loss account carried forward		9,850
		<u>9,850</u>
		<u>97,944</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 September 2023.

M Mills
Director

The notes on pages 15 to 35 form part of these financial statements.

M&E MILLS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Total equity £
Profit for the period	-	-	1,435,924	1,435,924
Currency translations differences arising on consolidation	-	19,012	-	19,012
Dividends paid	-	-	(777,721)	(777,721)
Shares issued during the period	88,094	-	-	88,094
At 31 December 2022	<u>88,094</u>	<u>19,012</u>	<u>658,203</u>	<u>765,309</u>

The notes on pages 15 to 35 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Called up share capital £	Profit and loss account £	Total equity £
Profit for the period	-	787,571	787,571
Dividends: Equity capital	-	(777,721)	(777,721)
Shares issued during the period	88,094	-	88,094
At 31 December 2022	<u>88,094</u>	<u>9,850</u>	<u>97,944</u>

The notes on pages 15 to 35 form part of these financial statements.

M&E MILLS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	2022 £
Cash flows from operating activities	
Profit for the financial period	1,435,924
Adjustments for:	
Amortisation of intangible assets	516,046
Depreciation of tangible assets	115,386
Interest paid	508,107
(Increase) in stocks	(829,680)
(Increase) in debtors	(2,885,383)
Increase in creditors	4,133,512
Corporation tax received	294,412
Net cash generated from operating activities	<u>3,288,324</u>
Cash flows from investing activities	
Purchase of intangible fixed assets	(515,923)
Purchase of tangible fixed assets	(238,844)
Purchase of fixed asset investments	(4,384,027)
Net cash from investing activities	<u>(5,138,794)</u>
Cash flows from financing activities	
New secured loans	4,239,567
Dividends paid	(777,721)
Interest paid	(508,107)
Net cash used in financing activities	<u>2,953,739</u>
Net increase in cash and cash equivalents	<u>1,103,269</u>
Cash and cash equivalents at the end of period	<u><u>1,103,269</u></u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	1,103,269
	<u><u>1,103,269</u></u>

M&E MILLS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Cash flows	Acquisition and disposal of subsidiaries	At 31 December 2022
	£	£	£
Cash at bank and in hand	332,627	770,642	1,103,269
Debt due after 1 year	(3,344,567)	-	(3,344,567)
Debt due within 1 year	(895,000)	-	(895,000)
	<u>(3,906,940)</u>	<u>770,642</u>	<u>(3,136,298)</u>

The notes on pages 15 to 35 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

1. General information

M&E Mills Ltd ('the Company') is a private company limited by shares, incorporated under the UK Companies Act 2006 and domiciled in England.

The address of the Company's registered office and principal place of business is 250 Tottenham Court Road, London, W1T 7QZ.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 and 2 of these financial statements.

The Company was incorporated on 9 August 2021 and commenced operations on 9 August 2021.

These financial statements are prepared for the period from 9 August 2021 to 31 December 2022, a period longer than one year as this is the first reporting period for the company. Consequently there are no comparative figures.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

The consolidated figures represents trading position of the group post acquisition and covers 16 months period from 31 August 2021 to 31 December 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.3 Foreign currency translation

The company's functional and presentational currency is GBP.

Foreign currencies are translated into functional (and presentational) currency using the exchange rates prevailing at the date of the respective transaction or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account as part of the total comprehensive

income.

Changes in the fair value of forward foreign exchange contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in profit or loss with the change in fair value of the forward foreign exchange contract recognised as a fair value movement within operating profit or loss and foreign exchange gains or losses relating to monetary items recognised within administrative expenditure.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at an opening rate and the results of overseas operations at the actual rate are recognised in other comprehensive income.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The group generates substantially all its revenue from subscriptions is recognised on a rateable basis over the contractual subscription term of the arrangement beginning on the date that service is made available to the customer. Invoices raised in advance of services being rendered are recorded as deferred income. Revenue from subscription services comprises subscription fees from customers. Subscription service arrangements are generally non-cancellable and do not provide refunds to customers in the event of cancellations or any other right of return.

Commissions payable relating to subscription revenue are accounted for on the same basis as above.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue (continued)

Revenue from book publication contracts is recognised when contract payments become due based on the completion of a significant act stipulated in the contract.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from the sale of food and beverages is recognised at the fair value of the consideration received or receivable.

2.5 Operating leases: the group as lessee

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

2.6 Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial, and financial feasibility can be demonstrated.

The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Pensions

Defined contribution pension plan

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.9 Current and deferred taxation

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

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

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

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

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

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

2.11 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 10 years.

Other intangible assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Intangible assets (continued)

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

The estimated useful lives range as follows:

Software - 3 to 5 years

Development costs - 5 years

2.12 Tangible fixed assets

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

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

Long-term leasehold property	- 10% - 20% Straight line
Plant and machinery	- 20% Straight Line
Fixtures and fittings	- 20% Straight Line
Computer equipment	- 20% Straight Line

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

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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Holdings in unlisted company shares of subsidiary undertakings

Such holdings are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at cost less provision for impairment at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

The Group did not make any significant judgements (apart from those involving estimations which are detailed below) that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

The management makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

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

There were no other key sources of estimation uncertainty.

M&E MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

4. Turnover

	Period ended 31 December 2022 £
Sales	<u>22,808,687</u>

Analysis of turnover by country of destination:

	Period ended 31 December 2022 £
United Kingdom	19,074,607
Rest of the world	3,734,080
	<u>22,808,687</u>

5. Operating profit

The operating profit is stated after charging:

	Period ended 31 December 2022 £
Amortisation of goodwill and other intangible fixed assets	516,046
Exchange differences	21,694
Other operating lease rentals	227,511
Depreciation of tangible fixed assets	<u>115,386</u>

M&E MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

6. Auditors' remuneration

During the period, the group obtained the following services from the company's auditors:

	Period ended 31 December 2022 £
Fees payable to the company's auditors for the audit of the consolidated and parent company's financial statements	59,700

7. Employees

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

	Group 2022 £
Wages and salaries	2,688,677
Social security costs	215,981
Cost of defined contribution scheme	55,954
	<u>2,960,612</u>

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

	Period ended 31 December 2022 No.
Staff	<u>52</u>

The company has no employees other than the directors, who did not receive any remuneration.

M&E MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

8. Directors' remuneration

	Period ended 31 December 2022 £
Directors' emoluments	22,117
Group contributions to defined contribution pension schemes	10,774
	<u>32,891</u>

9. Interest payable and similar expenses

	Period ended 31 December 2022 £
Bank interest payable	<u>508,107</u>

10. Taxation

	Period ended 31 December 2022 £
Corporation tax	
Current tax on profits for the period	303,893
Total current tax	<u>303,893</u>
Deferred tax	
Origination and reversal of timing differences	950
Taxation on profit on ordinary activities	<u>304,843</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

10. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Period ended 31 December 2022 £
Profit on ordinary activities before tax	<u>1,740,767</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	330,746
Effects of:	
Non-tax deductible amortisation of goodwill	53,531
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,537
Capital allowances for period in excess of depreciation	(52,668)
Other tax adjustment	28,478
Other timing differences leading to an increase (decrease) in taxation	(70,492)
Changes in provisions leading to an increase (decrease) in the tax charge	(9,547)
Unrelieved loss on foreign subsidiaries	20,258
Total tax charge for the period	<u><u>304,843</u></u>

Factors that may affect future tax charges

In the Spring Budget 2023 on 15 March 2023, the Government announced that from 1 April 2023, the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date, companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

11. Dividends

	2022 £
Dividends paid	<u><u>777,721</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

12. Exceptional items

**Period ended
31 December
2022
£**

Discontinued stock write-off	126,457
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The exceptional items relate to the cost of stocks relating to a product line that has been discontinued and associated costs written off in the profit and loss accounts.

13. Intangible assets**Group and Company**

	Development expenditure £	Computer software £	Goodwill £	Total £
Cost				
Additions	493,381	22,542	-	515,923
On acquisition of subsidiaries	537,871	48,267	2,229,021	2,815,159
At 31 December 2022	1,031,252	70,809	2,229,021	3,331,082
Amortisation				
Charge for the period on owned assets	220,320	13,985	297,202	531,507
At 31 December 2022	220,320	13,985	297,202	531,507
Net book value				
At 31 December 2022	810,932	56,824	1,931,819	2,799,575

Company

The company held no intangible assets during the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

14. Tangible fixed assets**Group**

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
Additions	113,607	52,499	38,670	34,068	238,844
Acquisition of subsidiary	291,527	100,323	39,126	36,518	467,494
At 31 December 2022	405,134	152,822	77,796	70,586	706,338
Depreciation					
Charge for the period on owned assets	52,666	34,258	13,100	15,362	115,386
At 31 December 2022	52,666	34,258	13,100	15,362	115,386
Net book value					
At 31 December 2022	352,468	118,564	64,696	55,224	590,952

Company

The company held no tangible fixed assets during the period.

M&E MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	5,242,763
At 31 December 2022	<u>5,242,763</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
M&E Mills Holdings Ltd	250 Tottenham Court Road, London, W1T 7QZ	Ordinary	100 %
M&E Mills Media Ltd	250 Tottenham Court Road, London, W1T 7QZ	Ordinary	100 %
Deliciously Ella Ltd	250 Tottenham Court Road, London, W1T 7QZ	Ordinary	100 %
The MAE Deli Ltd	250 Tottenham Court Road, London, W1T 7QZ	Ordinary	100 %
The MAE Deli Foods Ltd	250 Tottenham Court Road, London, W1T 7QZ	Ordinary	100 %
Deliciously Ella Inc*	1209 Orange Street, Wilmington, Delaware 19801	Ordinary	100 %
Deliciously Ireland Ltd**	Block 3, Harcourt Centre, Harcourt Road, Dublin, D02 A339	Ordinary	100 %

* Incorporated under Section 108 of the Delaware General Corporation Law.

** Incorporated under Part 2 of the Companies Act 2014.

Note that M&E Mills Holdings Ltd is held directly, whilst the remaining companies are held indirectly.

M&E MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

16. Stocks

	2022 £
Goods for resale	<u>829,680</u>

17. Debtors

	Group 2022 £	Company 2022 £
Due after more than one year		
Other debtors	<u>30,000</u>	<u>-</u>

	Group 2022 £	Company 2022 £
Due within one year		
Trade debtors	2,062,114	-
Other debtors	458,575	3,653
Prepayments and accrued income	338,652	-
	<u>2,859,341</u>	<u>3,653</u>

18. Cash and cash equivalents

	Group 2022 £	Company 2022 £
Cash at bank and in hand	<u>1,103,269</u>	<u>50,938</u>

M&E MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

19. Creditors: Amounts falling due within one year

	Group 2022 £	Company 2022 £
Bank loans	452,500	442,500
Trade creditors	1,562,108	2,516
Amounts owed to group undertakings	-	964,462
Corporation tax	13,439	-
Other taxation and social security	147,032	-
Other creditors	289,304	-
Accruals and deferred income	965,054	27,432
	<u>3,429,437</u>	<u>1,436,910</u>

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

	Group 2022 £	Company 2022 £
Bank loans	3,787,067	3,762,500
	<u>3,787,067</u>	<u>3,762,500</u>

Details of security provided to OakNorth Bank Plc:

(a) a debenture by which each of the Borrower, M&E Mills Holdings Ltd, Deliciously Ella Ltd., The Mae Deli Limited and The Mae Deli Foods Limited will grant fixed and floating charges over the whole of its property, assets and undertaking to secure its obligations;

(b) a share charge from each of the shareholders over the entire issued share capital;

(c) a US stock pledge from M&E Mills Holdings Ltd over the entire issued share capital of Deliciously Ella US Inc.; and

(d) such other security as the Agent shall require from time to time to secure all monies, obligations and liabilities owing or incurred by the Obligors to the Finance Parties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

21. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £	Company 2022 £
Amounts falling due within one year		
Bank loans	452,500	442,500
Amounts falling due 1-2 years		
Bank loans	885,000	885,000
Amounts falling due 2-5 years		
Bank loans	2,902,067	2,877,500
	<u>4,239,567</u>	<u>4,205,000</u>

22. Financial instruments

The Company and the Group held no financial instruments during the current financial reporting period that would be considered reportable under sections 1.12, 11 or 12 of Financial Reporting Standard 102 and paragraph 36 of schedule 1 to the Companies Act 2006.

23. Deferred taxation**Group**

	2022 £
Credit to profit or loss	950
Arising on business combinations	230,054
At end of period	<u>231,004</u>
	Group 2022 £
Accelerated capital allowances	<u>231,004</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

24. Share capital

	2022
	£
Allotted, called up and fully paid	
8,809,378 Ordinary shares shares of £0.01 each	<u>88,094</u>

During the period the company issued 8,809,378 ordinary shares and 1 preferred share of £0.01 each.

25. Reserves

Foreign exchange reserve

The foreign exchange reserve relates solely in respect of the group and comprises of movements on foreign exchange arising from the translation of the financial statements of the group's foreign subsidiaries into pounds sterling (£).

Profit and loss account

The profit and loss account include all current period retained profits and (losses) net of amounts distributed to the company's equity shareholders and inclusive of, where applicable movements on noncontrolling interests.

Detailed movements for the company and its consolidated group in respect of the aforementioned reserves for the current financial reporting periods are reported in the company and consolidated statements of changes in equity respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

26. Business combinations

On 31 August 2021, the company acquired 100% of the shares in M&E Mills Holdings Ltd and effectively acquired interest and control over the subsidiaries of M&E Mills Holdings Ltd. At that date, the amounts of the fair value of the identifiable assets and liabilities were:

Acquisition of M&E Mills Holdings Ltd**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Fair value adjustments £	Fair value £
Fixed Assets		
Tangible	467,492	467,492
Intangible	586,139	586,139
	<u>1,053,631</u>	<u>1,053,631</u>
Current Assets		
Stock and debtors net of creditors	1,364,578	1,364,578
Cash at bank and in hand	825,586	825,586
	<u>3,243,795</u>	<u>3,243,795</u>
Total Assets		
Creditors		
Deferred taxation	(230,053)	(230,053)
	<u>3,013,742</u>	<u>3,013,742</u>
Total identifiable net assets		
Goodwill		2,229,021
		<u>5,242,763</u>
Total purchase consideration		
Consideration		
		£
Cash		4,999,869
Equity instruments		88,094
Directly attributable costs		154,800
		<u>5,242,763</u>
Total purchase consideration		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

26. Business combinations (continued)**Cash outflow on acquisition**

	£
Purchase consideration settled in cash, as above	4,999,869
Directly attributable costs	154,800
	<u>5,154,669</u>
Less: Cash and cash equivalents acquired	(825,586)
Net cash outflow on acquisition	<u><u>4,329,083</u></u>

The net aggregate results of the companies acquired since acquisition are recorded in the consolidated statement of comprehensive income in these financial statements.

27. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £55,954. Contributions totalling £13,719 were payable to the fund at the reporting date and are included in creditors.

28. Commitments under operating leases

At 31 December 2022 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £
Not later than 1 year	165,785
Later than 1 year and not later than 5 years	561,100
	<u><u>726,885</u></u>

29. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of Financial Reporting Standard 102 from the requirement to disclose transactions undertaken or balances carried forward as at the balance sheet date between the company and its group undertakings as said transactions and balances have been eliminated in full on consolidation. Outstanding aggregated balances between the company and its group undertakings as of the reporting date are disclosed within note 19 of the financial statements.

M&E MILLS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

30. Controlling party

The directors of the company hold joint shareholdings that give them control over both the company and the group.

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