



Annual Report & Financial Statements
For the year ended 31 December 2018

Moo Print Limited

Report and financial statements
for the year ended 31 December 2018

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Directors

R Klein
R Moross
B Holmes
R Moore
A Pooler
S Calver
D Shapland (Chairman)

Secretary and registered office
Benjamin Smith, 2nd Floor, 20 Farringdon Road, London EC1M 3AF

Company number
5121723

Auditors
BDO LLP, 55 Baker Street, London, W1U 7EU

Chairman's Summary

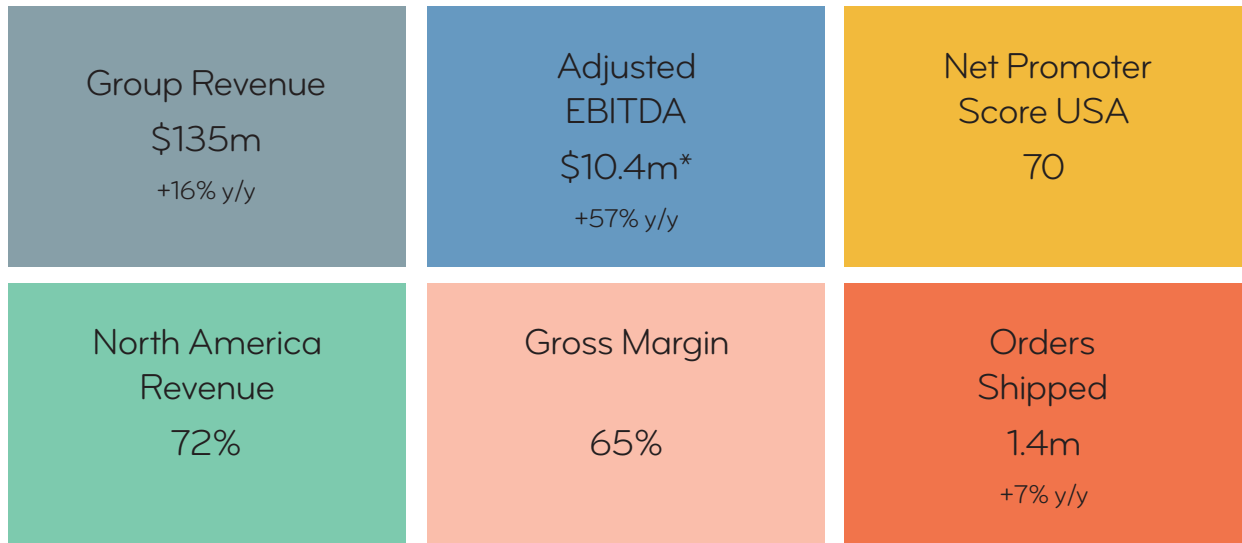
Richard and his strong executive team delivered a year of record performance in 2018, with revenue growing by 16% to \$135m and adjusted EBITDA of over \$10m (+57% y/y) as per Note 22. Net cash generated from operating activities is up 132% to \$12.4m. The company's strategy of focusing on larger customers in North America with new products was an important driver of success for the year.

My sincere thanks on behalf of the Board to all the colleagues working at MOO. We appreciate the hard work and dedication and we applaud the progress being made both with respect to their contributions to the company and in their own careers. As option holders, they share in the company's success as it grows and becomes more valuable.

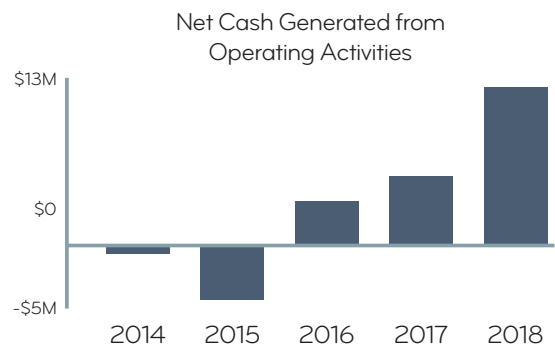
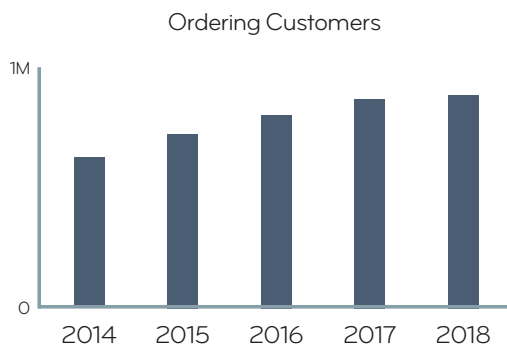
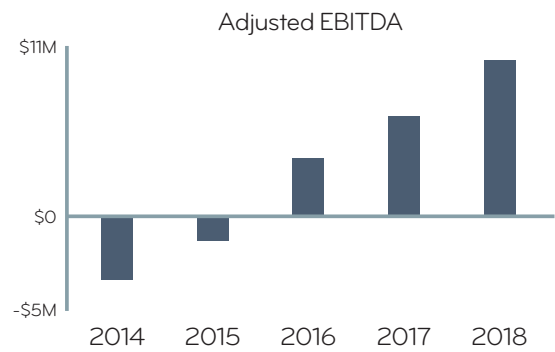
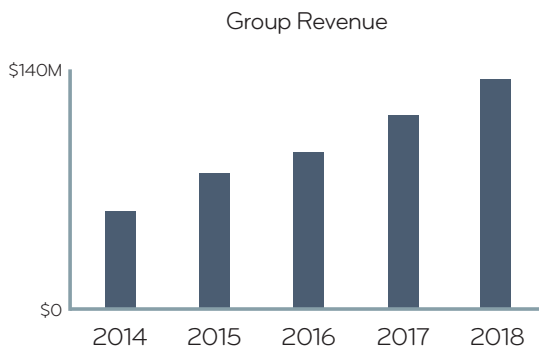
We are excited about the longer term future for MOO, as we see the opportunity for the company to significantly improve its technology platform and broaden its portfolio of products over the next few years.

Darren Shapland
Chairman

2018 Headlines

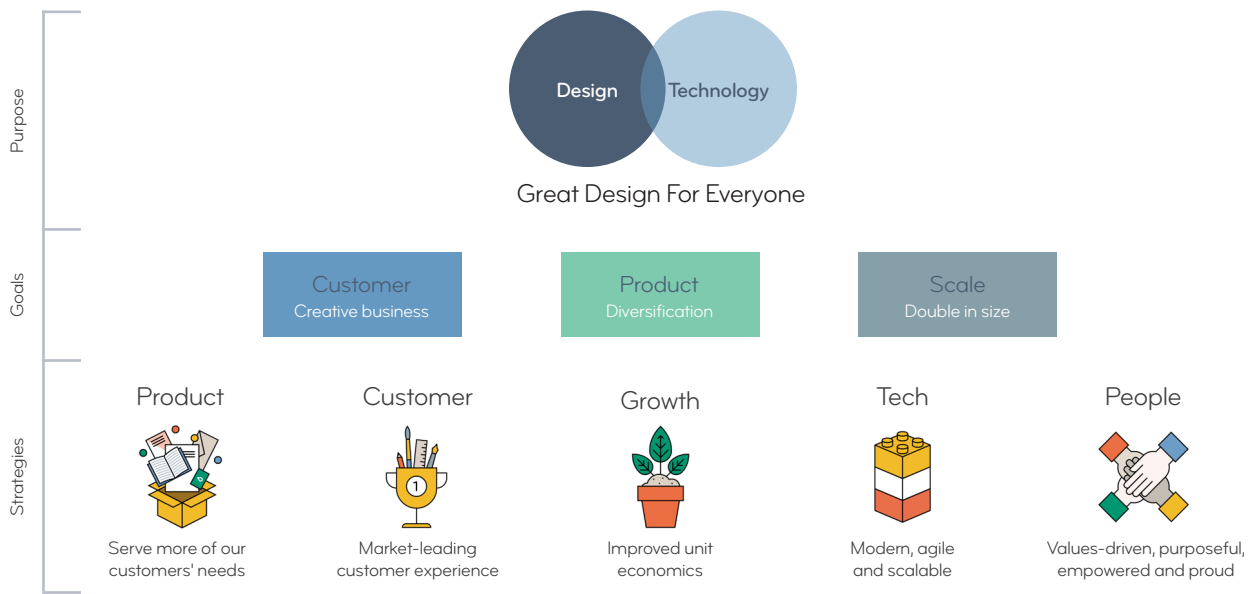


Financial Highlights

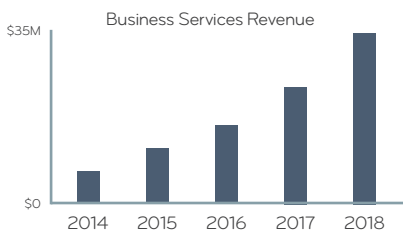


*Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation, impairment, interest, taxation, foreign exchange and share based payments, as per the calculation in Note 22.

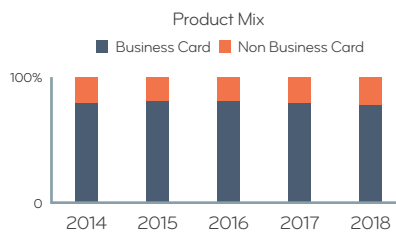
Strategic Framework



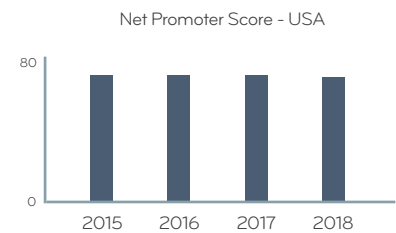
KPIs By Year



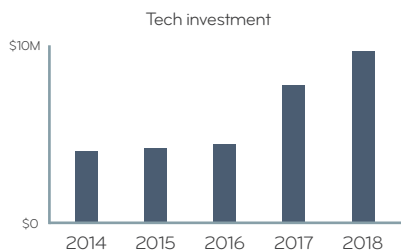
- MBS revenues continue to grow rapidly, up 44% y/y
- Larger companies now represent 26% of total revenues



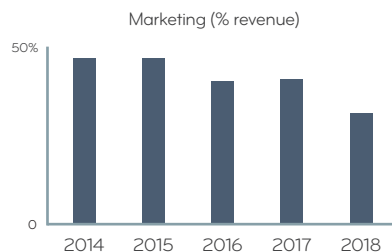
- New products will unlock new customers and revenue growth opportunities in 2020 and beyond



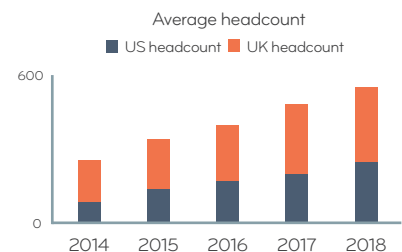
- Net Promoter Score remains very high at 70
- TrustPilot score also five stars (9.6/10)



- Technology investment continues to grow at 12% y/y to \$9.7m in 2018
- Long term investments will create new opportunities in 2019 and beyond



- Marketing as a % of revenue down from 41% in 2017 to 34% in 2018
- Marketing efficiency increased with overall spend down 3.6% y/y



- Average group headcount up 14% to 548
- 49% of new hires in 2018 were US based

CEO's Report

I am excited to announce that MOO has moved to reporting in US Dollars for the first time. This is a reflection of our continued significant success in North America and a celebration of MOO's international outlook and investments from day one. As of today we have more than 72% of our revenue, half our employees, and four of our six offices in North America.

With more than half our costs and the significant majority of our revenues in dollars, reporting this way will reduce the impact of foreign currency exchange fluctuations on our reported results and will give a more normalised, constant currency view of our performance. The only downside to reporting in USD this year is that it has diminished the opportunity to properly celebrate exceeding £100m of revenue for the first time, a significant milestone for MOO.

I am proud to announce that 2018 saw revenue growth of 16%, up \$19m to \$135m. Adjusted EBITDA also grew 57%, from \$6.6m in 2017 to over \$10.4m in 2018. This was MOO's 12th year of successive growth.

Here are a few things I would like to highlight from 2018:

North America:

North America revenue was up 18% from 2017. In the year we secured new offices for our sales team in Denver which grew to 25 heads, helping us to more effectively acquire and serve our West Coast customers. This region continues to be our strategic focus, with excellent growth and customer metrics.

MOO Business Services:

Our focus on larger companies continues to reap rewards, with \$35.0m (26%) of total revenue coming from our MBS platform. Larger companies spend more with us and we retain a higher percentage of them, contributing to more attractive unit economics, recurring revenues and lifetime value from this segment.

Physical Products:

2018 saw the launch of custom Notebooks, following the introduction of the standard product range the year before. As technology has limited our ability to launch these products on site we took sales offline very successfully and generated over \$1m from our Notebooks line in the last 12 months.

Technology:

Delivery of our upgraded technology platform in 2018 has been slower than we would have liked. One of the major drawbacks of our significant growth over the years has been the speed with which we developed our proprietary technology, and the legacy of code we now have to remove or rewrite. We are reviewing our strategy and will look to accelerate our plans under the leadership of our new CTO, Marta Jasinska.

2018 was a good year for MOO, with continued top and bottom line growth and solid progress made in strategic delivery. We go into 2019 from a position of strength.

Richard Moross

Founder and Chief Executive



Operational Highlights

People & Culture

- Kinglsey Macey joined MOO as Chief People Officer in March
- Marta Jasinska was promoted to Chief Technology Officer in October
- Added 69 new people in the year
- Raised more than \$150k for charity in cash and in-kind donations

Products

- Launched a custom version of our Notebook
- Relunched our Promotional Products category with new sizes, papers and finishes and generated more than \$15m revenue from this expanded category
- Made significant improvements in Average Order Value
- Grew non-business card revenue by 25%

Manufacturing

- Scott Briggs joined MOO as VP, Operations
- Introduced a lean manufacturing methodology
- Introduced more economic and scalable service contracts with our print vendor

Digital Products & Technology

- Continued investment in Technology
- Implemented GDPR changes to comply with new EU regulations

Marketing & Customer

- Grew our Instagram community to over 150k followers
- Launched our customer-centric Connect the Dots operating framework across the business
- Collaborated with marketing guru Seth Godin on a customised notebook design

Sales & Service

- Opened a new Denver office
- Grew MOO Business Services to 26% of revenue

Executive Team



Darren Shapland
Chairman

Darren is an experienced Chairman. As well as MOO, he chairs Topps Tiles PLC, Not On The High Street and Aerofoil Energy Limited. He was previously both CEO and CFO of a number of large public companies including Carpetright and Sainsbury's.



Richard Moross
Founder & CEO

Our CEO Richard is responsible for MOO, having founded the company in 2004. In addition to MOO, he has been a Non-Executive Director at N Brown PLC since 2016. Richard was awarded an MBE for 'Services to Entrepreneurship' in the Queen's 2015 New Year's Honours.



Ed Goldfinger
Chief Financial Officer

Ed joined MOO in 2017 having previously led Zipcar to its IPO on the Nasdaq in April 2011, later selling the business to Avis in 2013. Ed started his career at KPMG before going on to hold senior roles at Veracode, PepsiCo and Sapient.



Nick Ruotolo
Chief Operations Officer

Before joining the team at MOO in 2017, Nick was part of the Executive team at onefinestay, managing its sale to Accor Hotels. Nick also spent a number of years at Vistaprint, as Executive Officer and member of the management board, when the company went public on the Nasdaq.



Kingsley Macey
Chief People Officer

Kingsley joined MOO in 2018 having already spent much of his career in progressive, fast-paced and scaling environments. Previously Kingsley was VP of HR at King.com, the games development company and has also held roles at companies including Coca Cola and Expedia.



Marta Jasinska
Chief Technology Officer

Our CTO Marta began her career as an engineer, coding everything from games to content management systems. She developed her software engineering skills at Shopzilla, before becoming Director of Web Development at PhotoBox. Marta joined us as Platform Director in 2015 and was appointed CTO during 2018.

Moo Print Limited

Strategic report
for the year ended 31 December 2018

Principal activities, trading review and future developments

The principal activity of the group is to produce and sell online personalised printed products. MOO's primary products are business cards, postcards, flyers, stickers and notebooks, which are sold to small and medium sized businesses worldwide. MOO offers an award-winning website which allows customers to use proprietary design templates to create high quality products online. Its largest markets are the US and UK. Larger customers utilise the 'MOO Business Services' order management platform.

Presentational currency

In this period, the Board decided to change the presentational currency due to the growing exposure to the US Dollar, as a significant portion of revenues for the Company are denominated in this currency. It should be noted that the functional currencies of the group's underlying businesses - functional currencies referring to the currencies of the primary economic environments in which underlying businesses operate - remain unchanged. To assist investors in understanding this change in accounting policy, the prior period numbers have been restated, to reflect USD financial information for the financial year ended 31 December 2017 - Further information on the presentation currency change is detailed in Note 1.

Principal risks and uncertainties

In addition to the financial risks facing the group; the group is exposed to a number of risks arising from its operations.

The markets for the group's products are competitive and the group seeks to mitigate this risk by differentiating itself by offering its services exclusively online, by investing heavily in brand marketing to emphasise its premium quality, by ensuring that the product range is of both high quality and design as well as continuing to add new products and features.

By virtue of the group's operations in the online retail industry, it is exposed to changes in demand arising from changes in global economic conditions. The group seeks to minimise this risk by competitively pricing its products and by spending significantly in promoting the 'MOO' brand and its products both online and offline.

The group is exposed to the risk that poor quality products may have a detrimental effect on the reputation of the results of the group. In order to manage this risk, the group has vertically integrated operations from website through to product over which it has direct control and has robust quality control processes in place to ensure that all products meet the required standards of quality.

Foreign currency risk

The group is exposed to foreign currency risk on its operations by virtue of entering into transactions in currencies other than the group's functional currency. In order to manage this risk the group makes use of natural hedges where possible, purchasing goods and services to where its Revenues are earned. The group also makes use of forward contracts to mitigate foreign currency risk.

Liquidity risk

The group monitors cash flow as part of its day-to-day control procedures to ensure appropriate financing is available as necessary. The Group meets its day-to-day working capital requirements through a new revolving credit facility, trade loans, vendor financing and ongoing operating cashflows. The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group will be able to operate within the level of its current facility. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Moo Print Limited

Strategic report
for the year ended 31 December 2018 (continued)

Brexit

The resolution or lack of resolution of Brexit has potential risks for a macroeconomic downturn in the UK and contagion more widely to other global economies. However, MOO derives a significant share of its revenue in North America and whilst it derives a fair share of revenues in the UK, its customers are geographically spread. The directors continue to monitor the effects of Brexit but currently feel confident that any impact will not materially affect the going concern status of the Group.

Key performance indicators (KPIs)

Management drives business performance and growth through the setting of clearly defined and measured key performance indicators (KPIs). The KPIs that are used to monitor and manage the business are primarily:

	2018	2017
	\$'000	(Restated) \$'000
Revenue	134,953	116,366
Gross profit	88,236	78,324
Staff costs	40,625	35,889
Adjusted EBITDA	10,421	6,636

Please note that adjusted EBITDA is defined in Note 22.

Research and development

The group continues to invest heavily in research and development. This has resulted in improvements to existing products and the creation and launch of new products throughout the year.

Approval

This strategic report was approved on behalf of the Board on 10 July 2019.

Richard Moross
Director

Moo Print Limited

Directors' report
for the year ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The operating profit amounted to a profit of \$2.3m million (2017: \$1.5m), with an overall loss for the financial year of \$0.78 million (2017 profit of \$1.45 million), this being mainly driven by an increase in intangible asset impairment charges and interest payable on financing facilities.

The directors have not recommended a dividend in the current year (2017: £nil).

Directors

The directors of the company during the year were:

S Calver
B Holmes (appointed 30th January 2018)
R Klein
R Moore
R Moross
A Pooler
N Rimer (resigned 30th January 2018)
D Shapland

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Moo Print Limited

Directors' report
for the year ended 31 December 2018 (continued)

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 7-8. These matters relate to the principal risks to which the company is exposed and future developments.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

Richard Moross
Director

10 July 2019

Moo Print Limited

Corporate Governance Report for the year ended 31 December 2018

Corporate Governance Statement

The Board's objective is to build a sustainable business through consistent, profitable growth and to make sure that it acts responsibly in meeting its accountabilities to shareholders. Sound corporate governance is key to achieving this objective.

Remuneration Committee

The Remuneration Committee was established in September 2014 and comprised three Non-Executive Directors of the Company, Mandy Pooler (Chair), Darren Shapland and Simon Calver. The Company Secretary is Secretary to the Audit Committee and attends its meetings.

Meetings

Pursuant to its Terms of Reference, the Remuneration Committee is scheduled to meet at least twice annually. The Executive Directors and other senior executives of the Group may be invited to attend meetings of the Remuneration Committee so as to advise the Remuneration Committee members, to discuss the performance of senior staff, and to make proposals as necessary. Professional advisers and other persons with relevant experience may also be invited to attend except for deliberations relating to that person's remuneration if applicable.

Terms of reference

The Remuneration Committee is advisory in nature to the Board and makes recommendations to the Board in accordance with the Corporate Governance guidelines. No Director plays a part in any discussion about his own remuneration.

Governance

Appropriate specialist advice is taken where necessary, bearing in mind the international operations of the Company.

Employment arrangements

In accordance with its remit, the Committee determines the terms and conditions of service of the Group's senior staff and Executive Directors which includes the determination of appropriate salaries, bonuses, share options, pension and long term incentive arrangements and all other relevant terms and conditions of service, as well as termination arrangements, which are prudently designed to attract, motivate and retain staff of the high calibre needed to maintain the Group's position and to reward them for enhancing value to shareholders.

The remuneration and terms and conditions of the Non-Executive Directors are determined by the Board with due regard to the interests of shareholders and the performance of the Group. No Executive or Non-Executive Director plays any part in the discussion or approval of his/her own remuneration.

Share-based remuneration

The Company's EMI share option scheme was introduced in December 2006 and ceased in April 2014 when the EMI employee limit was exceeded. During 2015 the company implemented a CSOP (Company Share Option Scheme).

Audit Committee

The Audit Committee was established in September 2014 and comprises two members, Simon Calver (Chairman) and Darren Shapland. The Company Secretary is Secretary to the Audit Committee and attends its meetings.

Moo Print Limited

Corporate Governance Report for the year ended 31 December 2018 (continued)

Terms of reference

In accordance with its remit, and acting as a sub-committee of the Board, the Committee is responsible for exercising the full powers and authority of the Board in reviewing a wide range of accounting and financial reporting matters, as well as internal control and risk management issues.

The Audit Committee is advisory in nature to the Board, and its Terms of Reference require it to be independent in relation to controls, procedures, policies and accounting. The Audit Committee supports the Board's responsibilities in respect of the monitoring, review and reporting on internal controls and risk management.

The Committee reviews the published financial results, Annual Report and other published information for statutory and regulatory compliance. It reports its views to the Board to assist in its review and approval of the results announcements and the Annual Report.

The Terms of Reference are reviewed annually and are approved by the Board.

Meetings

The Audit Committee is required to meet at least twice a year. Meetings generally proceed with the Chairman, Chief Executive Officer, Chief Financial Officer and the external auditors (BDO LLP) attending by invitation as considered appropriate.

Moo Print Limited

Independent auditor's report
for the year ended 31 December 2018

TO THE MEMBERS OF MOO PRINT LIMITED

Opinion

We have audited the financial statements of Moo Print Limited ("the Parent Company") and its subsidiary ("the Group") for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements 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 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 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Moo Print Limited

Independent auditor's report (continued)
for the year ended 31 December 2018

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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 strategic report and Director's 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.

Moo Print Limited

Independent auditor's report (continued)
for the year ended 31 December 2018

Responsibilities of Directors

As explained more fully in the directors' report, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Iain Henderson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

10 July 2019

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

Moo Print Limited

Consolidated income statement for the year ended 31 December 2018

	Note	2018 \$'000	2017 (Restated) \$'000
Turnover	3	134,953	116,366
Cost of sales		(46,717)	(38,042)
Gross Profit		88,236	78,324
Administrative expenses		(77,815)	(71,691)
Profit on disposal of fixed assets		-	3
Adjusted EBITDA	22	10,421	6,636
Depreciation and amortisation		(6,746)	(4,684)
Share based payment expense		(28)	(26)
Impairment of Intangible assets		(1,375)	(416)
Operating Profit	4	2,272	1,510
Interest payable and similar charges	7	(3,215)	(322)
(Loss)/Profit on ordinary activities before taxation and other income		(943)	1,188
Taxation	8	163	259
(Loss)/Profit on ordinary activities after taxation		(780)	1,447
(Loss)/Profit for the financial year		(780)	1,447

All amounts relate to continuing activities.

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Consolidated statement of comprehensive income for the year ended 31 December 2018

	2018	2017
	\$'000	(Restated) \$'000
(Loss)/Profit for the financial year	(780)	1,447
Other comprehensive (loss)/income		
Currency translation differences in translation of foreign operations	191	(65)
Total comprehensive (loss)/profit for year	<u>(589)</u>	<u>1,382</u>

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Consolidated balance sheet at 31 December 2018

Company number 5121723	Note	2018	2018	2017 (Restated)	2017 (Restated)
		\$'000	\$'000	\$'000	\$'000
Fixed assets					
Intangible assets	9		9,774		8,898
Tangible assets	10		7,633		6,924
			<u>17,407</u>		<u>15,822</u>
Current assets					
Stocks	12	2,272		2,068	
Debtors	13	8,516		8,485	
Cash at bank and in hand		7,410		5,474	
		<u>18,198</u>		<u>16,027</u>	
Creditors: amounts falling due within one year	14	(20,792)		(18,663)	
Net current liabilities			<u>(2,594)</u>		<u>(2,636)</u>
Total assets less current liabilities			<u>14,813</u>		<u>13,186</u>
Creditors: amounts falling due after more than one year	15		(15,629)		(13,519)
			<u>(816)</u>		<u>(333)</u>
Capital and reserves					
Called up share capital	17		4		4
Share premium			16,003		15,925
Currency translation reserve			(3,181)		(3,372)
Profit and loss reserve			(13,642)		(12,890)
Shareholders' deficit			<u>(816)</u>		<u>(333)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 July 2019.

R Moross
Director

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Consolidated statement of changes in equity for the year ended 31 December 2018

	Share capital \$'000	Share premium \$'000	Currency translations reserve \$'000	Profit and loss account \$'000	Total deficit \$'000
1 January 2018 (Restated)	4	15,925	(3,372)	(12,890)	(333)
<i>Comprehensive expense for the year</i>					
Loss for the year	-	-	-	(780)	(780)
<i>Other Comprehensive Income</i>					
Currency translation differences	-	-	191	-	191
Total comprehensive loss for the year	-	-	191	(780)	(589)
Contributions by and distributions to owners					
Share based payment	-	-	-	28	28
Exercise of share options and restricted share agreements	-	78	-	-	78
Total contributions by and distributions to owners	-	78	-	28	106
31 December 2018	4	16,003	(3,181)	(13,642)	(816)

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Consolidated statement of changes in equity for the year ended 31 December 2017 (continued)

	Share capital \$'000	Share Premium \$'000	Currency translations reserve \$'000	Profit and loss account \$'000	Total deficit \$'000
1 January 2017 (Restated)	4	15,753	(3,307)	(14,363)	(1,913)
<i>Comprehensive income for the year</i>					
Profit for the year	-	-	-	1,447	1,447
<i>Other Comprehensive Income</i>					
Currency translation differences	-	-	(65)	-	(65)
Total comprehensive loss for the year	-	-	(65)	1,447	1,382
Contributions by and distributions to owners					
Share based payment	-	-	-	26	26
Exercise of share options and restricted share agreements	-	172	-	-	172
Total contributions by and distributions to owners	-	172	-	26	198
31 December 2017 (Restated)	4	15,925	(3,372)	(12,890)	(333)

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Consolidated statement of cash flows for the year ended 31 December 2018

	Note	2018	2017
		£'000	(Restated) \$'000
Cash flows from operating activities			
(Loss) / Profit for the financial year		(780)	1,447
Adjustments for:			
Depreciation of tangible fixed assets	10	3,153	2,328
Amortisation of intangible fixed assets	9	3,593	2,356
Impairment of intangible fixed assets	9	1,375	416
Taxation (credit) / charge		(163)	(259)
Net interest payable	7	1,781	1,347
Share based payment charges		28	26
(increase) in Trade and other debtors		(456)	(934)
(increase) in Stocks		(252)	(4)
Increase in Trade and other creditors		2,025	1,011
Foreign exchange charge / (credit)	7	1,434	(1,025)
Cash from operations		11,738	6,709
Interest paid: finance leases		(41)	(34)
Interest paid: bank loans		(1,742)	(1,316)
Taxation receipt/(payment)		2,431	(10)
Net cash generated from operating activities		12,386	5,349
Cash flows from investing activities			
Purchases of tangible fixed assets	10	(4,090)	(3,471)
Capitalisation of internal development	9	(6,538)	(6,397)
Net cash used in investing activities		(10,628)	(9,868)
Cash flows from financing activities			
Capital element of lease repaid		(938)	(190)
Exercise of share options and restricted share agreements		78	172
Issue costs of new lease		(25)	(69)
New bank loans		1,335	8,374
Net cash generated from financing activities		450	8,287
Net increase in cash and cash equivalents		2,208	3,768
Effect of exchange rates on cash and cash equivalents		(272)	10
Cash and cash equivalents at beginning of year		5,474	1,696
Cash and cash equivalents at end of year		7,410	5,474
Cash and cash equivalents comprise:			
Cash at bank and in hand		7,410	5,474

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Company balance sheet
at 31 December 2018

Company number 5121723	Note	2018 \$'000	2018 \$'000	2017 (Restated) \$'000	2017 (Restated) \$'000
Fixed assets					
Intangible assets	9		9,774		8,898
Tangible assets	10		4,495		4,581
Investments	11		-		-
			<u>14,269</u>		<u>13,479</u>
Current assets					
Stocks	12	829		889	
Debtors	13	4,960		6,855	
Cash at bank and in hand		4,427		2,135	
		<u>10,216</u>		<u>9,879</u>	
Creditors: amounts falling due within one year	14	(13,705)		(12,024)	
Net current liabilities			<u>(3,489)</u>		<u>(2,145)</u>
Total assets less current liabilities			<u>10,780</u>		<u>11,334</u>
Creditors: amounts falling due after more than one year	15		(14,269)		(12,816)
			<u>(3,489)</u>		<u>(1,482)</u>
Capital and reserves					
Called up share capital	17		4		4
Share premium			16,003		15,925
Currency translation reserve			(3,181)		(3,372)
Profit and loss reserve			(16,315)		(14,039)
Shareholders' deficit			<u>(3,489)</u>		<u>(1,482)</u>

The company made a loss of \$2,304,000 (2017: profit of \$694,000). As permitted by section 408 of the Companies Act, no separate Income Statement is presented in respect of the company.

The financial statements were approved by the Board of Directors and authorised for issue on 10 July 2019.

R Moross
Director

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Company statement of changes in equity for the year ended 31 December 2018

	Share capital \$'000	Share premium account \$'000	Currency translation reserve \$'000	Profit and loss account \$'000	Total deficit \$'000
1 January 2018 (Restated)	4	15,925	(3,372)	(14,039)	(1,482)
<i>Comprehensive income for the year</i>					
Loss for the year	-	-	-	(2,304)	(2,304)
<i>Other Comprehensive Income</i>					
Currency translation differences	-	-	191	-	191
Total comprehensive loss for the year	-	-	191	(2,304)	(2,113)
Contributions by and distributions to owners					
Share based payment	-	-	-	28	28
Exercise of share options and restricted share agreements	-	78	-	-	78
Total contributions by and distributions to owners	-	78	-	28	106
31 December 2018	4	16,003	(3,181)	(16,315)	(3,489)

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Company statement of changes in equity for the year ended 31 December 2017 (continued)

	Share capital \$'000	Share premium account \$'000	Currency translation reserve \$'000	Profit and loss account \$'000	Total deficit \$'000
1 January 2017 (Restated)	4	15,753	(3,307)	(14,759)	(2,309)
<i>Comprehensive expense for the year</i>					
Profit for the year	-	-	-	694	694
<i>Other Comprehensive Income</i>					
Currency translation differences	-	-	(65)	-	(65)
Total comprehensive loss for the year	-	-	(65)	694	629
Contributions by and distributions to owners					
Share based payment	-	-	-	26	26
Exercise of share options and restricted share agreements	-	172	-	-	172
Total contributions by and distributions to owners	-	172	-	26	198
31 December 2017 (Restated)	4	15,925	(3,372)	(14,039)	(1,482)

The notes on pages 25 to 41 form part of these financial statements.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018

1 Accounting policies

Moo Print Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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

Presentational currency

In this period, the Board decided to change the presentational currency due to the growing exposure to the US Dollar, as a significant portion of revenues for the Company are denominated in this currency. The board therefore believes that USD financial reporting provides more relevant presentation of the group's financial position, funding and treasury functions, financial performance and its cash flows.

It should be noted that the functional currencies of the group's underlying businesses - functional currencies referring to the currencies of the primary economic environments in which underlying businesses operate - remain unchanged and that foreign exchange exposures will therefore be unaffected by the change, albeit that the effects of such exposures will be presented in USD.

To assist investors in understanding the change in accounting policy, restated numbers have been presented, providing restated USD financial information for the financial year ended 31 December 2017.

A change in reporting currency represents a change in an accounting policy in terms of FRS 102 Section 10, Accounting Policies, Estimates and Errors. In accordance with FRS 102 Section 30, Foreign Currency Translation, the following methodology was followed in restating historical financial information from GBP into USD:

- Non-USD assets and liabilities were translated at the relevant closing exchange rate at the end of the reporting period. Non-USD items of income and expenditure and cash flows were translated at average exchange rates for the reporting period disclosed;
- Any goodwill is allocated to the territory of which it relates to and then translated as part of the consolidation process.
- Share capital, premium and other reserves, as appropriate, were translated at the historic rates prevailing at the dates of underlying transactions; and
- The effects of translating the group's financial results and financial position into USD were recognised in the foreign currency translation reserve.

Parent company disclosure exemptions

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

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Going Concern

In assessing the going concern basis of preparation of the financial statements for the year ended 31 December 2018, the directors have taken into consideration detailed and sensitised cash flow forecasts for the group and company, and consider that the Group and company has sufficient financial resources together with an established and cash generative business model to meet its liabilities as they fall due. Based on this assessment the directors are confident that the company will have adequate resources to continue in operational existence for the foreseeable future.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Going Concern (continued)

Accordingly, they continue to adopt the going concern basis in preparing the financial statements for year ended 31 December 2018

The following principal accounting policies have been applied:

Basis of consolidation

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

Turnover

Turnover represents sales to external customers via the website at invoiced amounts less VAT and trade discounts. Turnover is measured at fair value of the consideration received or receivable and is recognised upon the despatch of the ordered goods, this being when the deemed risks and rewards have been transferred to the customer.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Computer equipment	-	cost depreciated over 3 years
Fixtures, fittings and equipment	-	cost depreciated over 3-10 years
Software	-	cost depreciated over 4 years

Intangible fixed assets and amortisation

Domain name

The costs of acquiring the moo.com domain name are treated as an intangible asset. Amortisation is provided to write off the cost less estimated residual value over its expected useful economic life of 10 years.

Development costs

Where group companies' products and websites are expected to generate future revenues in excess of the costs of developing those products and websites, expenditure on new products and the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining existing products and websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred. Development costs that are capitalised are amortised through the profit and loss account over three years which is the directors' estimate of their useful economic life. Development costs held as intangible assets are stated at cost less any provision for impairment.

Purchased goodwill

Purchased Goodwill arising on an acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over 3 years which is the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition; and
- in other periods of events or changes in circumstances indicate that the carrying value may not be recoverable.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Investments

Investments are stated at cost less any provision for impairment.

Stock

Stock is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first out basis. Net realisable value is based on estimated selling price.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'USD', which is the company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into USD 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, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Non-USD transactions are translated into the group entity's 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.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Hedge accounting

The group has entered into foreign exchange forwards to manage its exposure to variations in foreign exchange rates. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in the profit and loss account, within interest payable and similar charges.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

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

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Share based payments

Where share options over equity instruments are awarded to employees, the fair value of the options at the date of the grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other non-market vesting conditions (if any) are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Warrants

The fair value at the date of issue is charged in full to the profit and loss account in the year of issue.

Pension costs

Contributions to the defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

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 or 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's subsidiaries operate and generate taxable income.

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

- 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 timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Research and development tax credit

Companies within the Group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure (e.g. R&D tax credits). The Group accounts for such allowances as tax credits, which means that they are recognised when it is probable that the benefit will flow to the Group and that benefit can be reliably measured. R&D tax credits reduce current tax expense and, to the extent the amounts due in respect of them are not settled by the balance sheet date, reduce current tax payable.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as short-term deposits.

Holiday pay accrual

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

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The Currency Translation reserve
 - Group: shows the cumulative impact of the translation to a USD presentational currency from non-USD functional currency based companies.
 - Company: shows the cumulative impact of the translation to a USD presentational currency, taking account of differences in exchange rates used for the Income statement and the Balance Sheet
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 10)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Development costs (see note 9)

Capitalised development costs are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

3 Turnover

Turnover is wholly attributable to the principal activity of the group which is delivered from the United Kingdom and United States of America.

	2018	2017 (Restated)
	\$'000	\$'000
Geographical market (by destination)		
UK	14,883	14,893
Europe	18,345	15,199
North America (USA & Canada)	96,507	81,697
Rest of World	5,218	4,577
	<u>134,953</u>	<u>116,366</u>

4 Operating profit/loss

	2018	2017 (Restated)
	\$'000	\$'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible assets	3,593	2,356
Depreciation of tangible assets	3,153	2,328
Auditors' remuneration		
- Audit	96	70
- Tax	12	15
Exchange differences	1,434	(989)
Share based payment	28	24
	<u> </u>	<u> </u>

5 Employees

	Group	Group (Restated)	Company	Company (Restated)
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Staff costs consist of:				
Wages and salaries	37,317	31,894	21,530	18,153
Social security costs	3,580	3,151	2,315	1,998
Other pension costs	1,205	844	749	523
	<u>42,102</u>	<u>35,889</u>	<u>24,594</u>	<u>20,674</u>

The average number of employees, including directors, during the year was 548 (2017 - 479).

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

6 Directors' remuneration	Group	Group (Restated)	Company	Company (Restated)
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Directors' emoluments	498	590	498	590
	<u>498</u>	<u>590</u>	<u>498</u>	<u>590</u>
	<u><u>498</u></u>	<u><u>590</u></u>	<u><u>498</u></u>	<u><u>590</u></u>

One Director was a member of the defined contribution pension schemes in the current year (2017 – One).

No director exercised share options in the year (2017 - Nil). Four Directors acquired a total of 160,533 shares via Restricted Share Purchase Agreements (2017 – Nil).

The total amount payable to the highest paid director in respect of emoluments was \$351,000 (2017 - \$452,790).

The Key Management Personnel for the Group and the company are the Directors of the company.

7 Interest payable and similar charges	2018	2017
	\$'000	\$'000 (Restated)
Bank and other loans	1,740	1,313
Finance leases and hire purchase contracts	41	34
Foreign exchange and Fair value change of foreign exchange forwards	1,434	(1,025)
	<u>3,215</u>	<u>322</u>
	<u><u>3,215</u></u>	<u><u>322</u></u>

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

8 Taxation	2018	2017 (Restated)
	\$'000	\$'000
Current tax		
UK corporation tax credit on(loss)/profit for the year	(693)	(1,123)
Adjustments in respect of prior years	(20)	-
Overseas tax	617	694
Adjustments in respect of prior year overseas tax	(359)	-
Total current tax credit	<u>(455)</u>	<u>(429)</u>
Deferred tax		
Origination and reversal of timing differences	62	227
Adjustments in respect of prior years	230	-
Foreign exchange on overseas tax balances	-	(12)
Total deferred tax	<u>292</u>	<u>215</u>
Foreign exchange	-	(45)
Tax credit on (loss)/profit on ordinary activities	<u>(163)</u>	<u>(259)</u>

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2018	2017 (Restated)
	\$'000	\$'000
(Loss)/Profit on ordinary activities before tax	<u>(943)</u>	<u>1,188</u>
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	(179)	226
Effects of:		
Fixed asset differences	32	7
Expenses not deductible for tax purposes	78	40
Other permanent differences	79	55
Deferred tax not recognised	500	243
Prior year adjustments in respect of R&D tax credits	(21)	(442)
Current year R&D tax credits	(693)	(682)
Difference in overseas tax rate	41	351
Foreign exchange on overseas tax balances	-	(12)
Foreign exchange	-	(45)
Total tax credit for year	<u>(163)</u>	<u>(259)</u>

The group and company has estimated trading losses of \$5,228,163 (2017 - \$4,856,760) available for carry forward against future trading profits. In addition the group has fixed asset timing differences available to use of \$2,631,616 (2017: \$4,755,090). This amount will be used after the utilisation of tax losses. As such, no deferred tax asset has been recognised in accordance with the group's accounting policy.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

9 Intangible assets

Group and Company	Capitalised development costs \$'000	Domain name \$'000	Purchased goodwill \$'000	Total \$'000
Cost				
At 1 January 2018 (Restated)	14,714	128	16	14,858
Additions	6,538	-	-	6,538
Impairments	(2,138)	-	-	(2,138)
Foreign exchange	(1,026)	(7)	(1)	(1,034)
At 31 December 2018	<u>18,088</u>	<u>121</u>	<u>15</u>	<u>18,224</u>
Amortisation				
At 1 January 2018 (Restated)	5,834	115	11	5,960
Charge for the year	3,577	13	3	3,593
Impairments	(763)	-	-	(763)
Foreign exchange	(332)	(7)	(1)	(340)
At 31 December 2018	<u>8,316</u>	<u>121</u>	<u>13</u>	<u>8,450</u>
Net book value				
At 31 December 2018	<u>9,772</u>	<u>-</u>	<u>2</u>	<u>9,774</u>
At 31 December 2017 (Restated)	<u>8,880</u>	<u>13</u>	<u>5</u>	<u>8,898</u>

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

10	Tangible fixed assets					
Group	Plant and machinery	Computer equipment	Furniture and fixtures	Software	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
At 1 January 2018 (Restated)	4,573	2,504	7,645	526	15,248	
Additions	3,291	409	308	82	4,090	
Disposals	(430)	(790)	(1,406)	(237)	(2,863)	
Foreign exchange	(124)	(76)	(307)	(24)	(531)	
At 31 December 2018	7,310	2,047	6,240	347	15,944	
Depreciation						
At 1 January 2018 (Restated)	2,391	1,843	3,694	395	8,323	
Charge for the year	1,455	458	1,140	100	3,153	
Disposals	(430)	(790)	(1,406)	(237)	(2,863)	
Foreign exchange	(84)	(57)	(143)	(18)	(302)	
At 31 December 2018	3,332	1,454	3,285	240	8,311	
Net book value						
At 31 December 2018	3,978	593	2,955	107	7,633	
At 31 December 2017 (Restated)	2,182	661	3,950	131	6,924	
Company						
Cost						
At 1 January 2018 (Restated)	2,149	1,697	6,322	526	10,694	
Additions	1,231	269	173	82	1,755	
Disposals	-	(790)	(1,406)	(237)	(2,433)	
Foreign exchange	(124)	(76)	(307)	(24)	(531)	
At 31 December 2018	3,256	1,100	4,782	347	9,485	
Depreciation						
At 1 January 2018 (Restated)	1,564	1,303	2,851	395	6,113	
Charge for the year	424	283	805	100	1,612	
Disposals	-	(790)	(1,406)	(237)	(2,433)	
Foreign exchange	(84)	(57)	(143)	(18)	(302)	
At 31 December 2018	1,904	739	2,107	240	4,990	
Net book value						
At 31 December 2018	1,352	361	2,675	107	4,495	
At 31 December 2017 (Restated)	586	393	3,471	131	4,581	

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

10 Tangible fixed assets (continued)

The net book value of tangible assets for the group includes an amount of \$2,935,000 (2017 - \$923,000) in respect of assets held under finance leases. The company has assets held under finance leases with a net book value of \$1,136,000 (2017 - \$ Nil).

11	Investments	\$'000
	Cost	
	At 1 January 2018 and 31 December 2018	-

Investment held at a cost of \$1 (2017 - \$1).

Subsidiary undertakings

The principal undertakings in which the company's interest at the year-end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Moo Inc.	109 Kingston Street Boston, MA, 02111 USA	100%	Sale of personalised printed products

12 Stocks

	Group 2018 \$'000	Group 2017 (Restated) \$'000	Company 2018 \$'000	Company 2017 (Restated) \$'000
Raw materials and consumables	1,525	1,309	461	463
Finished goods and goods for resale	747	759	368	426
	<u>2,272</u>	<u>2,068</u>	<u>829</u>	<u>889</u>

There is no material difference between the replacement cost of stocks and the amounts stated above. \$11,304,299 (2017 - \$9,170,755) of raw materials were recognised through the Income Statement during the year.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

13 Debtors	Group 2018 \$'000	Group 2017 (Restated) \$'000	Company 2018 \$'000	Company 2017 (Restated) \$'000
Trade debtors	2,380	2,035	552	486
Other debtors	1,915	3,052	1,725	2,733
Amounts due to subsidiary	-	-	-	1,178
Prepayments	4,221	3,398	2,683	2,458
	<u>8,516</u>	<u>8,485</u>	<u>4,960</u>	<u>6,855</u>

Included in other group debtors are amounts due after one year of \$1,240,473 (2017 - \$1,405,528). Included in other company debtors are amounts due after one year of \$985,600 (2017 - \$1,086,605).

14 Creditors: amounts falling due within one year	Group 2018 \$'000	Group 2017 (Restated) \$'000	Company 2018 \$'000	Company 2017 (Restated) \$'000
Trade creditors	8,727	8,576	5,617	5,481
Taxation and social security	840	582	297	340
Amounts due from subsidiary	-	-	662	-
Finance leases	678	220	239	-
Bank loan	2,547	2,698	2,547	2,698
Accruals and deferred income	7,216	6,358	3,851	3,505
Other Creditor - Derivative financial instruments	492	-	492	-
Deferred tax liability	292	229	-	-
	<u>20,792</u>	<u>18,663</u>	<u>13,705</u>	<u>12,024</u>

15 Creditors: amounts falling due after more than one year	Group 2018 \$'000	Group (Restated) 2017 \$'000	Company 2018 \$'000	Company (Restated) 2017 \$'000
Finance leases	2,257	703	897	-
Bank loans	13,372	12,816	13,372	12,816
	<u>15,629</u>	<u>13,519</u>	<u>14,269</u>	<u>12,816</u>

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

15 Creditors: amounts falling due after more than one year (continued)

Maturity of debt:	Group 2018 \$'000	Group 2017 (Restated) \$'000	Company 2018 \$'000	Company 2017 (Restated) \$'000
Finance leases				
In more than one but not more than two years	678	220	239	-
In more than two but not more than five years	1,579	703	658	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Bank loans				
In more than one but not more than two years	13,372	1,798	13,372	1,798
In more than two but not more than five years	-	11,018	-	11,018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The amounts payable under finance leases are secured against the assets themselves.

16 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2018 \$'000	Group 2017 (Restated) \$'000	Company 2018 \$'000	Company 2017 (Restated) \$'000
Financial assets				
Financial assets measured at amortised cost	11,705	10,561	6,704	6,532
Derivative financial instruments	-	128	-	128
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities				
Financial liabilities measured at amortised cost	32,155	30,678	26,049	24,500
Derivative financial instruments	492	-	492	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

Derivative financial instruments comprise forward currency exchange contracts.

Information regarding the group's exposure and management liquidity risk and foreign exchange risk is included in the Directors' report.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

17 Share capital

	2018 \$'000	2017 \$'000
Allotted, called up and fully paid		
2,221,549 ordinary shares of \$0.001 each (2017 - 2,047,076)	4	4
873,020 'A' preferred ordinary shares of \$0.000001 each (2017 - 873,020)	-	-
249,978 'B' preferred ordinary shares of \$0.000001 each (2017 - 249,978)	-	-
106,332 'B-1' preferred ordinary shares of \$0.001 each (2017 - 106,332)	-	-
	<u>4</u>	<u>4</u>
	<u><u>4</u></u>	<u><u>4</u></u>

All classes of shares rank pari passu in respect of voting rights.

The 'A', 'B' and 'B-1' preferred ordinary shares rank pari passu in all respects as to dividend with the Ordinary Shares. No dividend shall be declared or paid on the Ordinary Shares without a like dividend being declared or paid, as the case may be, on the preferred ordinary shares.

Movement in share capital

During the year options over 13,940 (2017 - 35,278) ordinary shares were exercised with an aggregate nominal value of \$18.68 (2017 - \$45.51) and total consideration received of \$10,187 (2017 - \$75,250). The weighted average share price at the date of exercise was \$0.422 (2017 - \$0.406). During the year 160,533 shares (2017 - 40,000) under restricted share agreements were issued with an aggregate nominal value of \$215.11 (2017 - \$51.60) and total consideration received of \$67,761 (2017 - \$96,750).

Share Options

Options over shares in the company have been granted in relation to employee engagement and retention. As at 31 December 2018, 245,471 options over ordinary shares (2017 - 240,849) had been granted. The options have a weighted average exercise price of \$2.289 (2017 - \$2.182). The options were valued using the Black-Scholes option-pricing model.

The weighted average exercise price of options outstanding at the year-end was \$2.289 (2017 - \$2.100) and their weighted average contractual life was 10 years (2017 - 10 years).

A reconciliation of option movements over the year to 31 December 2018 is shown below:

	Number	2018 Weighted average exercise price	Number	2017 (Restated) Weighted average exercise price
Outstanding at 1 January	240,849	\$2.182	155,567	\$1.850
Granted	64,434	\$2.596	132,319	\$2.439
Exercised	(13,940)	\$0.730	(35,278)	\$2.134
Lapsed	(23,173)	\$2.624	(11,759)	\$2.521
Cancelled	(22,699)	\$2.630	-	-
Outstanding at 31 December	<u>245,471</u>	<u>\$2.289</u>	<u>240,849</u>	<u>\$2.182</u>

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

17 Share Capital (continued)

Share warrants

Warrants over shares in the company have been issued in relation to various loan facilities. As at 31 December 2018, 62,381 warrants over preference shares (2017 – 60,504) had been issued. The warrants have a weighted average strike price of \$14.35 (2017 - \$13.43). The warrants were valued using the Black-Scholes option-pricing model.

18 Commitments under operating leases

Lessee

The group and company had minimum lease payments under non-cancellable operating leases as set out below:

	Group 2018 \$'000	Group 2017 (Restated) \$'000	Company 2018 \$'000	Company 2017 (Restated) \$'000
Not later than 1 year	5,230	4,440	2,789	2,624
Later than 1 year and not later than 5 years	9,510	9,100	6,754	7,534
Later than 5 years	965	1,313	965	1,313
Total	<u>15,705</u>	<u>14,853</u>	<u>10,508</u>	<u>11,471</u>

19 Pensions

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged represents contributions payable by the company to the fund of \$731,740 (2017 - \$523,740). The amount outstanding to the fund at the balance sheet date was \$132,660 (2017 - \$83,850).

20 Related party disclosures

The company has taken advantage of the exemption conferred by FRS102, S.33, "Related Party Disclosures" not to disclose transactions with wholly owned members of the group headed by Moo Print Limited.

During the year, the company entered into no other related party transactions.

21 Subsequent events

Since the end of the period the Group has reduced its debt by a contractual \$2,547,000 and its revolving credit facility by a further \$1,273,500. The Group has also raised \$2,750,000 from existing investors through an Advance Subscription.

Moo Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

22 Reconciliation of loss on ordinary activities after taxation to Adjusted EBITDA

Adjusted EBITDA is defined as results of operating activities before depreciation and amortisation and exceptional non-recurring items which are defined as items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of the Group for the year.

Adjusted EBITDA is not a financial measure calculated in accordance with UK GAAP. The presentation on these financial measures may not be comparable to similarly titled measures reported by other companies due to the differences in the ways the measures are calculated.

Adjusted EBITDA is calculated as follows:

	2018	2017
	\$'000	(Restated) \$'000
(Loss)/Profit on ordinary activities after taxation	(780)	1,447
Amortisation	3,593	2,356
Depreciation	3,153	2,328
Impairment of intangible assets	1,375	416
Interest paid	1,781	1,347
Taxation rebate	(163)	(259)
Exchange rate losses/(gains)	1,434	(1,025)
Share based payment expense	28	26
Adjusted EBITDA	<u>10,421</u>	<u>6,636</u>

23 Ultimate controlling Party

In the opinion of the Directors, there is no ultimate controlling party.