



Annual Report & Financial Statements
For the year ended 31 December 2019

MOO Print Limited

Report and financial statements
for the year ended 31 December 2019

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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
05121723

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

Chairman's Summary

The company had another year of solid financial performance in 2019, with revenue growing to \$139.6m (+\$4.6m y/y) and adjusted EBITDA of \$9.7m (-\$0.7m y/y). Revenue growth of 3.5% slowed in part due to the impact of a strong U.S. dollar. On a constant currency basis, revenue growth for the year was 5.4%. Adjusted EBITDA decreased from 2018, despite an increase in gross margin, due principally to a lower capitalisation of internal development costs.

Net cash generated from operating activities for the year was \$9.9m, down from \$12.4m in 2018, due to the timing of tax receipts. The company refinanced its debt in January 2020 over a four year period on favourable terms, which proved to be very important as further events of 2020 began to unfold.

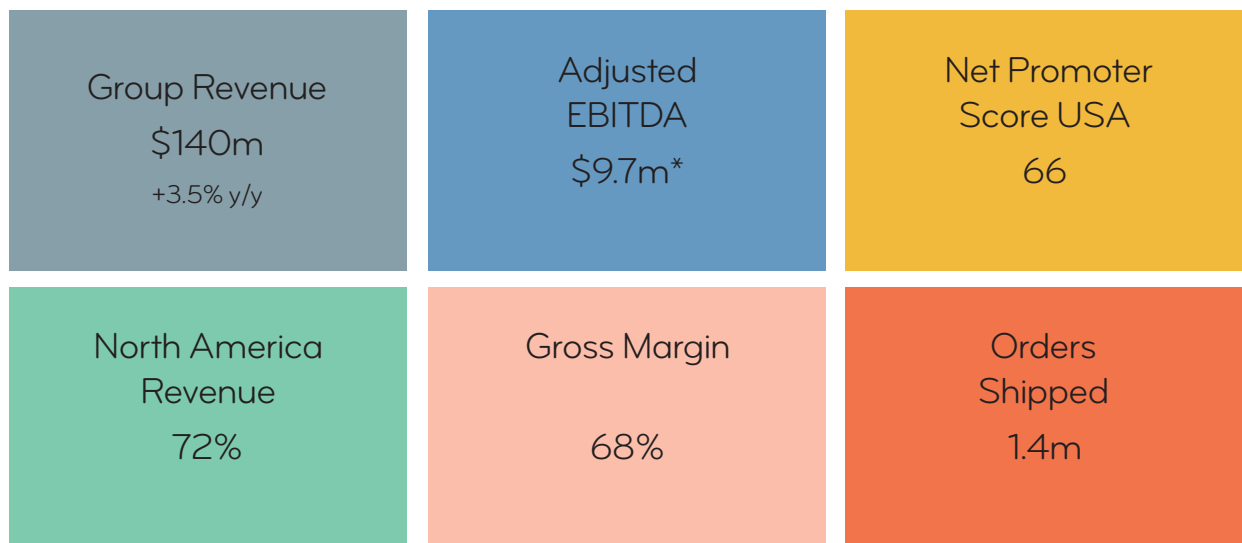
In early March 2020, following two months of strong revenue performance, the severe impact of Covid-19 on the business became apparent. By April 2020, the company saw its monthly revenue decline to under 25% of prior year, as the majority of its sales were from business cards. Richard and his team swung into action with impressive speed. Headcount costs were reduced significantly by a combination of furloughs, pay cuts and, unfortunately in the end, redundancies. Other controllable costs including marketing and overheads were similarly constrained to only what was absolutely required. The company worked with its suppliers to schedule out payments to allow the company to preserve cash while it recovered its momentum.

By September, the company was able to regain traction in revenues to over 50% of prior year which, with a much reduced cost base, allowed it to produce positive cash flow from operations, other than the repayment of liabilities scheduled from earlier in the year and the cost of redundancies. Bank covenants were initially waived and ultimately reset to better accommodate the revised trajectory of the business. Additionally, the company raised a total of \$7.8m in convertible loans with a three year maturity from existing and other investors, with participation from the UK Future Fund, further stabilising its balance sheet. We thank them for their support and ongoing confidence in the business whilst it has undergone these long term improvements. Whilst it is very difficult to predict the timing of when the pandemic will subside and to what extent economic activity levels will then return to "normal", the company has made great strides toward repositioning itself for the future, with the financial actions it has taken along with new products it has under development.

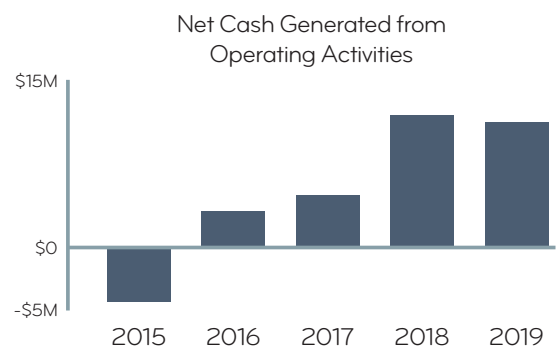
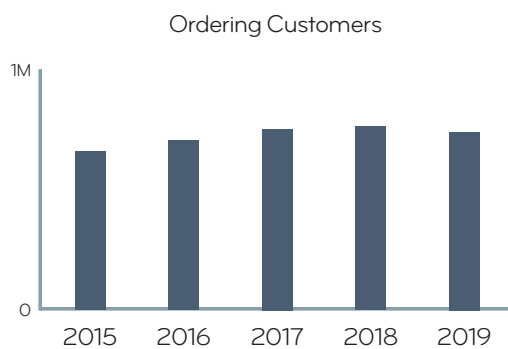
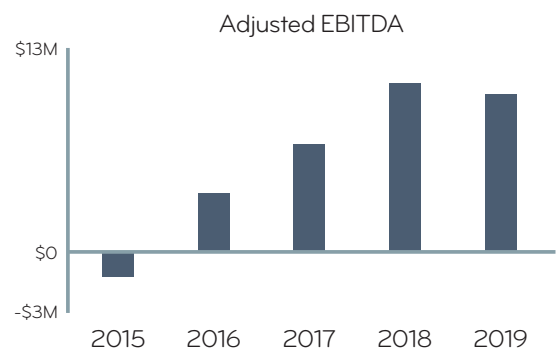
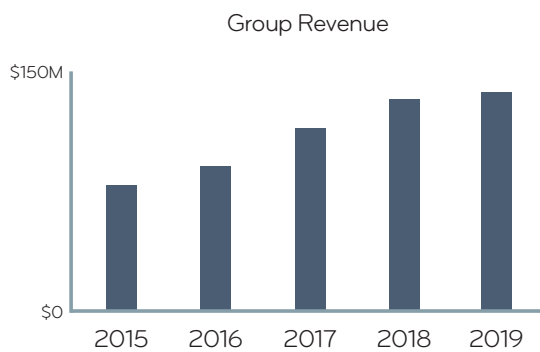
My sincere thanks on behalf of the Board to the Exec team and all the colleagues working at MOO who have deftly navigated the company's course in the face of unprecedented times. We remain excited about the longer term future for MOO as markets recover and the company focuses its attention on new products.

Darren Shapland
Chairman

2019 Headlines

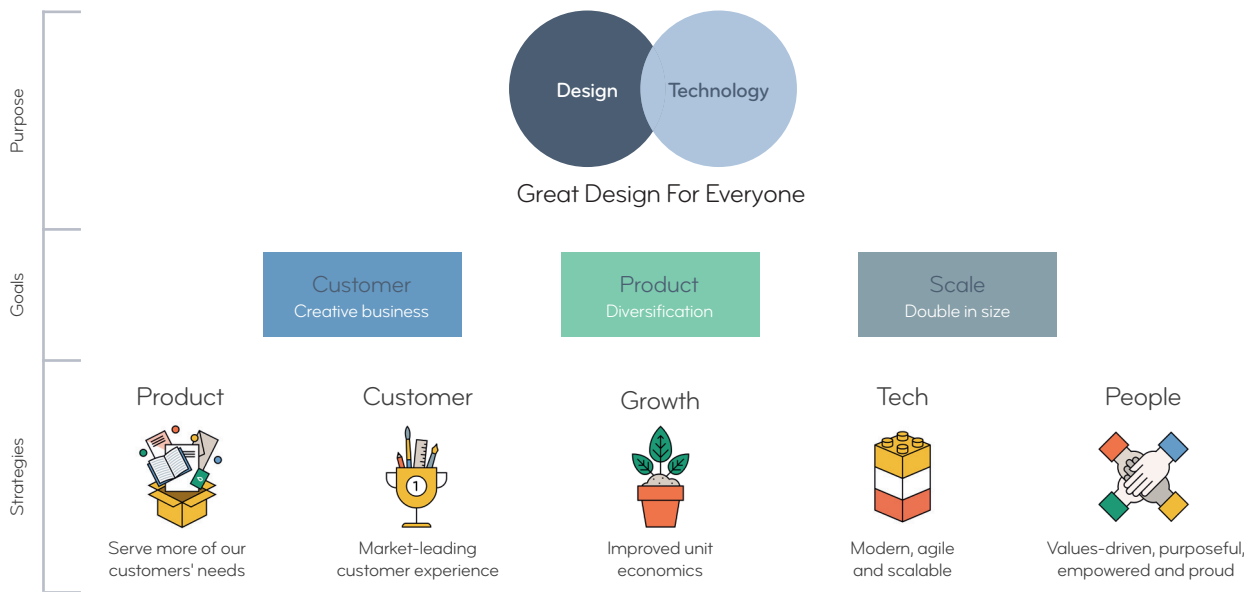


Financial Highlights

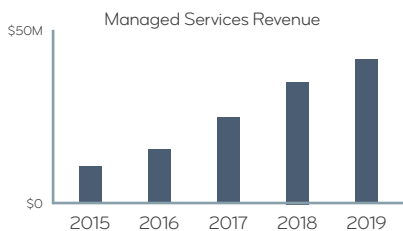


*Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation, impairment, foreign exchange and share based payments, as per the calculation in Note 22.

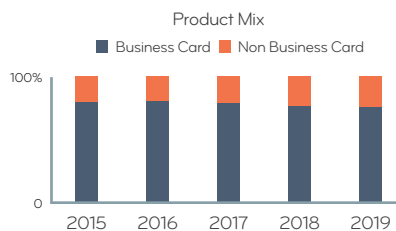
Strategic Framework



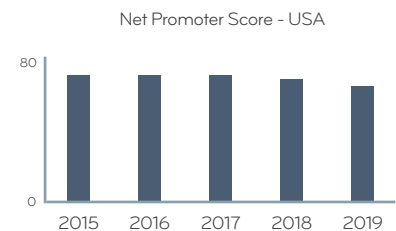
KPIs By Year



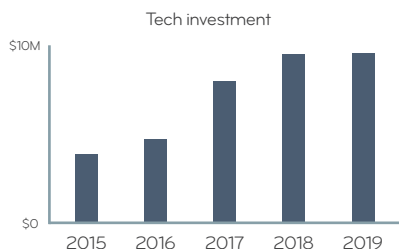
- Managed Services revenues continue to grow rapidly, up 22% y/y
- Larger companies represented 30% of total revenues



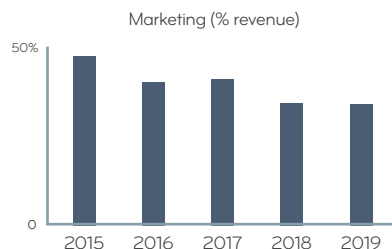
- Non Business Card Revenue grew to 24% of total



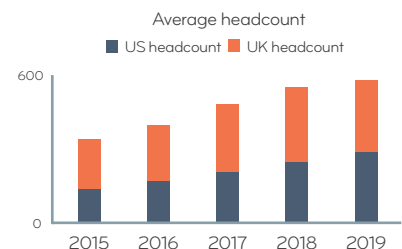
- Net Promoter Score remained high at 66
- TrustPilot score remained at five stars (9.6/10)



- Technology investment continued to grow and was at \$9.8m in 2019



- Marketing as a % of revenue remained at 34% in 2019 compared to the previous year



- Average group headcount was up 7% to 585
- Majority of new hires in 2019 were US based

CEO's Report

2019 was a transitional year for MOO as we embarked upon a revised strategic path towards newly cast five year goals.

The year saw some major challenges. Late in 2018 the business was hit by changes in Google's search engine algorithm, affecting our organic search ranking and subsequent customer acquisition via that channel. This material headwind affected customer growth through Q4 2018 (more than 18% of new customers come via organic search) and in the first three quarters of 2019. Major cross-company efforts managed to implement changes to address this by Q4, seeing us return to our prior rankings on most keywords and a return to growth with Self Serve customers, the customer group most affected by the impact. Vital work was also completed on our mobile ecommerce experience in Q4, which boosted both rankings and new customers.

The year produced some important strategic progress. Early in 2019 we revised our long term strategy for MOO: emphasizing North America, larger, Managed Services customers and branded merchandise. During the year we grew our North America revenue to 72.2% (up 8pp since 2015), we grew Managed Services to 30% of total revenue, and we increased non-business card revenue to 24%, securing our largest ever order, a \$1m notebook order, for our branded merchandise range in December, with revenues following in 2020.

As a result, we saw constant currency growth of just over 5% in-year, producing group revenues of \$139.6m and adjusted EBITDA of \$9.7m. Perhaps most importantly, MOO ended 2019 in its strongest ever financial position, having refinanced our debt facilities and with the largest cash balance in our history. We were going to need it.

Operational Highlights

People & Culture

- Promoted Claire Donald to VP Engineering in October
- Completed an overhaul of our MAKEIT values
- Ran a total of more than 4,800 miles in our LON>DEN Marathon, helping raise a total of £160k for charities in the year

Products

- Non-business card revenue achieved growth of 10%, becoming 24% of total revenue
- Secured our largest ever single order of \$1m for custom notebooks

Manufacturing

- Shipped a record 1.4 million orders, containing 2.3m items
- Navigated our largest ever Cyber sale with record volumes flowing through our plants
- Enjoyed our first full year on new contracts with HP, resulting in very strong improvements to COGS

Digital Products & Technology

- Launched our first fully transactional mobile site, increasing mobile conversion rate by over 100%
- Fixed major issues with SEO, reclaiming prior ranking for major keywords

Marketing, Brand & Customer

- Grew our Instagram community 63% to 233k
- Grew our Managed Services customer base (formerly 'MOO Business Services') by 18% to over 27k ordering customers
- Improved marketing efficiency to 33.5% of revenues, down from 40.9% in 2017 and 34.0% in 2018

Sales & Service

- Served just under 750,000 customers in-year
- Maintained our TrustPilot score of 9.6/10

COVID-19 Addendum

After two of the strongest months in our history, with record revenues and momentum, the Coronavirus Pandemic and subsequent global lockdowns began to hit MOO in mid-March 2020. April saw a near 80% decline in revenues year over year, as business meetings, travel, conferences and general business confidence were hit, with subsequent impact to MOO.

In early April we instigated our 'MAKEIT THROUGH' plan: our response to the pandemic, based on our MAKEIT values. Eight months later and thanks to the incredible hard work of our teams, the support of our board, investors, suppliers and banking partners, the business had been completely restructured and refinanced, returning to positive cash flow from operations (excluding the paydown of pre-Covid creditor balances) and recently recovering to more than 60% of prior year's revenues.

These critical actions came with a significant cost however, and we were forced to make the necessary reductions in headcount for the business to survive. As a founder and builder of businesses, company growth, job and value creation have been my focus for the past sixteen years - it was with great personal sadness that I and others on the team had to say goodbye to many of our MOO colleagues due to our restructuring efforts. My hope and expectation is that with MOO's recovery we will be growing strong, creating new jobs and opportunities very soon.

As our business continues to recover, whilst the immediate outlook remains somewhat uncertain, we are confident in the measures we have taken, in the focus and resilience of our teams, and in the exciting vision we have for MOO and the markets in which we operate. We believe that, barring another major disruption in demand, our existing financial resources along with contingency actions we can take are sufficient to carry us forward even in the face of ongoing headwinds.

Richard Moross

Founder and Chief Executive



MOO Print Limited

Strategic report
for the year ended 31 December 2019

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 'Managed Services' order management platform.

Presentational currency

The Group's consolidated financial statements presentational currency is in 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.

Principal risks and uncertainties

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 and ongoing operating cashflows. The Group's "central case" forecast, based on the continuation of the coronavirus pandemic into the middle of 2021, show that the Group will be able to operate within the level of its current facilities. The Directors have no reason to believe that revenues will decline to the point where current facilities and resources are insufficient to fund its operations, however should this occur the Group may need to seek additional funding.

In addition to financial risks; 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 or service levels 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 to customer support 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.

MOO Print Limited

Strategic report
for the year ended 31 December 2019 (continued)

Brexit

The United Kingdom ('UK') formally left the European Union ('EU') on 31 January 2020. The period of time from when the UK voted to exit the EU on 23 June 2016 and the formal process initiated by the UK government to withdraw from the EU, or Brexit, created volatility in the global financial markets. The UK now enters a transition period, being an intermediary arrangement covering matters like trade and border arrangements, citizens' rights and jurisdiction on matters including dispute resolution, taking account of The EU (Withdrawal Agreement) Act 2020, which ratified the Withdrawal Agreement, as agreed between the UK and the EU. The transition period is currently due to end on 31 December 2020 and ahead of this date, negotiations are ongoing to determine and conclude a formal agreement between the UK and EU on the aforementioned matters.

As the Group operates in many countries, including a significant proportion of the Group's activity in the USA, there are channels available to us which will not be impacted. However the Group does have transactions with customers and suppliers that are based in the EU. As such, the Directors currently deem that the effects of the UK's current transitional period outside the EU and the impact of ongoing discussions with the EU while not having a significant impact on the Group's operations, could be impacted and are taking steps to managed this real time. As such, the Directors and Senior Leadership Team are closely monitoring the situation to be in a position to manage the risk of any volatility in global financial markets and impact on Group's economic performance due to Brexit.

COVID-19 – Impact Assessment

It is not yet clear how long the coronavirus pandemic will last and what the medium to long term effect of this will be on consumer and business behaviour. It is therefore difficult to predict the extent of the coronavirus impact on our future revenues. To prepare for the possibility of continued negative impacts on trading performance, we have modelled the effects of differing levels of sales declines and delays in collection, along with all the measures we can take to ensure that the Group remains within its cash reserves, and have prepared cash flow forecasts for a period in excess of 18 months.

The Board's "central case" scenario is based upon a continuation of the current crisis into the middle of 2021. We anticipate revenues to meet budget over the next six months but recognise that there is a risk that the Group will be impacted by customers and prospective customers deferring spend on MOO's products leading to delays and cancellation of anticipated sales. If sales and settlement of existing debts are not in line with cash flow forecasts, the Directors have identified cost savings associated with the reduction in revenues and have the ability to identify further cost savings if necessary. Recognising the impact of the pandemic on the Group's future results, banking covenants have been reset since the end of the period, to allow for additional coverage.

The Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations. However, in the event that this should occur, the Group may need to seek additional funding beyond the facilities that are currently available to it. Our investors have demonstrated financial support since the end of the period, and it is believed that they will continue to support the Group as required.

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:

	2019	2018
	\$'000	\$'000
Revenue	139,602	134,953
Gross Profit	94,339	88,236
Staff Costs	43,539	40,625
Adjusted EBITDA	9,689	10,421

Please note that adjusted EBITDA is defined in Note 22.

MOO Print Limited

Strategic report
for the year ended 31 December 2019 (continued)

Statement of Compliance with Section 172 of the Companies Act 2006

Legislation requires that Directors include a separate statement in the annual report that explains how they have had regard to wider stakeholder needs when performing their duty under Section 172(1) of the Companies Act 2006. This duty requires that a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

Guidance recommends that in connection with its statement, the board describe in general terms how key stakeholders, as well as issues relevant to key decisions, are identified, and also the processes for engaging with key stakeholders and understanding those issues. It is the board's view that these requirements are predominantly addressed in the corporate governance disclosures we have made in the Directors' report, which are themselves more extensively discussed on the company's website. Guidance also recommends that more detailed description is limited to matters that are of strategic importance in order to remain meaningful and informative for shareholders. The board believes that the following decisions taken during the year fall into this category, and engaged with internal and external stakeholders on this.

- The decision to lower the Group's reliance on business card revenues. As mentioned in the CEO's Report, the Group's non-business card revenue grew to 24%, with the benefit of reducing any reliance on business cards in the current and subsequent periods. Though the development of non-business card products could have the impact of decreasing gross margin in the near term, the Group will realise the benefit of product diversification and new sources of growth.

- The decision to emphasise the Group's focus on North America. The benefit of focussing on North American customers allows the Group to increase customer lifetime value, delivering greater Adjusted EBITDA in the short and longer term.

A balanced and comprehensive analysis to aid an understanding of the development, performance and standing position of the business during the year is included in the Chairman's summary and the CEO report and operational highlights sections.


Research and development

The Group continues to invest heavily in research and development, as such capitalised development amounted to \$4.4 million (2018: \$6.3 million). This has resulted in improvements to existing products and platform and the creation and launch of new products throughout the year.

Approval

This strategic report was approved on behalf of the Board on 24th December 2020

Richard Moross
Director



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MOO Print Limited

Directors' report for the year ended 31 December 2019

The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The operating profit amounted to \$ 1.6m million (2018: \$2.3 million), with an operating loss after tax for the financial year of \$0.7 million (2018 loss of \$0.8 million).

The Directors have not recommended a dividend in the current year (2018: £nil).

Directors

The Directors of the company during the year were:

S Calver
B Holmes
R Klein
R Moore
R Moross
A Pooler
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 and 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 2019 (continued)

Financial risk management objectives and policies

Details of the financial risk management objectives and policies are set out in the strategic report.

Post balance sheet events

Details of post balance sheet events are set out in note 21 to the financial statements.

Future developments

Information on future developments has been included in the strategic report as permitted by S414C (11).

Employment of disabled persons

MOO is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability or perceptions of it.

MOO's human resource procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons.

Employee involvement

MOO puts on regular All Hands meetings which bring the entire organisation together to share business updates, and give employees the opportunity to ask any questions they may have. These sessions also provide a forum for management to outline the strategic and operational goals of the business including the financial and economic factors affecting the performance of the Group. MOO undertakes staff surveys to canvas views on significant matters, and maintains a human resources intranet site which provides information on matters of concern to employees.

Engagement with employees

MOO continues to focus on building channels that ensure the Group is effectively listening and responding to employees and their concerns. In doing so, MOO is able to identify opportunities to better meet employee needs, help them with their career progression and build the skills required to continue helping the business thrive. During the period, MOO focused on internal performance management and development to ensure employees had clear objectives and an understanding of their contribution to the overall business success and goals.

MOO strives to create a diverse and inclusive working environment where every employee feels welcome and is able to do their best work. The Group believes in the benefits of diversity and the importance of bringing a wide range of skills, experience and perspectives into the business. The management team work to promote the Group's values and monitor attitudes and behaviors to ensure that they are consistent with MOO's culture.

The Group supports employee involvement in the local community and charities through MOO's Make A Difference corporate giving program.

Engagement with suppliers, customers and partners in a business relationship with the Group

Suppliers

Being dependent on suppliers to deliver goods and services, MOO strives to manage these relationships as closely as possible to ensure they meet the necessary standards. The Group is committed to ensuring the highest standards of quality across operations and require MOO's suppliers and partners to operate to the same level.

Customers

MOO is passionate about great design and the difference it can make to its customers. With award-winning customer service and a 100% satisfaction guarantee, MOO strives to ensure each customer is happy with their experience and their order.

MOO Print Limited

Directors' report for the year ended 31 December 2019 (continued)

Going concern

In consideration of the Company's current resources and review of financial forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the approval of the financial statements.

Sensitivity analyses have been performed to reflect possible downside scenarios, where the Group and company achieves significantly reduced revenues for an eighteen month period following the date of this Annual Report. Overall, the Directors have prepared cash flow forecasts covering a period of twelve months from the date of approval of the financial statements, which foresee that the Group will be able to operate within its existing facilities. The rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementations of social distancing measures is not practical or deemed ineffective and this has had implications for the wider global economy and specifically to the markets which the Group resides within - be it the Group's customers' willingness to purchase products in the volumes planned prior to the pandemic or where customers will have the ability to settle their debts to the value of sales already recorded and to the originally agreed settlement terms. There is a risk that the Group will be further impacted by customers and prospective customers deferring spend on the Group's products, however if sales and settlement of existing debts are not in line with cash flow forecasts, the Directors have identified cost savings associated with the reduction in revenues and have the ability to identify further cost savings if necessary. While the Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, nor breach its working capital bank covenants, should this occur, the Group may need to seek additional funding beyond the facilities that were currently available to it through a placement of shares or source other funding, as well as making significant reductions in its cost base.

The Directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Group's and Parent Company's ability to continue as a going concern and therefore that they may be unable to realise assets and discharge liabilities in the normal course of business. The financial statements do not include the adjustments that would be required if the Group and Parent Company were unable to continue as a going concern.

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.

Auditor

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 auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is 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



24th December 2020

MOO Print Limited

Corporate Governance Report for the year ended 31 December 2019

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 (Audit Chair) 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 2019 (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 2019

Opinion

We have audited the financial statements of Moo Print Ltd ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise Consolidated statement of income, Consolidate statement of comprehensive Income, Consolidated and Company balance sheet, Consolidated and Company statement of changes in equity, Consolidated statement of cash flows and the 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 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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.

Material Uncertainty relating to going concern.

We draw attention to note 1 in the financial statements, which refers to the potential impact of Covid-19 on the going concern of the Group and Parent Company, specifically its impact on the ability of the Group and the Parent Company to achieve adequate level of sales in order to maintain sufficient working capital to support its activities and adhere to covenants embedded in the Group's current borrowing facilities. These events or conditions, along with the other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' 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.

MOO Print Limited

Independent auditor's report
for the year ended 31 December 2019 (continued)

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 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 24th December 2020

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 2019

	Note	2019	2018
		\$'000	\$'000
Turnover	3	139,602	134,953
Cost of sales		(45,263)	(46,717)
Gross Profit		94,339	88,236
Other income		300	-
Administrative expenses		(84,950)	(77,815)
Adjusted EBITDA*	22	9,689	10,421
Depreciation and amortisation		(7,413)	(6,746)
Share based payment expense		(26)	(28)
Net Impairment charge of Intangible assets		(694)	(1,375)
Operating Profit	4	1,556	2,272
Interest payable and similar charges	7	(2,123)	(3,215)
Loss on ordinary activities before taxation and other income		(567)	(943)
Taxation (expense)/benefit	8	(132)	163
Loss on ordinary activities after taxation		(699)	(780)
Loss for the financial year		(699)	(780)

All amounts relate to continuing activities.

* Adjusted EBITDA is defined in note 22

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 2019

	2019	2018
	\$'000	\$'000
Loss for the financial year	(699)	(780)
Other comprehensive loss		
Currency translation differences in translation of foreign operations	4	191
Total comprehensive loss for the year	(695)	(589)

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

MOO Print Limited

Consolidated balance sheet
at 31 December 2019

Company number 05121723	Note	2019	2018
		\$'000	\$'000
Fixed assets			
Intangible assets	9	9,078	9,774
Tangible assets	10	7,129	7,633
		<hr/>	<hr/>
		16,207	17,407
Current assets			
Stocks	12	2,231	2,272
Debtors	13	12,856	8,516
Cash at bank and in hand		9,251	7,410
		<hr/>	<hr/>
		24,338	18,198
Creditors: amounts falling due within one year	14	(36,485)	(20,792)
		<hr/>	<hr/>
Net current liabilities		(12,147)	(2,594)
		<hr/>	<hr/>
Total assets less current liabilities		4,060	14,813
Creditors: amounts falling due after more than one year	15	(2,560)	(15,629)
		<hr/>	<hr/>
		1,500	(816)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	4	4
Share premium		16,176	16,003
Currency translation reserve		(3,177)	(3,181)
Profit and loss reserve		(14,315)	(13,642)
Other reserve		2,812	-
		<hr/>	<hr/>
Shareholders' equity/(deficit)		1,500	(816)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 24th December 2020

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 2019

	Share capital \$'000	Share premium \$'000	Currency translations reserve \$'000	Profit and loss account \$'000	Other reserves \$'000	Total (deficit)/equity \$'000
1 January 2019	4	16,003	(3,181)	(13,642)	-	(816)
Comprehensive expense for the year						
Loss for the year	-	-	-	(699)	-	(699)
Other Comprehensive Income						
Currency translation differences	-	-	4	-	-	4
Total comprehensive loss for the year	-	-	4	(699)	-	(695)
Contributions by and distributions to owners						
Share based payment	-	-	-	26	-	26
Exercise of share options and restricted share agreements	-	173	-	-	-	173
Advance subscriptions reserve	-	-	-	-	2,812	2,812
Total contributions by and distributions to owners	-	173	-	26	2,812	3,011
31 December 2019	4	16,176	(3,177)	(14,315)	2,812	1,500

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 2019 (continued)

	Share capital \$'000	Share premium \$'000	Currency translations reserve \$'000	Profit and loss account \$'000	Total deficit \$'000
1 January 2018	4	15,925	(3,372)	(12,890)	(333)
Comprehensive expense for the year					
Loss for the year	-	-	-	(780)	(780)
Other Comprehensive Income					
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 cash flows for the year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Loss for the financial year		(699)	(780)
Adjustments for:			
Depreciation of tangible fixed assets	10	2,692	3,153
Amortisation of intangible fixed assets	9	4,721	3,593
Impairment of intangible fixed assets	9	694	1,375
Disposal of tangible fixed assets	10	22	-
Other income		(300)	-
Taxation expense/(benefit)		132	(163)
Net interest payable	7	1,503	1,781
Share based payment charges		26	28
(Increase) in Trade and other debtors		(3,488)	(456)
Decrease/(Increase) in Stocks		67	(252)
Increase in Trade and other creditors		3,910	2,025
Foreign exchange charge	7	620	1,434
Cash from operations		9,900	11,738
Interest paid: finance leases		(10)	(41)
Interest paid: bank loans		(1,079)	(1,742)
Taxation receipt		1,099	2,431
Net cash generated from operating activities		9,910	12,386
Cash flows from investing activities			
Purchases of tangible fixed assets	10	(2,084)	(4,090)
Capitalisation of internal development	9	(4,406)	(6,538)
Net cash used in investing activities		(6,490)	(10,628)
Cash flows from financing activities			
Capital element of lease repaid		(898)	(938)
Exercise of share options and restricted share agreements		174	78
Advance for share subscription		2,812	-
Issue costs of new lease		(54)	(25)
New bank loans		-	1,335
Repayment of bank loans		(3,831)	-
Net cash generated from (used by) financing activities		(1,797)	450
Net increase in cash and cash equivalents		1,623	2,208
Effect of exchange rates on cash and cash equivalents		218	(272)
Cash and cash equivalents at beginning of year		7,410	5,474
Cash and cash equivalents at end of year		9,251	7,410
Cash and cash equivalents comprise:			
Cash at bank and in hand		9,251	7,410

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

MOO Print Limited


Company balance sheet
at 31 December 2019

Company number 05121723	Note	2019 \$'000	2018 \$'000
Fixed assets			
Intangible assets	9	9,078	9,774
Tangible assets	10	3,372	4,495
		<u>12,450</u>	<u>14,269</u>
Current assets			
Stocks	12	829	829
Debtors	13	7,997	4,960
Cash at bank and in hand		1,450	4,427
		<u>10,276</u>	<u>10,216</u>
Creditors: amounts falling due within one year	14	(24,653)	(13,705)
Net current liabilities		<u>(14,377)</u>	<u>(3,489)</u>
Total assets less current liabilities		<u>(1,927)</u>	<u>10,780</u>
Creditors: amounts falling due after more than one year	15	(614)	(14,269)
		<u>(2,541)</u>	<u>(3,489)</u>
Capital and reserves			
Called up share capital	17	4	4
Share premium		16,176	16,003
Currency translation reserve		(3,177)	(3,181)
Profit and loss reserve		(18,356)	(16,315)
Other reserve		2,812	-
Shareholders' deficit		<u>(2,541)</u>	<u>(3,489)</u>

The company made a loss of \$2,067,000 (2018: loss of \$2,304,000). 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 24th December 2020

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 2019

	Share capital \$'000	Share premium account \$'000	Currency translation reserve \$'000	Profit and loss account \$'000	Other reserves \$'000	Total deficit \$'000
1 January 2019	4	16,003	(3,181)	(16,315)	-	(3,489)
Comprehensive income for the year						
Loss for the year	-	-	-	(2,067)	-	(2,067)
Other Comprehensive Income						
Currency translation differences	-	-	4	-	-	4
Total comprehensive loss for the year	-	-	4	(2,067)	-	(2,063)
Contributions by and distributions to owners						
Share based payment	-	-	-	26	-	26
Exercise of share options and restricted share agreements	-	173	-	-	-	173
Advance subscriptions reserve	-	-	-	-	2,812	2,812
Total contributions by and distributions to owners	-	173	-	26	2,812	3,011
31 December 2019	4	16,176	(3,177)	(18,356)	2,812	(2,541)

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 2019 (continued)

	Share capital \$'000	Share premium account \$'000	Currency translation reserve \$'000	Profit and loss account \$'000	Total deficit \$'000
1 January 2018	4	15,925	(3,372)	(14,039)	(1,482)
Comprehensive income for the year					
Loss for the year	-	-	-	(2,304)	(2,304)
Other Comprehensive Income					
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

Notes forming part of the financial statements
for the year ended 31 December 2019

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

Due to the fact that the majority of revenues and significant expenses for the Company are denominated in US Dollar, the board believes that USD financial reporting provides the most 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.

- 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 income statement has been presented for the parent company;
- 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

The Group and Parent Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, together with the financial position of the company, its cash flows and liquidity position. Furthermore it should be noted that subsequent to the period end the Group has accessed further borrowing facilities (see Note 21: Subsequent events) and where legacy working capital has been provided with covenants, said covenants have either been waived and/or reset.

Various sensitivity analyses have been performed to reflect a variety of possible cash flow scenarios, taking into account the coronavirus pandemic, where the Group and company achieves significantly reduced revenues for an eighteen month period following the date of this Annual Report. Overall, the Directors have prepared cash flow forecasts covering a period of twelve months from the date of approval of the financial statements, which foresee that the Group will be able to operate within its existing facilities.

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

Going Concern (continued)

The rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementations of social distancing measures is not practical or deemed ineffective and this has had implications for the wider global economy and specifically to the markets which the Group resides within - be it the Group's customers willingness to purchase products in the volumes planned prior to the pandemic or where customers will have the ability to settle their debts to the value of sales already recorded and to the originally agreed settlement terms. There is a risk that the Group will be further impacted by customers and prospective customers deferring spend on the Group's products, however if sales and settlement of existing debts are not in line with cash flow forecasts, the Directors have identified cost savings associated with the reduction in revenues and have the ability to identify further cost savings if necessary. While the Directors have no reason to believe that customer revenues and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations, nor breach its working capital bank covenants, should this occur, the Group may need to seek additional funding beyond the facilities that were are currently available to it through a placement of shares or source other funding, as well as making significant reductions in its cost base.

The Directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Group's and Parent Company's ability to continue as a going concern and therefore that they may be unable to realise assets and discharge liabilities in the normal course of business. The financial statements do not include the adjustments that would be required if the Group and Parent Company were unable to continue as a going concern.

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 other applicable trade taxes 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.

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

1. Accounting policies (continued)

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.

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 and are then amortised over the term of the investment.

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (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 2019 (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 2019 (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.
- Other reserve represents the equity component of convertible debt instruments from an Advanced Subscription round.

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. 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.
- Determine whether the convertible debt instruments represent equity or debt. These decisions depend on the assessment of whether this financing is debt or equity under the UK accounting framework.

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 2019 (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.

	2019 \$'000	2018 \$'000
Geographical market (by destination)		
North America (USA & Canada)	100,779	96,507
Rest of World	38,823	38,446
	<u>139,602</u>	<u>134,953</u>

4. Operating profit/loss

	2019 \$'000	2018 \$'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible assets, per note 9	4,721	3,593
Depreciation of tangible assets, per note 10	2,692	3,153
Auditors' remuneration:		
- Audit	100	96
- Tax	13	12
Share based payment	26	28
	<u>7,552</u>	<u>6,882</u>

5. Employees

	Group 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Staff costs consist of:				
Wages and salaries	38,344	37,317	20,964	21,530
Social security costs	3,800	3,580	2,300	2,315
Other pension costs	1,395	1,205	886	749
	<u>43,539</u>	<u>42,102</u>	<u>24,150</u>	<u>24,594</u>

The average number of employees, including Directors, during the year was 585 (2018 - 548).

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

6. Directors' remuneration

	Group 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Directors' emoluments	646	498	646	498
	<u>646</u>	<u>498</u>	<u>646</u>	<u>498</u>
	<u><u>646</u></u>	<u><u>498</u></u>	<u><u>646</u></u>	<u><u>498</u></u>

One director was a member of the defined contribution pension schemes in the current year (2018 – One).

No director exercised share options in the year (2018 – Nil). No director acquired shares via Restricted Share Purchase Agreements (2018 – 160,533).

The total amount payable to the highest paid director in respect of emoluments was \$499,268 (2018 – \$351,000).

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

7. Interest payable and similar charges

	2019 \$'000	2018 \$'000
Bank and other loans	1,493	1,740
Finance leases and hire purchase contracts	10	41
Foreign exchange and fair value change of foreign exchange forwards	620	1,434
	<u>2,123</u>	<u>3,215</u>
	<u><u>2,123</u></u>	<u><u>3,215</u></u>

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

8. Taxation

	2019 \$'000	2018 \$'000
Current tax		
UK corporation tax credit on loss for the year	-	(693)
Adjustments in respect of prior years	(409)	(20)
Overseas tax	593	617
Adjustments in respect of prior year overseas tax	(132)	(359)
Total current tax charge/(credit)	52	(455)
Deferred tax		
Origination and reversal of timing differences	80	62
Adjustments in respect of prior years	-	230
Total deferred tax	80	292
Tax on profit/(loss) on ordinary activities	132	(163)

The tax assessed for the year is higher (2018 - lower) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019 \$'000	2018 \$'000
Loss on ordinary activities before tax	(567)	(943)
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(88)	(179)
Effects of:		
Fixed asset differences	152	32
Expenses not deductible for tax purposes	98	78
Other permanent differences	106	79
Deferred tax not recognised	270	500
Prior year adjustments in respect of R&D tax credits	-	(21)
Current year R&D tax credits	-	(693)
Adjustments to tax charge in respect of previous periods	(559)	-
Difference in overseas tax rate	153	41
Tax charge/(credit) for the period	132	(163)

The Group and company has estimated trading losses of \$6,580,794 (2018-\$5,228,163) available for carry forward against future trading profits. In addition the Group has fixed asset timing differences available to use of \$2,094,639 (2018-\$2,631,616). 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 2019 (continued)

9. Intangible assets

Group and Company	Capitalised development costs	Domain name	Purchase goodwill	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 January 2019	18,088	121	15	18,224
Additions	4,406	-	-	4,406
Impairments	(4,947)	-	-	(4,947)
Foreign exchange	586	4	1	591
At 31 December 2019	18,133	125	16	18,274
Amortisation				
At 1 January 2019	8,316	121	14	8,451
Charge for the year	4,719	-	2	4,721
Impairments	(4,253)	-	-	(4,253)
Foreign exchange	273	4	-	277
At 31 December 2019	9,055	125	16	9,196
Net book value	9,078	-	-	9,078
At 31 December 2019				
At 31 December 2018	9,772	-	2	9,774

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

10. Tangible fixed assets

Group	Plant and machinery	Computer equipment	Furniture and fixtures	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 January 2019	7,310	2,047	6,240	347	15,944
Additions	1,413	476	145	50	2,084
Disposals	(584)	(619)	-	-	(1,203)
Foreign exchange	109	45	160	13	327
At 31 December 2019	8,248	1,949	6,545	410	17,152
Depreciation					
At 1 January 2019	3,332	1,454	3,285	240	8,311
Charge for the year	1,242	473	908	69	2,692
Disposals	(566)	(615)	-	-	(1,181)
Foreign exchange	73	28	91	9	201
At 31 December 2019	4,081	1,340	4,284	318	10,023
Net book value					
At 31 December 2019	4,167	609	2,261	92	7,129
At 31 December 2018	3,978	593	2,955	107	7,633
Company					
Cost					
At 1 January 2019	3,256	1,100	4,782	347	9,485
Additions	22	330	37	34	423
Disposals	(202)	-	-	-	(202)
Foreign exchange	109	45	160	13	327
At 31 December 2019	3,185	1,475	4,979	394	10,033
Depreciation					
At 1 January 2019	1,904	739	2,107	240	4,990
Charge for the year	410	318	720	67	1,515
Disposals	(46)	-	-	-	(46)
Foreign exchange	74	28	90	10	202
At 31 December 2019	2,342	1,085	2,917	317	6,661
Net book value					
At 31 December 2019	843	390	2,062	77	3,372
At 31 December 2018	1,352	361	2,675	107	4,495

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

10. Tangible fixed assets (continued)

The net book value of tangible assets for the Group includes an amount of \$3,498,000 (2018 - \$2,935,000) in respect of assets held under finance leases. The company has assets held under finance leases with a net book value of \$861,000 (2018 - \$1,136,000).

11. Investment \$'000

Cost
At 1 January 2019 and 31 December 2019 -

Investment held at a cost of \$1 (2018 - \$1).

Subsidiary undertaking

The principal undertaking 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 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Raw materials and consumables	1,686	1,525	828	461
Finished goods and goods for resale	545	747	1	368
	<u>2,231</u>	<u>2,272</u>	<u>829</u>	<u>829</u>

There is no material difference between the replacement cost of stocks and the amounts stated above. \$12,364,188 (2018 - \$11,304,299) 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 2019 (continued)

13. Debtors

	Group 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Trade debtors	4,315	2,380	1,017	552
Other debtors	2,786	1,915	2,511	1,725
Other debtors – Derivative financial instruments	118	-	118	-
Taxation and social security reclaim	1,097	-	1,101	-
Amounts due from subsidiary	-	-	232	-
Prepayments	4,540	4,221	3,018	2,683
	<u>12,856</u>	<u>8,516</u>	<u>7,997</u>	<u>4,960</u>

Included in other Group debtors are amounts due after one year of \$1,306,872 (2018 - \$1,240,473). Included in other company debtors are amounts due after one year of \$1,017,506 (2018 - \$985,600).

14. Creditors: amounts falling due within one year

	Group 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Trade creditors	7,482	8,727	4,859	5,617
Taxation and social security cost	3,265	840	1,065	297
Amounts due to subsidiary	-	-	-	662
Finance leases	939	678	247	239
Bank loan	12,501	2,547	12,501	2,547
Accruals and deferred income	11,926	7,216	5,981	3,851
Other Creditor - Derivative financial instruments	-	492	-	492
Deferred tax liability	372	292	-	-
	<u>36,485</u>	<u>20,792</u>	<u>24,653</u>	<u>13,705</u>

15. Creditors: amounts falling due after more than one year

	Group 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Finance leases	2,560	2,257	614	897
Bank loan	-	13,372	-	13,372
	<u>2,560</u>	<u>15,629</u>	<u>614</u>	<u>14,269</u>

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

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

Maturity of debt:	Group 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Finance leases				
In more than one but not more than two years	939	678	247	239
In more than two but not more than five years	1,621	1,579	367	658
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Bank loans				
In more than one but not more than two years	-	13,372	-	13,372
In more than two but not more than five years	-	-	-	-
	<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 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Financial assets				
Financial assets measured at amortised cost	16,352	11,705	4,978	6,704
Derivative financial instruments	118	-	118	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities				
Financial liabilities measured at amortised cost	29,133	32,155	23,048	26,049
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 2019 (continued)

17. Share capital

	2019 \$'000	2018 \$'000
Allotted, called up and fully paid		
2,282,685 ordinary shares of \$0.001 each (2018 - 2,221,549)	4	4
873,020 'A' preferred ordinary shares of \$0.000001 each (2018 - 873,020)	-	-
249,978 'B' preferred ordinary shares of \$0.000001 each (2018 - 249,978)	-	-
106,332 'B-1' preferred ordinary shares of \$0.001 each (2018 - 106,332)	-	-
	<u>4</u>	<u>4</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.

During the year options over 10,717 (2018 - 13,940) ordinary shares were exercised with an aggregate nominal value of \$14.10 (2018 - \$18.68) and total consideration received of \$25,251 (2018 - \$10,187). The weighted average share price at the date of exercise was \$2.356 (2018 - \$0.422). During the year 50,613 shares (2018 - 160,533) under restricted share agreements were issued with an aggregate nominal value of \$66.60 (2018 - \$215.11) and total consideration received of \$153,583 (2018 - \$67,761).

Other reserve

The proceeds received on issue of an advanced share subscription are allocated within equity and shown separately to other equity components. The future allocation between share capital and share premium is dependent on factors present at a time the shares are converted into ordinary share capital.

During the year, the Group entered into a 'advanced subscription' agreement with external working capital providers providing \$2,812k for the Group and Parent Company. While the terms of the agreement, could potentially involve the delivery of cash and a variable number of shares being issued to the advanced subscription holders, which includes converting GBP shares into a set \$ value of investment, there is deemed to be no 'contractual obligation' element, due to the fact that the events that would need to be undertaken (for the holders of the instrument to exercise) are under the control of the company, being a majority sale of their shares or for the company to raise a certain amount over a set threshold. Therefore, in the absence of the contractual obligation, the working capital invested is deemed equity.

Share Options

Options over shares in the company have been granted in relation to employee engagement and retention. As at 31 December 2019, 224,341 options over ordinary shares (2018 - 245,471) had been granted. The options have a weighted average exercise price of \$2.859 (2018 - \$2.289). The options were valued using the Black-Scholes option-pricing model.

The weighted average exercise price of options outstanding at the year-end was \$2.859 (2018 - \$2.289) and their weighted average contractual life was 10 years (2018 - 10 years).

A reconciliation of option movements over the year to 31 December 2019 is shown below:

	Number	2019 Weighted average exercise price	Number	2018 Weighted average exercise price
Outstanding at 1 January	245,471	\$2.248	240,849	\$2.182
Granted	47,607	\$5.395	64,434	\$2.596
Exercised	(10,717)	\$2.356	(13,940)	\$0.730
Lapsed	(17,900)	\$2.534	(23,173)	\$2.624
Cancelled	(40,120)	\$2.408	(22,699)	\$2.630
Outstanding at 31 December	<u>224,341</u>	<u>\$2.859</u>	<u>245,471</u>	<u>\$2.289</u>

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (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 2019, 62,381 warrants over preference shares (2018 – 62,381) had been issued. The warrants have a weighted average strike price of \$14.87 (2018 – \$14.35). 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 2019 \$'000	Group 2018 \$'000	Company 2019 \$'000	Company 2018 \$'000
Not later than 1 year	5,527	5,230	2,874	2,789
Later than 1 year and not later than 5 years	8,819	9,510	4,433	6,754
Later than 5 years	655	965	655	965
Total	15,001	15,705	7,962	10,508

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 \$1,392,174 (2018 – \$1,204,907). The amount outstanding to the fund at the balance sheet date was \$159,608 (2018 – \$132,660).

20. Related party disclosures

The company has taken advantage of the exemption conferred by FRS 102, 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.

MOO Print Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

21. Subsequent events

In January 2020 the Group refinanced its debt, providing a four-year term loan of \$8,000,000 and a revolving credit facility of \$5,250,000, considerably strengthening the Group's debt profile.

The rapid emergence of the coronavirus pandemic in March 2020 has had a significant impact on the company's revenues, costs, working capital and cash flows. The coronavirus pandemic was not a condition in existence at the period-end date therefore it is being regarded as a non-adjusting subsequent event.

Between September and December 2020 the Group raised a total of \$7,800,000 in convertible loans with a three year maturity from existing and other investors, with participation from the UK Future Fund.

In December 2020 the Group reset its debt covenants demonstrating the continued support of its banking partner in the context of the new post Covid plan.

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:

	2019 \$'000	2018 \$'000
Loss on ordinary activities after taxation	(699)	(780)
Amortisation	4,721	3,593
Depreciation	2,692	3,153
Net Impairment charge of intangible assets	694	1,375
Interest paid	1,503	1,781
Taxation	132	(163)
Exchange rate losses	620	1,434
Share based payment expense	26	28
Adjusted EBITDA	9,689	10,421

23. Ultimate controlling party

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