Annual Report & Financial Statements

For the year ended 31 December 2020

Moo Print Limited
Company Number: 05121723

MOO Print Limited

Report and financial statements
for the year ended 31 December 2020

Contents

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Directors

B Holmes
R Klein
R Moore
R Moross
D Shapland (Chairman)

Secretary and registered office
Benjamin Smith, Unit 12 Thames Gateway Park, Chequers Lane, London, RM9 6FB

Company number
05121723

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

Chairman's Summary

2020 was the most challenging year in the history of the company, with the impact of Covid-19 seeing revenues decline significantly, as the majority of sales were from business cards and heavily impacted by global lockdowns. Richard and his team swung into action with impressive speed however, with headcount costs being 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 closely with its suppliers to schedule out payments to allow the company to preserve cash while it recovered its momentum, all of whom were highly accommodating.

By December, the company was able to regain traction in revenues to almost 60% 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 $8.1m in convertible loans with a three year maturity from existing and other investors, with participation from the UK Future Fund, further stabilising its statement of financial position. We thank them for their support and ongoing confidence in the business whilst it has undergone these long term improvements.

By the end of the year the company delivered revenues of $83.1m (-40.4% y/y) and adjusted EBITDA of $3.2m (-67.0% y/y) remaining positive despite the significant headwinds associated with the pandemic.

UK and EU lockdowns further impacted recovery during the first quarter of 2021, however the company has since seen revenues recover materially. Recovery is most pronounced in the US where business travel has picked up at a quicker rate than in other markets, and where face-to-face business meetings and conferences are becoming the norm again. In July 2021 the company completed the reassignment of its London headquarters, further reducing its cost base, and has taken up short-term space whilst a more economical, longer-term solution is scoped based on new post-pandemic ways of working.

Mandy Pooler and Simon Calver stepped down as Board Directors at the end of 2020, and the Board and I thank them both for their guidance and insight during their time at MOO.

My sincere thanks on behalf of the Board to the Senior Leadership Team and all the colleagues working at MOO who continue to work exceptionally hard. We remain excited about the longer term future for MOO as markets continue to recover and the company focuses its attention on new products.

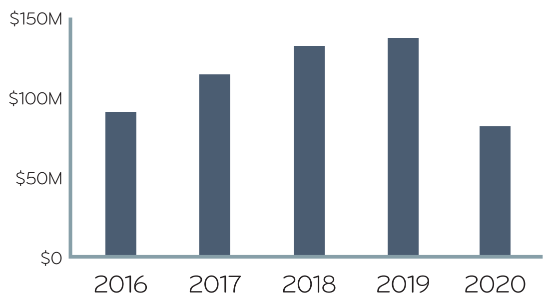
Darren Shapland
Chairman
13th January 2022

2020 Headlines

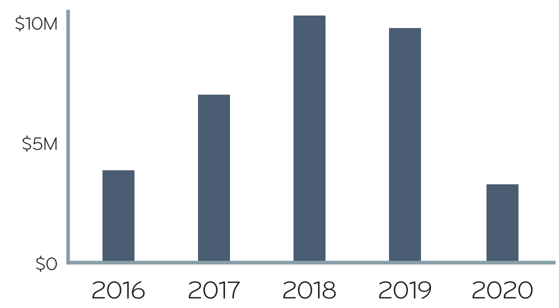
Group Revenue $83m	Adjusted EBITDA $3.2m*	Net Promoter Score USA 63
North America Revenue 73%	Gross Margin 66%	Orders Shipped 832k

Financial Metrics

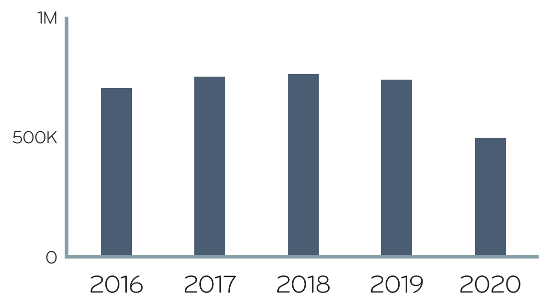
Group Revenue



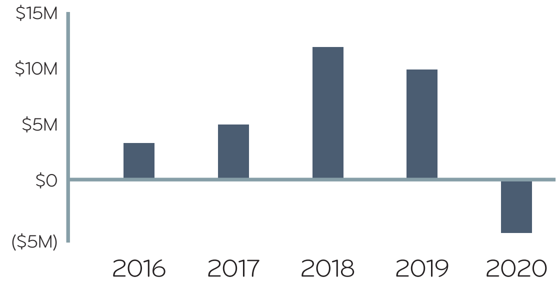
Adjusted EBITDA



Ordering Customers

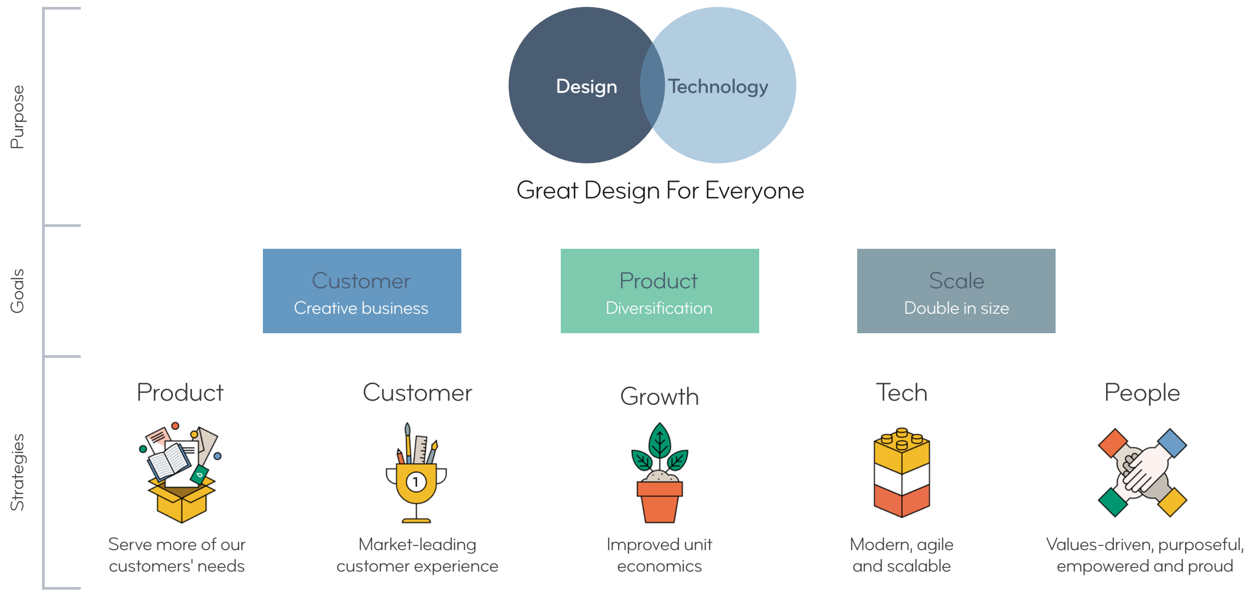


Net Cash Generated from Operating Activities

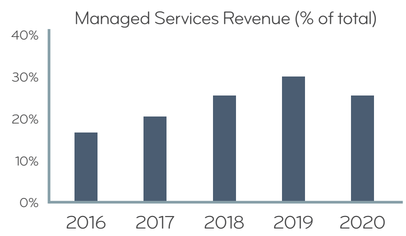


*Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation, share based payment charges, impairment, foreign exchange, and exceptional items, as per the calculation in Note 22.

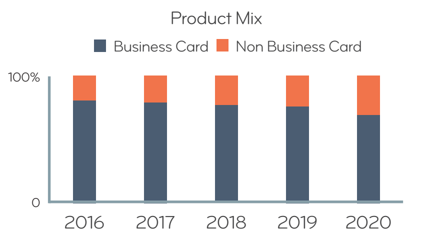
Strategic Framework



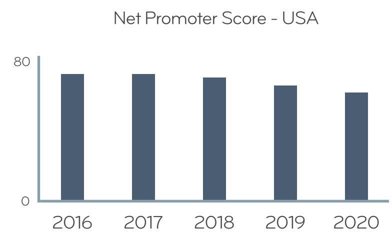
KPIs By Year



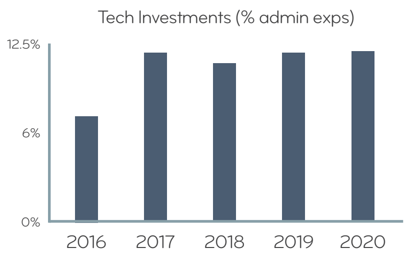
- Larger companies represented 26% of total revenues



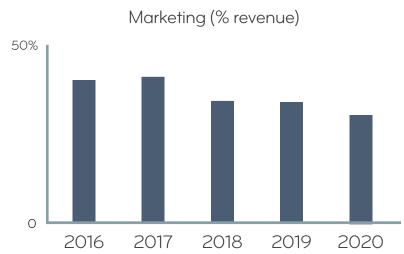
- Non Business Card Revenue grew to 32% of total revenue, increasing from 24% in 2019



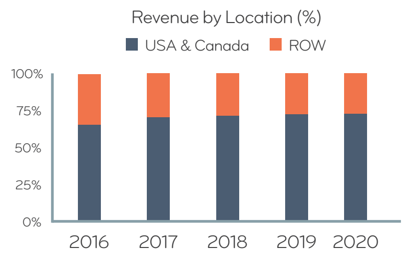
- TrustPilot score remained at five stars (4.8/5.0)



- Technology investment continued despite the pandemic



- Marketing continued to became more efficient, and was 29% of revenue in 2020



- Revenue from USA & Canada as a % of total continues to grow year on year

CEO's Report

2020 was an extremely challenging year for MOO, as it was for many of our customers.

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 with revenues recovering across all markets.

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.

Along with the cost restructuring, the Pandemic has also given us the opportunity to reimagine our business. The fundamental changes to the world of work and the backdrop of the climate crisis have pushed us to develop a new vision for MOO, encompassing a more thoughtful and more relevant approach to product development and a more empowering and agile culture. Both of these initiatives will create strong engagement with the MOO brand for customers and employees alike, driving future performance and growth.

The Pandemic, whilst challenging, has created a new resilience and outlook for MOO. It has helped us strengthen our culture, refine our strategy, and improve many of our underlying metrics: creating a better business for the years to come.

During 2021 revenue has continued to demonstrate strong recovery, and H2-21 is on track to deliver record adjusted EBITDA putting MOO in a very strong position coming into 2022.

Richard Moross
Founder and Chief Executive

13th January 2022

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. The Group continues to invest in improvements to existing product and platforms, and in the development and launch of new products. Since the end of the period the Group successfully released its new water bottle product.

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 each of the Group's subsidiaries - 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 cash flows. The Group raised $8.1m in convertible loan notes during the period from existing investors alongside the British Business Bank's Future Fund Scheme.

In additional 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. Since the end of the period the Group has successfully released its new water bottle product, and continues to invest heavily in future product development and evolution.

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.

Brexit

The United Kingdom ('UK') formally left the European Union ('EU') on 31 January 2020. The UK entered 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 ended on 31 December 2020.

As the Group operates in many countries, including a significant proportion of the Group's activity in the USA, there are channels available 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 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. During 2021 various solutions have been explored to ensure a smoother experience for the Group's EU customers, and to mitigate any additional financial impact.

Going Concern

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, though revenue recovery has continued to be positive in 2021, with collection improving markedly. To prepare for the possibility of negative impacts on trading performance, we have modelled the effects of differing levels of sales recovery and delays in collection, along with all the measures we can take to ensure that the Group remains well within its cash reserves, and have prepared cash flow forecasts for a period in excess of twelve months from the date of these financial statements.

The Board's forecasts are based upon a continuation of the pandemic into 2023. We anticipate revenues to meet budget over this period but recognise that there is a risk that the Group could 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 high levels of support since the end of the period, and it is believed that they will continue to support the Group as required.

During 2020 $6.9m of exceptional costs relating to Covid-19 were charged through the income statement.

	2020 $'000	2019 $'000
Adjusted EBITDA	3,173	9,689
Depreciation and amortisation	(6,145)	(7,413)
Share based payment expense	(92)	(26)
Net impairment charge of intangible assets	(1,172)	(694)
Operating (loss)/profit prior to exceptional items	(4,236)	1,556
Exceptional items	(6,940)	-
Operating (loss)/profit	(11,176)	1,556

The exeptional items are made up as follows:

- $4.4m onerous lease costs relating to excess facility costs which were unused during the period in addition to the recognition of any known future liability under these leases;
- $1.5m redundancy costs relating to the cost of a restructure exercise undertaken during the period to reduce the Group's employee base, to better align with its reduced revenues due to the pandemic;
- $0.3m non-operating costs relating to cancelled contracts, office relocation and other pandemic-related expenditure;
- $0.7m funding costs are those costs associated with the Group entering into a convertible loan note.

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:

	2020	2019
	$'000	$'000
Revenue	83,138	139,602
Gross Profit	54,560	94,339
Staff Costs	32,178	43,539
Adjusted EBITDA	3,173	9,689

Please note that adjusted EBITDA is defined in Note 22.

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 take advantage of UK and US furlough schemes, allowing the Group to place a proportion of its employee base on furlough, and reduce its cost base during the worst of the pandemic.

- The Group's Work 2.0 strategy, allowing for hybrid and remote working during the period and beyond, allowing it to reduce its cost of facilities, whilst embracing new technology across its employee base.

- The strategy of lowering the Group's reliance on business card revenues. The Group's non-business card revenue grew to 32% of total revenue, 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's report and operational highlights sections.

Research and development

The Group continues to invest heavily in research and development, as such capitalised development amounted to $2.1 million (2019 - $4.4 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 13th January 2022

Richard Moross
Director

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The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The operating loss amounted to $11.2 million (2019 - profit of $1.6 million), with an overall loss for the financial year of $15.1 million (2019 - loss of $0.7 million). This increased loss was a result of the impact of Covid-19 as discussed in the Chairman's summary and the CEO's report, resulting in a reduced EBITDA of $3.2 million (2019 - $9.7 million) and exceptional items of $6.9 million (2019 - nil).

The Directors have not recommended a dividend in the current year (2019 - nil).

Directors

The Directors of the company during the year and subsequent to year-end were:

S Calver (resigned 31st December 2020)
B Holmes
R Klein
R Moore
R Moross
A Pooler (resigned 31st December 2020)
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.

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 continued to undertake regular Employee Engagement Surveys, to better understand and evaluate the engagement of its employee base and better deliver improved employee experiences.

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 behaviours 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.

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 ongoing impact of the coronavirus pandemic has caused significant disruption to many businesses and this has had implications for the wider global economy and supply chains 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. 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.

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 5-8. 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

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13th January 2022

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. Following the resignation of Mandy Pooler and Simon Calver, the Remuneration Committee comprised Darren Shapland (Chair), Ben Holmes, Robin Klein and Ryan Moore. The Company Secretary is Secretary to the Remuneration 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. Following the resignation of Simon Calver, the Committee comprised Darren Shapland (Chair), Ben Holmes, Robin Klein and Ryan Moore. The Company Secretary is Secretary to the Audit Committee and attends its meetings.

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, Vice President of Finance and the external auditors (BDO LLP) attending by invitation as considered appropriate.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 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.

We have audited the financial statements of Moo Print Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity 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).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

As explained more fully in the 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.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:

- Enquiries of management regarding: the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations; and
- Obtaining an understanding of the legal and regulatory framework in which the Group operates. The key laws considered are accounting standards and the Companies Act 2006.

We have responded to risks identified by performing procedures including the following:

- Enquiry of in-house management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud;
- Review of financial statements disclosures and testing to supporting documentation;
- We have also considered the risk of fraud through management override of controls by testing, on a sample basis, the appropriateness of journal entries and other adjustments and assessing whether the judgements made in making accounting estimates are indicative of potential bias; and
- Addressing the risk of fraud in revenue recognition, we have performed testing of revenue transactions through verification of samples to invoices raised and shipping documentation and collection of outstanding balances

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

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

Use of our report

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

DocuSigned by:

Iain Henderson

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Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
13th January 2022

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 2020

	Note	2020	2019
		$'000	$'000
Turnover	3	83,138	139,602
Cost of sales		(28,578)	(45,263)
Gross Profit		54,560	94,339
Other income	4	2,421	300
Administrative expenses		(53,808)	(84,950)
Adjusted EBITDA*	22	3,173	9,689
Depreciation and amortisation		(6,145)	(7,413)
Share based payment expense		(92)	(26)
Net impairment charge of intangible assets	9	(1,172)	(694)
Exceptional items	24	(6,940)	-
Operating (loss)/profit	4	(11,176)	1,556
Interest payable and similar charges	7	(4,439)	(2,123)
Loss on ordinary activities before taxation and other income		(15,615)	(567)
Taxation income/(expense)	8	511	(132)
Loss on ordinary activities after taxation for the financial year		(15,104)	(699)

All amounts relate to continuing activities.

* Adjusted EBITDA is defined in note 22

The notes on pages 26 to 42 form part of these financial statements.

MOO Print Limited

Consolidated statement of comprehensive income
for the year ended 31 December 2020

	2020	2019
	$'000	$'000
Loss for the financial year	(15,104)	(699)
Other comprehensive (loss)/income		
Currency translation differences in translation of foreign operations	(816)	4
Total comprehensive loss for the year	(15,920)	(695)

The notes on pages 26 to 42 form part of these financial statements.

MOO Print Limited

Consolidated statement of financial position
at 31 December 2020

Company number 05121723	Note	2020	2019
		$'000	$'000
Fixed assets			
Intangible assets	9	6,462	9,078
Tangible assets	10	5,120	7,129
		11,582	16,207
Current assets			
Stocks	12	1,680	2,231
Debtors	13	7,266	12,856
Cash at bank and in hand		10,681	9,251
		19,627	24,338
Creditors: amounts falling due within one year	14	(28,182)	(36,485)
Net current liabilities		(8,555)	(12,147)
Total assets less current liabilities		3,027	4,060
Creditors: amounts falling due after more than one year	15	(17,345)	(2,560)
		(14,318)	1,500
Capital and reserves			
Called up share capital	17	4	4
Share premium		16,186	16,176
Currency translation reserve		(3,993)	(3,177)
Profit and loss reserve		(29,327)	(14,315)
Other reserve		2,812	2,812
Shareholders' equity/(deficit)		(14,318)	1,500

The financial statements were approved by the Board of Directors and authorised for issue on 13th January 2022

R Moross
Director

The notes on pages 26 to 42 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Share capital $'000	Share premium $'000	Currency translations reserve $'000	Profit and loss account $'000	Other reserves $'000	Total equity/(deficit) $'000
1 January 2020	4	16,176	(3,177)	(14,315)	2,812	1,500
Comprehensive expense for the year						
Loss for the year	-	-	-	(15,104)	-	(15,104)
Other comprehensive income						
Currency translation differences	-	-	(816)	-	-	(816)
Total comprehensive loss for the year	-	-	(816)	(15,104)	-	(15,920)
Contributions by and distributions to owners						
Share based payment	-	-	-	92	-	92
Exercise of share options and restricted share agreements (see note 17)	-	10	-	-	-	10
Advance subscriptions reserve	-	-	-	-	-	-
Total contributions by and distributions to owners	-	10	-	92	-	102
31 December 2020	4	16,186	(3,993)	(29,327)	2,812	(14,318)

The notes on pages 26 to 42 form part of these financial statements.

MOO Print Limited

Consolidated statement of changes in equity
for the year ended 31 December 2020 (continued)

	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	-	-	-	-	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 26 to 42 form part of these financial statements.

MOO Print Limited

Consolidated statement of cash flows
for the year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Loss for the financial year		(15,104)	(699)
Adjustments for:			
Depreciation of tangible fixed assets	10	2,431	2,692
Amortisation of intangible fixed assets	9	3,714	4,721
Impairment of intangible fixed assets	9	1,172	694
Disposal of tangible fixed assets	10	59	22
Other income		(2,421)	(300)
Taxation (income)/expense		(511)	132
Net interest payable	7	1,704	1,503
Share based payment charges		92	26
Decrease/(increase) in Trade and other debtors		6,683	(3,488)
Decrease in Stocks		566	67
(Decrease)/increase in Trade and other creditors		(5,867)	3,910
Foreign exchange charge	7	2,735	620
Cash from operations		(4,747)	9,900
Interest paid: finance leases		(8)	(10)
Interest paid: bank loans		(622)	(1,079)
Taxation receipt		1,104	1,099
Net cash generated from operating activities		(4,273)	9,910
Cash flows from investing activities			
Purchases of tangible fixed assets	10	(418)	(2,084)
Capitalisation of internal development	9	(2,103)	(4,406)
Net cash used in investing activities		(2,521)	(6,490)
Cash flows from financing activities			
Capital element of lease repaid		(969)	(898)
Exercise of share options and restricted share agreements		10	174
Advance for share subscription		-	2,812
Issue costs of new funding		(4)	(54)
New bank loans		13,250	-
Convertible loan note		8,096	-
Repayment of bank loans		(12,192)	(3,831)
Net cash generated from/(used in) financing activities		8,191	(1,797)
Net increase in cash and cash equivalents		1,397	1,623
Effect of exchange rates on cash and cash equivalents		33	218
Cash and cash equivalents at beginning of year		9,251	7,410
Cash and cash equivalents at end of year		10,681	9,251
Cash and cash equivalents comprise:			
Cash at bank and in hand		10,681	9,251

The notes on pages 26 to 42 form part of these financial statements.

MOO Print Limited

Company statement of financial position
at 31 December 2020

Company number 05121723	Note	2020 $'000	2019 $'000
Fixed assets			
Intangible assets	9	6,462	9,078
Tangible assets	10	2,431	3,372
Investments	11	15	-
		8,908	12,450
Current assets			
Stocks	12	581	829
Debtors	13	5,316	7,997
Cash at bank and in hand		5,072	1,450
		10,969	10,276
Creditors: amounts falling due within one year	14	(22,354)	(24,653)
Net current liabilities		(11,385)	(14,377)
Total assets less current liabilities		(2,477)	(1,927)
Creditors: amounts falling due after more than one year	15	(16,097)	(614)
		(18,574)	(2,541)
Capital and reserves			
Called up share capital	17	4	4
Share premium		16,186	16,176
Currency translation reserve		(3,993)	(3,177)
Profit and loss reserve		(33,583)	(18,356)
Other reserve		2,812	2,812
Shareholders' deficit		(18,574)	(2,541)

The company made a loss of $15,319,000 (2019 - loss of $2,067,000). 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 13th January 2022

R Moross
Director

The notes on pages 26 to 42 form part of these financial statements.

Company statement of changes in equity
for the year ended 31 December 2020

	Share capital $'000	Share premium account $'000	Currency translation reserve $'000	Profit and loss account $'000	Other reserves $'000	Total deficit $'000
1 January 2020	4	16,176	(3,177)	(18,356)	2,812	(2,541)
Comprehensive income for the year						
Loss for the year	-	-	-	(15,319)	-	(15,319)
Other Comprehensive Income						
Currency translation differences	-	-	(816)	-	-	(816)
Total comprehensive loss for the year	-	-	(816)	(15,319)	-	(16,135)
Contributions by and distributions to owners						
Share based payment	-	-	-	92	-	92
Exercise of share options and restricted share agreements	-	10	-	-	-	10
Advance subscriptions reserve	-	-	-	-	-	-
Total contributions by and distributions to owners	-	10	-	92	-	102
31 December 2020	4	16,186	(3,993)	(33,583)	2,812	(18,574)

The notes on pages 26 to 42 form part of these financial statements.

Company statement of changes in equity
for the year ended 31 December 2020 (continued)

	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 26 to 42 form part of these financial statements.

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 Parent company's subsidiaries - 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 and parent company'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. Banking covenants were reset during the period to align with an updated view on future performance of the Group.

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 at least a twelve month period following the date of this Annual Report. Overall, the Directors have prepared cash flow forecasts covering a period of at least 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.

1. Accounting policies (continued)

Going Concern (continued)

The rapid emergence and continued impact 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 are currently available to it through a placement of shares or source other funding, as well as making significant reductions in its cost base.

For the reasons set out above, the financial statements are prepared on a going concern basis.

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 or sales tax 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. Turnover also represents subscription service income that is recognised over the life of the subscription.

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 income statement 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.

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 income statement 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 each entity operates ('the functional currency'). The consolidated financial statements are presented in 'USD', which is the parent company's and 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 the income statement.

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 income statement, 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.

Convertible loan note

During the period the Group raised a total of $8.1m in convertible loan notes from existing investors alongside the British Business Bank's Future Fund Scheme. Under FRS 102, this instrument is valued at fair value at each year end date and movements are posted through interest payable within these financial statements. The convertible loan note is valued using a Monte Carlo simulation and based on an enterprise value for the Group and simulated using different pay-out options that are available within the model.

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.

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 income statement 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 income statement 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 income statement 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 income statement 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 income statement 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 income statement over the remaining vesting period.

Warrants

The fair value at the date of issue is charged in full to the income statement in the year of issue.

Pension costs

Contributions to the defined contribution pension scheme are charged to the income statement in the year in which they become payable.

1. Accounting policies (continued)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, 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 (R&D) 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. They are claimed through the research and development expenditure credit (RDEC) tax credit scheme and recognised in the financial statements through other income on the income statement and other receivables on the statement of financial position, until the cash is received.

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.

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 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 Statement of financial position.
- 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 a historic 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.

- Convertible loan note (see note 15)

The convertible loan note entered into in 2020 is valued using various assumptions, as the pay-off criteria is multifaceted. There is estimation uncertainty inherent to this valuation and estimates are made based on the likelihood of the different pay-off structures, credit spread estimates, risk-free interest rates and varying Enterprise Value calculations are utilised for the Group as a whole. The Monte Carlo simulation method is utilised to value these different outcomes to arrive at a value that is deemed to be 'fair value' and will be revalued at each financial statement reporting date.

3. Turnover

Turnover is wholly attributable to the principal activity of the Group and can be categorised under the following headings:

	2020 $'000	2019 $'000
Geographical market (by destination)		
North America (USA & Canada)	60,441	100,779
Rest of World	22,697	38,823
	83,138	139,602

	2020 $'000	2019 $'000
Distribution channel		
Self service	61,688	97,163
Managed services	21,450	42,439
	83,138	139,602

	2020 $'000	2019 $'000
Product type		
Business card	56,534	106,097
Non-Business card	26,604	33,504
	83,138	139,602

4. Operating (loss)/profit

	2020 $'000	2019 $'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible assets, per note 9	3,714	4,721
Depreciation of tangible assets, per note 10	2,431	2,692
Auditors' remuneration:		
- Audit	133	100
- Tax	15	13
Share based payment	92	26
Other income	(2,421)	(300)

Other Income comprises of funds received from HMRC in relation to the Coronavirus Job Retention scheme, $2,155,000 (2019 - nil), and R&D tax credits, $266,000 (2019 - $300,000).

5. Employees

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Staff costs consist of:				
Wages and salaries	28,269	38,344	15,719	20,964
Social security costs	2,812	3,800	1,813	2,300
Other pension costs	1,097	1,395	679	886
	32,178	43,539	18,211	24,150

The average number of employees, including directors, during the year was 524 (2019 - 585).

6. Directors' remuneration

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Directors' emoluments	328	646	328	646
	328	646	328	646

One director was a member of the defined contribution pension schemes in the current year (2019 – One).

No director exercised share options in the year (2019 - Nil). No director acquired shares via Restricted Share Purchase Agreements (2019 – Nil).

The total amount payable to the highest paid director in respect of emoluments was $229,011 (2019 - $499,268).

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

7. Interest payable and similar charges

	2020 $'000	2019 $'000
Bank and other loans	753	1,493
Fair value movement on convertible loan note	943	-
Finance leases and hire purchase contracts	8	10
Foreign exchange and fair value change of foreign exchange forwards	2,735	620
	4,439	2,123

8. Taxation

	2020 $'000	2019 $'000
Current tax		
UK corporation tax credit on loss for the year	-	-
Adjustments in respect of prior years	-	(409)
Overseas tax	304	593
Adjustments in respect of prior year overseas tax	139	(132)
Total current tax charge/(credit)	443	52
Deferred tax		
Origination and reversal of timing differences	(954)	80
Adjustments in respect of prior years	-	-
Total deferred tax	(954)	80
Tax on profit/(loss) on ordinary activities	(511)	132

The tax assessed for the year is higher (2019 - higher) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2020 $'000	2019 $'000
Loss on ordinary activities before tax	(15,615)	(567)
Tax on loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(2,967)	(88)
Effects of:		
Fixed asset differences	7	152
Expenses not deductible for tax purposes	(70)	98
Other permanent differences	36	106
Deferred tax not recognised	2,476	270
Adjustments to tax charge in respect of previous periods	-	(559)
Difference in overseas tax rate	7	153
Tax (credit)/charge for the period	(511)	132

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered more likely than not. At 31 December 2020, the group recognised a deferred tax asset of $593k (2019 - $Nil). The Group has unrecognised trading losses of $18,853k (2019 - $6,581k) in respect of losses that can be carried forward against future taxable income for the period between one-year and an indefinite period of time. In addition the Group has fixed Asset timing differences available to use of $2,222k (2019 - $2,095k). These amounts will be used after the utilisation of tax losses.

9. Intangible assets

Group and Company	Capitalised development costs	Domain name	Purchase goodwill	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 January 2020	18,133	125	16	18,274
Additions	2,103	-	-	2,103
Impairments	(4,031)	-	-	(4,031)
Foreign exchange	565	5	1	571
At 31 December 2020	16,770	130	17	16,917
Amortisation				
At 1 January 2020	9,055	125	16	9,196
Charge for the year	3,714	-	-	3,714
Impairments	(2,859)	-	-	(2,859)
Foreign exchange	398	5	1	404
At 31 December 2020	10,308	130	17	10,455
Net book value At 31 December 2020	6,462	-	-	6,462
At 31 December 2019	9,078	-	-	9,078

10. Tangible fixed assets

	Plant and machinery	Computer equipment	Furniture and fixtures	Software	Total
Group	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2020	8,248	1,949	6,545	410	17,152
Additions	212	119	81	6	418
Disposals	(244)	(513)	(71)	(100)	(928)
Foreign exchange	112	45	192	9	358
At 31 December 2020	8,328	1,600	6,747	325	17,000
Depreciation					
At 1 January 2020	4,081	1,340	4,284	318	10,023
Charge for the year	1,292	395	699	45	2,431
Disposals	(239)	(502)	(28)	(100)	(869)
Foreign exchange	95	44	148	8	295
At 31 December 2020	5,229	1,277	5,103	271	11,880
Net book value					
At 31 December 2020	3,099	323	1,644	54	5,120
At 31 December 2019	4,167	609	2,261	92	7,129
Company					
Cost					
At 1 January 2020	3,185	1,475	4,979	394	10,033
Additions	-	81	36	-	117
Disposals	(180)	(499)	-	(100)	(779)
Foreign exchange	112	45	191	9	357
At 31 December 2020	3,117	1,102	5,206	303	9,728
Depreciation					
At 1 January 2020	2,342	1,085	2,917	317	6,661
Charge for the year	250	257	568	38	1,113
Disposals	(178)	(492)	-	(100)	(770)
Foreign exchange	95	43	147	8	293
At 31 December 2020	2,509	893	3,632	263	7,297
Net book value					
At 31 December 2020	608	209	1,574	40	2,431
At 31 December 2019	843	390	2,062	77	3,372

10. Tangible fixed assets (continued)

The net book value of tangible assets for the Group includes an amount of $2,536,000 (2019 - $3,498,000) in respect of assets held under finance leases. The company has assets held under finance leases with a net book value of $590,000 (2019 - $861,000).

11. Investment

	$'000
Cost	
At 1 January 2020	-
Investment in Moo Germany GmbH	15
At 31 December 2020	15

Investments are held at a cost of $15,240 (2019 - $1). During the year, Moo Germany GmbH, a wholly owned subsidiary of Moo Print Limited, was incorporated with share capital of $15,239. Subsequent to year-end the company has commenced the process of being liquidated.

Subsidiary undertaking

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.	14 Blackstone Valley Place, Lincoln, RI 02865, USA	100%	Sale of personalised printed products
Moo Germany GmbH	Friedrichstr, 123 10117, Berlin, Germany	100%	Dormant

12. Stocks

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Raw materials and consumables	1,254	1,686	581	828
Finished goods and goods for resale	426	545	-	1
	1,680	2,231	581	829

There is no material difference between the replacement cost of stocks and the amounts stated above. $7,120,471 (2019 - $12,364,188) of raw materials were recognised through the Income Statement during the year.

13. Debtors

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade debtors	1,252	4,315	445	1,017
Other debtors	1,935	2,786	1,629	2,511
Other debtors - Derivative financial instruments	64	118	64	118
Taxation and social security reclaim	243	1,097	243	1,101
Amounts due from subsidiary	-	-	1	232
Prepayments	3,179	4,540	2,285	3,018
Deferred tax asset	593	-	649	-
	7,266	12,856	5,316	7,997

Included in other debtors (Group) are amounts due after one year of $482,942 (2019 - $1,306,872). Included in other debtors (Company) are amounts due after one year of $431,611 (2019 - $1,017,506).

14. Creditors: amounts falling due within one year

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Bank loan	6,583	12,501	6,583	12,501
Trade creditors	6,340	7,482	4,186	4,859
Taxation and social security cost	4,932	3,265	3,217	1,065
Amounts due to subsidiary	-	-	2,532	-
Finance leases	912	939	215	247
Accruals and deferred income	9,415	11,926	5,621	5,981
Deferred tax liability	-	372	-	-
	28,182	36,485	22,354	24,653

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

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Bank loan	6,667	-	6,667	-
Finance leases	1,624	2,560	376	614
Convertible loan note	9,054	-	9,054	-
	17,345	2,560	16,097	614

In January 2020, $12.5m of short term bank debt was repaid. This was substituted in the same month by a new term loan of $8m and a revolving credit facility of $5.3m. The term loan has a 3.5 year term, with $1.3m being recognised in amounts falling due within one year in addition to the revolving credit facility which was fully drawn at the end of the period. $2.7m of the term loan is due within more than one but not more than two years.

During the period the Group raised a total of $8.1m in convertible loan notes from existing investors alongside the British Business Bank's Future Fund Scheme. The convertible loan note has a 3 year term and will be either repaid or converted to equity dependant on subsequent conditions. There is a $0.9m fair value adjustment to increase this liability from the initial transaction price. The increase is taken to interest payable and similar charges - See Note 7 for more information.

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

Maturity of debt:	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Finance leases				
In more than one but not more than two years	912	939	215	247
In more than two but not more than five years	712	1,621	160	367
Bank loans				
In more than one but not more than two years	2,664	-	2,664	-
In more than two but not more than five years	4,003	-	4,003	-
Convertible loan note				
In more than one but not more than two years	-	-	-	-
In more than two but not more than five years	9,054	-	9,054	-

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 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Financial assets				
Financial assets measured at amortised cost	13,868	16,352	7,147	5,210
Financial liabilities				
Financial liabilities measured at amortised cost	27,069	29,133	25,279	23,048
Financial liabilities measured at fair value	9,054	-	9,054	-

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.

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

Financial liabilities measured at fair value include the convertible loan note.

17. Share capital

	2020 $'000	2019 $'000
Allotted, called up and fully paid		
2,289,382 ordinary shares of $0.001 each (2019 – 2,282,879)	4	4
873,020 'A' preferred ordinary shares of $0.000001 each (2019 - 873,020)	-	-
101,184 'B' preferred ordinary shares of $0.000001 each (2019 - 249,978)	-	-
106,332 'B-1' preferred ordinary shares of $0.001 each (2019 - 106,332)	-	-
148,794 'B-2' preferred ordinary shares of $0.000001 each (2019 - nil)	-	-
	4	4

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

The 'A', 'B', 'B-1' and 'B-2' 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 6,503 (2019 - 10,717) ordinary shares were exercised with an aggregate nominal value of $8.34 (2019 - $14.10) and total consideration received of $9,862 (2019 - $25,251). The weighted average share price at the date of exercise was $1.517 (2019 - $2.356). During the year nil shares (2019 – 50,613) under restricted share agreements were issued with an aggregate nominal value of $nil (2019 – $66.60) and total consideration received of $nil (2019 – $153,583).

During the year 148,794 'B' preferred ordinary shares were redesignated as 'B-2' preferred ordinary shares.

Other reserve

The proceeds received on issue of an advanced share subscription in 2018 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.

Share Options

Options over shares in the company have been granted in relation to employee engagement and retention. As at 31 December 2020, 184,596 options over ordinary shares (2019 - 224,341) had been granted. The options have a weighted average exercise price of $2.654 (2019 - $2.859). The options were valued using the Black-Scholes option-pricing model.

The weighted average exercise price of options outstanding at the year-end was $2.654 (2019 - $2.859) and their weighted average contractual life was 10 years (2019 - 10 years).

A reconciliation of option movements over the year to 31 December 2020 is shown below:

	Number	2020 Weighted average exercise price	Number	2019 Weighted average exercise price
Outstanding at 1 January	224,341	$2.859	245,471	$2.248
Granted	-	-	47,607	$5.395
Exercised	(6,503)	$1.517	(10,717)	$2.356
Lapsed	(33,242)	$3.780	(17,900)	$2.534
Cancelled	-	-	(40,120)	$2.408
Outstanding at 31 December	184,596	$2.654	224,341	$2.859

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 2020, 62,381 warrants over preference shares (2019 – 62,381) had been issued. The warrants have a weighted average strikeprice of $14.50 (2019 - $14.87). 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 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Not later than 1 year	3,197	5,527	2,245	2,874
Later than 1 year and not later than 5 years	2,388	8,819	1,626	4,433
Later than 5 years	325	655	325	655
Total	5,910	15,001	4,196	7,962

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 $1,097,605 (2019 - $1,395,001). The amount outstanding to the fund at the balance sheet date was $80,282 (2019 - $159,608).

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.

21. Subsequent events

Subsequent to the end of the period, the Group was able to reassign, taking account of events in 2021 and not in existence at the balance sheet date, the lease on its London headquarters, resulting in all future commitments being fully extinguished.

Subsequent to the end of the period, the Group commenced the process of liquidating Moo Germany GmbH.

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

Adjusted EBITDA is defined as results of operating activities before interest, taxation, depreciation and amortisation, share based payment charges, impairment of intangible assets 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:

	2020 $'000	2019 $'000
Loss on ordinary activities after taxation	(15,104)	(699)
Amortisation	3,714	4,721
Depreciation	2,431	2,692
Net impairment charge of intangible assets	1,172	694
Interest paid	1,704	1,503
Taxation (receipt)/expense	(511)	132
Exchange rate losses	2,735	620
Share based payment expense	92	26
Exceptional items (see note 24)	6,940	-
Adjusted EBITDA	3,173	9,689

23. Ultimate controlling party

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

24. Exceptional items

	2020 $'000	2019 $'000
Onerous lease costs	4,415	-
Redundancy costs	1,484	-
Non-operating costs	318	-
Funding costs	723	-
	6,940	-

Onerous lease costs relate to excess facility costs which were unused during the period in addition to the recognition of any known future liability under these leases.

Redundancy costs relate to the cost of a restructure exercise undertaken during the period to reduce the Group's employee base, to better align with its reduced revenues due to the pandemic.

Non-operating costs relate to cancelled contracts, office relocation and other pandemic-related expenditure.

Funding costs are those costs associated with the Group entering into a convertible loan note.