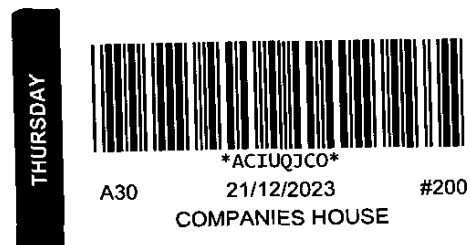


Photobox Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 30 April 2023



Company Registration No. 03906401

Photobox Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

DIRECTORS

PJ Plumb
BTW Money (appointed 8 September 2022)
LAJ Kerckhaert (appointed 19 April 2023)
JM Mitchell (resigned 19 April 2023)
CD Mucha (resigned 8 September 2022)

REGISTERED OFFICE

10 Back Hill
London
EC1R 5EN

Photobox Limited

STRATEGIC REPORT

REVIEW OF THE BUSINESS

Photobox Limited engages in the production of personalised products and retail gifting using its internet and Mobile app platforms. Revenue from third parties has decreased by 3.2% during the year to £52,747,000. Overall revenue has increased from £76,714,000 in the prior year to £79,656,000.

The reduction in the demand in the sector has contributed to underlying EBITDA decreasing to £5,794,000 (2022: £8,442,000) and the operating loss before exceptional items of £5,312,000 (2022: £6,175,000). Exceptional items of £11,972,000 (2022: £2,167,000) were incurred during the year relating to the business restructuring. This resulted in an operating loss for the year of £17,284,000 (2022: £8,342,000).

RESULTS

As at 30 April 2023, the company is in a net asset position of £6,948,000 (2022: £22,570,000). The loss for the financial year is £15,622,000 (2022: loss of £8,573,000). This includes £11,972,000 (2022: £2,167,000) of exceptional costs. See Note 5.

OPERATING REVIEW

Key Performance Indicators for the Company are noted in the table below:

	Year ended 30 April 2023	Year ended 30 April 2022
Revenue with third parties (£'000)	52,747	54,489
Revenue with group companies (£'000)	26,909	22,224
Gross Profit as a % of total revenue	58.1%	57.6%
Underlying EBITDA* (£'000)	5,794	8,442
Underlying EBITDA as % of total revenue	7.3%	11%
Operating loss (£'000)	(17,284)	(8,342)
Capital Expenditure (£'000)	5,112	6,623

*The directors consider that operating profit before interest, tax, depreciation, amortisation, exceptional items, non-recurring items and foreign exchange (Underlying EBITDA) is a primary measure of operational profitability, and therefore considered to be a key performance indicator.

	Year ended 30 April 2023	Year ended 30 April 2022
	£'000	£'000
Operating (loss)	(17,284)	(8,342)
Depreciation	1,556	2,419
Amortisation	11,206	11,143
EBITDA	(4,522)	5,220
Exceptional items	11,972	2,167
Profit or Loss on disposal property, plant and equipment and intangible assets	-	102
Foreign exchange (gain)/loss	(1,656)	953
Underlying EBITDA	5,794	8,442

Photobox Limited

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

Whilst consolidating its position as a market leader in the UK, the Company encounters significant competition from other online specialists and high street retailers who wish to have a presence in the market. The directors consider that continuing investment in marketing, technology and product innovation should help the Company consolidate and extend its leading position in the UK market.

Technology risk

The Company uses a large scale public cloud provider (AWS) to operate its revenue facing web services. The services are implemented to scale in response to peak transaction volumes and are designed to be fault tolerant. Risk is mitigated by the use of telemetry and monitoring services to allow early detection of problems; and the use of on-call engineers to respond to any issues should they arise.

Cyber Security risk

The Company uses extensive internal and external services to assure the security of the product and platform. Recently implemented solutions protect every end point device and our services running in AWS. Risk is mitigated by using third party companies to regularly test the security of our services; and by a full time internal security team who provide Security Operations capabilities should a security event be detected.

FINANCIAL RISKS

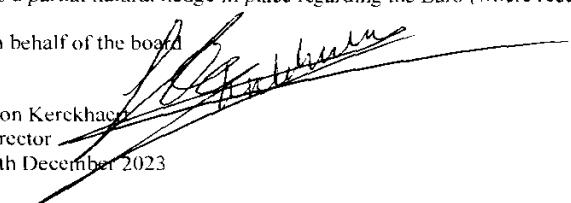
Exposure to credit, liquidity and cash flow risks

Virtually all Company revenues are derived from debit/credit card transactions over the internet, reaching Company bank accounts in 3 to 4 days. Suppliers are generally paid on 30 day terms or more and therefore the Company's operational working capital risks are negligible. Seasonal variations to the consumer print on demand business require large-scale project expenditure to be carefully planned and monitored over the year. The company has access to the Group's banking and cash-pooling facilities to help management liquidity and cashflow.

Foreign exchange risks

The Company's operating expenses are part invoiced in Euro denominated transactions and fluctuations in Sterling/Euro exchange rates is therefore a principal risk to the business. The directors consider that the Company has a partial natural hedge in place regarding the Euro (where receipts and payments are broadly matched).

On behalf of the board


Leon Kerckhaert
Director
20th December 2023

Photobox Limited

DIRECTORS' REPORT

The directors present their report and unaudited financial statements for the year ended 30 April 2023.

FUTURE DEVELOPMENTS

The directors expect the Company to continue its current activities. The Company expects to continue to improve gross margins through controlled management of expenditure. The Company will also continue to develop and enhance its common IT infrastructure platform.

DIVIDENDS

The directors do not recommend the payment of a dividend (2022: £Nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were those listed on page 1.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The statement headed "Going concern" on page 11 sets out certain factors relevant to the directors' consideration in reaching this assessment.

RESEARCH & DEVELOPMENT

During the year, the Company has focused its research and development activities on the improvement and reliability of its website, mobile apps, product development and enhancing customer experience, particularly in mobile channels.

FINANCIAL RISK MANAGEMENT

The section of the strategic report headed "Financial Risks" on page 3 sets out the Company's approach to financial risk management.

EMPLOYMENT POLICIES

The company recognises the importance of our human capital in creating long term value. We focus our attention on the attraction, motivation and engagement and retention of our talent. The Company's recruitment policies focus on ensuring it hires the best talent without any discrimination of any kind and it proactively supports diversity initiatives when engaging with potential employees. The Company's engagement tools include regular two-way communication with its employees through forums such as all-hands meetings, slack and email updates on performance and key milestones. It also runs regular engagement surveys throughout the year on a variety of topics to ensure that it has up to date feedback and data points to inform our people roadmap. Performance related bonuses are operated across the Company.

Throughout the year the Company has provided learning and development opportunities for employees. In addition the Company funds several structured programmes supporting Leadership Development, Line Management Skills, Mentoring and Coaching for key talent as well as Company wide compliance training supporting financial obligations, data protection and diversity.

The Company have trained Mental Health First Aiders, which enables employees to reach out to a professionally trained individual on a confidential basis when they need additional support.

Photobox Limited

DIRECTORS' REPORT

The Company supports its employees' health & wellbeing through a variety of initiatives which include provision of an Employee Assistance Programme available to all employees, regular workshops to support specific issues such as building resilience and mindfulness, a digital mental health learning platform, cycle to work schemes (where they exist locally) and mental health first aiders, to provide confidential and professional support to employees where needed. Health insurance is offered.

Diversity is taken seriously and throughout the year the Company has ensured that managers attend unconscious bias training. This is a dedicated pro-active Diversity forum which shares ideas and best practice. Should an employee's health status change we happily make all reasonable adjustments in order to support them and this includes employees who become registered disabled.

SECTION 172 STATEMENT

Decisions regarding the direction of the Company are made by the board of the Company's ultimate parent, Panorama Topco B.V. The following therefore refers to the operation of the Panorama Topco B.V Board, as this is the level at which decisions which affect this Group are taken.

The board receives updates on the legal duties of UK directors, including its duties under Section 172 to promote the success of the Group. In advance of board and committee meetings, the directors receive informational materials regarding matters that will be reviewed and acted upon at the meeting. Such pre-meeting materials typically describe the proposed action and the reasons for such proposed action (and any alternative actions as applicable), including with regard to the matters specified by Section 172. During the meetings, management presents on such matters and the board is invited to ask questions on any matters presented. Once the matter is presented and discussed and the board has all relevant information, the board votes on such matter.

The board is responsible for directing the Group's purpose, values and strategy as well as promoting its culture and overseeing its conduct. The board meets regularly and makes decisions on a joint basis.

The boards structure comprises executives responsible for the Group's day to day operations, plus non-executive directors and a non-executive chairperson. The board has an additional sub-committee: The remuneration committee, which is responsible for remuneration across the Group (including executive directors), including annual pay awards, bonus schemes and equity grants.

Amongst its other responsibilities, the board discuss issues such as risk management procedures and control environment, including the appointment of the Group's external auditors. This fulfils the role of an audit committee for the Group.

The board promotes effective engagement with its stakeholders to inform them of the Group's strategy and plans. The stakeholders of the Group include our shareholders, customers, employees, suppliers, lenders and others. The directors have regular engagement with employees to keep them informed of the Group's performance and strategy, details of this are set out in the employment policies section of the directors report, see page 4. The Group interacts with its other key stakeholders in a number of ways, including customer satisfaction surveys, industry events, regular meetings and contact with key suppliers and meetings with lenders to discuss strategy and performance. The Board also considers its impact on the wider community. This includes consideration of its carbon footprint (including committing to steps to reduce this) as well as having policies in place (and associated training available) for employees and other stakeholders on issues such anti-corruption, modern slavery, and diversity.

At present, the Group does not currently formally follow a Corporate Governance code. The Group will be reviewing this and ensuring that its corporate governance is appropriate for the size of the business going forwards.

Photobox Limited

DIRECTORS' REPORT

CARBON REPORTING

The Company is exempt from presenting Streamlined Energy Carbon Reporting in line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon report) Regulations 2018. These are included within the Company's parent's financial statements (Horizon Bidco Limited).

INDEPENDENT AUDITORS

Pursuant to the companies act 2006, no appointment of an auditor is required for this company, with the exemption in effect subject to the requirements of s475(2) and (3). The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

DIRECTORS' INDEMNITIES

The Group headed by Panorama Topco B.V has made qualifying third-party indemnity provisions for the benefit of its directors on behalf of the Company which were made during the year and remain in force at the date of this report.

On behalf of the board


Leon Kerkhaert
Director
20th December 2023

Photobox Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

Photobox Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 April 2023

		Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Revenue	2	79,656	76,714
Cost of sales	3	(33,392)	(32,534)
Gross profit		46,264	44,180
Administrative expenses		(63,548)	(52,522)
Operating loss	4	(17,284)	(8,342)
Operating loss before exceptional items		(5,312)	(6,175)
Exceptional items	5	(11,972)	(2,167)
Operating loss		(17,284)	(8,342)
Finance income	6	2,532	664
Finance costs	7	(2,531)	(1,461)
Loss before taxation		(17,283)	(9,139)
Tax on loss	9	1,661	566
LOSS FOR THE FINANCIAL YEAR		(15,622)	(8,573)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(15,622)	(8,573)

All activities relate to continuing operations.
The accompanying notes form an integral part of the financial statements.

Photobox Limited
STATEMENT OF FINANCIAL POSITION
as at 30 April 2023

	Note	30 April 2023 £'000	30 April 2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	157	357
Intangible assets	11	11,606	17,754
Deferred tax assets	9	3,578	1,883
Right of use assets	12	5,166	6,291
Other non-current assets	13	929	1,146
Total non-current assets		21,436	27,431
Current assets			
Inventories	14	42	55
Trade and other receivables	15	29,436	12,107
Corporation tax receivable		449	657
Cash and cash equivalents	16	393	509
Total current assets		30,320	13,328
TOTAL ASSETS		51,756	40,759
LIABILITIES			
Current liabilities			
Trade and other payables	17	38,853	11,355
Deferred revenue		513	384
Lease Liability	12	1,030	1,030
Provisions for other liabilities and charges	18	34	32
Total current liabilities		40,430	12,801
Non-current liabilities			
Lease Liability	12	4,378	5,388
Total non-current liabilities		4,378	5,388
TOTAL LIABILITIES		44,808	18,189
NET ASSETS		6,948	22,570
CAPITAL AND RESERVES			
Equity attributable to owners of the parent			
Called up share capital	20	65	65
Share premium account		31,438	31,438
Retained earnings		(24,555)	(8,933)
TOTAL EQUITY		6,948	22,570

For the year ending 30 April 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Pursuant to the companies act 2006, no appointment of an auditor is required for this company, with the exemption in effect subject to the requirements of s475(2) and (3). The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 8 to 28 were approved by the board of directors and authorised for issue on 20th December 2023 and are signed on its behalf by:


Leon Kerckhaert
Director

Company Registration No 03906401

Photobox Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 30 April 2023

	Called up share capital (Note 20) £'000	Share Premium account £'000	Retained earnings £'000	Total equity £'000
At 1 May 2021	65	31,438	(360)	31,143
Loss for the financial year	-	-	(8,573)	(8,573)
Total comprehensive loss for the financial year	-	-	(8,573)	(8,573)
At 30 April 2022	65	31,438	(8,933)	22,570
Loss for the financial year	-	-	(15,622)	(15,622)
Total comprehensive loss for the financial year	-	-	(15,622)	(15,622)
At 30 April 2023	65	31,438	(24,555)	6,948

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

1.1 CORPORATE INFORMATION

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 10 Back Hill, London EC1R 5EN.

1.2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). A summary of the material accounting policies, which have been consistently applied in preparing the financial statements for the year ended 30 April 2023 is set out below:

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of IFRS 7 Financial instruments: Disclosures;
- b) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) The requirement of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. Paragraph 79(a)(iv) of IAS 1;
 - ii. Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - iii. Paragraph 118(e) of IAS 38 Intangible Assets;
- d) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- e) The requirements of IAS 7 Statement of Cash Flows;
- f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- h) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- i) The requirements of paragraphs 130(f) (ii)-(iii), 134(d)-134(f) and 135(c) to (e) of IAS 36 Impairment of Assets.

New standards, amendments and interpretations not yet adopted

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting years and on foreseeable future transactions. The principal accounting policies are set out below. Policies have been applied consistently, other than where new policies have been applied:

a) Going concern

The Company has sufficient financial resources and as a consequence, the directors believe that they can manage the business risk successfully and continue in operational existence for the foreseeable future. Therefore they consider it appropriate to adopt the going concern basis in preparing the financial statements. The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company, as part of the Group headed by Panorama Topco B.V. has adequate resources to continue in operational existence for the foreseeable future and it is at the Group level at which the financial risks are managed for the Company. The Going concern assessment has been prepared on a Group basis and comments below relate to the wider Group rather than the Company specifically. The Company is reliant on the Groups' facilities and Funding and as such these points are relevant to understand the Company's ability to continue as a going concern within the wider Group.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Consequently, the directors have reviewed the cash flow projections for the Company taking into account:

- The forecast turnover and operating cash flows from the underlying operations;
- The forecast level of capital expenditure;
- The overall Group liquidity position, including the projected upstream of cash remaining committed facilities available to it and its scheduled debt maturities; and
- The resulting position of the Panorama Topco B.V Group's financial covenants taking into account forecast trading and leverage.

Both the Panorama Topco B.V. Group's base assumptions for its cashflow forecast as well its plausible downside scenarios result in the Group having sufficient headroom in its facilities and its covenants over the next 12 months to continue to trade and meet its obligations and liabilities as they fall due. However, if the Group's trading situation were to worsen beyond that of its downside scenario, the directors believe they would have further options to reduce the Group's cash outflow and remain within its committed facility limits. This could include reductions in the group operating cost base including reducing discretionary marketing spend and personnel hiring freezes, reductions in capital expenditure (both tangible and intangible), reductions in discretionary payments to employees and management of the Group's working capital position.

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, which is at least twelve months after the date that these financial statements are signed. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

b) Intangible assets

Intangible assets are stated at historical cost.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- technical feasibility of completing the intangible assets so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. Amortisation is charged on a straight line basis over the following periods:

	<i>Useful lives</i>	<i>Amortisation method</i>	<i>Internally generated or acquired</i>
Development costs	Finite	Straight-line basis – 3 years	Internally generated
Technology	Finite	Straight-line basis – 3 years	Acquired
Other intangibles	Finite	Straight-line basis – 3 years	Acquired

The carrying values of intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Subsequent expenditure (expenditure for replacement and expenditure for bringing up to standard) is capitalised and amortised over the remaining useful life of the fixed asset to which it is related. All other servicing and maintenance costs are expensed as incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Fixtures, fittings and equipment	-	20% per annum on cost
Computer equipment	-	33% per annum on cost

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

b) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred up to completion and disposal.

c) Taxes

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Any deposits with a maturity of more than 3 months but less than 1 year are classified as short-term investments.

e) Leased assets and obligations

The Company leases warehouse and office space. Rental contracts are typically made for fixed periods but may have extension options as described below.

Contracts may contain both lease and non-lease components. For leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

h) Foreign currency

The financial statements are presented in Sterling, which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

i) Financial instruments

Financial assets

Initial recognition and measurement

Under IFRS 9, all financial assets are measured at amortised cost, fair value through profit or loss or fair value through OCI on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company's financial assets include cash and cash equivalents, and trade and other receivables.

Impairment

The impairment model requires the recognition of impairment provisions based on expected credit losses. It applies to financial assets classified at amortised cost, debt instruments at fair value through OCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Company regularly reviews its expected credit losses on amounts due from group undertakings, none (2022: none) have been recognised as they are immaterial.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of financial instruments

A financial asset or liability is generally derecognised when the contract that gives right to it is settled, sold, cancelled, or expires.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

k) Retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

l) Changes to presentation

Comparative information is reclassified where appropriate to enhance comparability.

m) Share capital

Ordinary shares are classified as equity.

Where any company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

n) Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Revenue

The Company is principally engaged in the sale of goods to customers representing a single performance obligation which is satisfied upon dispatch of the relevant goods. Revenue from the sale of goods, as well as the related shipping and handling expenses billed to customers, are recognised upon shipment. The Company are satisfied that there is no material difference on the timing of revenue recognition between shipment and delivery to the customer. Revenue is shown net of local sales tax and is reduced for provisions of customer returns and re-makes based on the history of such matters. Revenue is not recognised if there is significant uncertainty regarding recovery of the consideration due.

Where the Company acquires customers through a third party, the Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Where the Company holds the primary risks and rewards, the Company is deemed to be acting as the principal.

The Company offers prepaid accounts and/or pre-paid vouchers/"pack" products. Customers have a maximum term after the purchase date of the pack to consume these prepaid products. The income from the sales of these packs is deferred and recognised as they are consumed. Revenue from pre-paid accounts is deferred and recognised when the goods are dispatched. The unused part of the packs is posted to income after expiration.

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In addition, management has made certain judgements, which have the most significant effect on the amounts recognised in the financial statements:

Estimates assumptions:

a) Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

Judgements:

a) Uncertain tax positions

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. See Note 9.

Provisions in relation to material uncertain tax positions are established on an individual basis when they can be reasonably quantified, considering whether the Group believes it more likely or not that the uncertainty will crystallise.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

b) Exceptional items

Exceptional items are those items the Company considers to be material in nature and out of the normal course of business that should be brought to the reader's attention in understanding the Company's financial performance. See Note 5.

c) Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The company considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

2 REVENUE

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Revenue with third parties	52,747	54,489
Revenue with group companies	26,909	22,225
Total revenue	79,656	76,714

The Company's revenues were all derived from its principal activity.

	Year ended 30 April 2023 %	Year ended 30 April 2022 %
Percentage of revenue to non-UK markets	39%	35%

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

3 COST OF SALES

	Year ended 30 April 2023	Year ended 30 April 2022
	£'000	£'000
Cost of sales with third parties	27,417	25,059
Cost of sales with group companies	5,975	7,475
Total cost of sales	33,392	32,534

4 OPERATING LOSS

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Nature of expenses charged/(credited) to operating loss:		
Depreciation of property, plant and equipment:		
- owned assets	429	1,147
- leased assets	1,127	1,272
Amortisation of intangible assets	11,206	11,143
Auditors' remuneration:		
- audit fees	74	74
- taxation services	15	12
Foreign exchange loss/(gain)	(1,656)	953
Exceptional items (note 5)	11,972	2,167
(Profit)/loss on disposal on property, plant and equipment and intangible assets	-	102

Depreciation includes recharges from other group companies on assets the company does not own.

Audit Fees relate to the audit of the Company for inclusion in its parent company's audited consolidated financial statements.

5 EXCEPTIONAL ITEMS

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Exceptional losses:		
Project costs	-	2,167
Restructuring and re-organisation costs	11,972	-
Total exceptional losses	11,972	2,167

Exceptional losses comprise:

- The costs for the year ended 30 April 2023 relate to the restructuring of the wider Group's business operations in France during the financial year. The costs for the year ended 30 April 2022 relate to costs associated with the transfer of ownership of its UK manufacturing site to a third party.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

6 FINANCE INCOME

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Interest receivable from group undertakings	2,532	664

7 FINANCE COSTS

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Interest payable to group undertakings	2,221	1,019
Interest payable on leases	310	442
Total finance costs	2,531	1,461

8 STAFF COSTS

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Wages and salaries	7,824	12,779
Social security costs	823	1,352
Other pension costs	224	321
Total staff costs	8,871	14,452

The average monthly number of employees (including directors) during the year was made up as follows:

	Year ended 30 April 2023 Number	Year ended 30 April 2022 Number
Management and administration	206	271
Production	-	43
	206	314

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Directors' emoluments		
Aggregate emoluments in respect of qualifying services	140	145
Pension costs	4	6
Health care costs	-	1
	144	152

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

8 STAFF COSTS (continued)

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
The amounts in respect of the highest paid director are as follows:		
Aggregate emoluments in respect of qualifying services	82	88
Pension costs	3	3
Health care costs	-	1
	85	92

9 TAX ON LOSS

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
(a) Tax on loss on ordinary activities		
The tax charge/(credit) is made up as follows:		
Deferred tax:		
Origination and reversal of temporary differences	(1,661)	(247)
Impact of changes in tax law and rates	-	(319)
Total deferred tax	(1,661)	(566)
Total tax credit for the year	(1,661)	(566)

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
(b) The tax assessed for the year differs from the standard UK rate of corporation tax applicable of 19.50% (2022: 19.00%). The differences are explained below:		
Loss before taxation	(17,283)	(9,139)
Loss on ordinary activities multiplied by the UK tax rate	(3,370)	(1,736)
Effects of:		
Expenses not deductible for tax purposes	553	260
Group Relief	2,133	1,423
Movement in unrecognised deferred tax	(977)	(194)
Change in tax laws and rate	-	(319)
Total tax credit for the year	(1,661)	(566)

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

9 TAX ON LOSS (continued)

(c) Deferred tax

Deferred tax relates to following:

	Statement of financial position 30 April 2023 £'000	Statement of financial position 30 April 2022 £'000	Statement of comprehensive loss Year ended 30 April 2023 £'000	Statement of comprehensive loss Year ended 30 April 2022 £'000
Decelerated/(Accelerated) capital allowances	1,037	(640)	(1,677)	(309)
Other timing differences	1,925	1,925	-	(462)
Tax losses carried forward	616	598	16	205
Deferred tax benefit			(1,661)	(566)
Deferred tax assets	3,578	1,883		

(d) Reconciliation of deferred tax assets, net

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Net deferred tax at start of year	1,883	1,229
Deferred tax income recognised in the income statement	1,661	566
Other (R&D tax asset)	34	87
Net deferred tax at end of year	3,578	1,883

Factors affecting current and future tax charges

The Company has tax losses of £7.8m (2022 £7.8m) that are available indefinitely for offset against future taxable profits of the company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty as to when these losses will be recovered.

Finance Bill 2021 was substantively enacted on 24 May 2021, increasing the main UK corporation tax rate from 19% to 25% effective from 1 April 2023. Deferred tax has been measured taking account of when the temporary difference is expected to reverse.

Photobox Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2023

10 PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment	Computer equipment	Total
	£'000	£'000	£'000
Cost			
1 May 2022	180	2,562	2,742
Additions	-	54	54
Disposals	-	(223)	(223)
30 April 2023	180	2,393	2,573
Accumulated depreciation			
1 May 2022	172	2,213	2,385
Charge for year	6	248	254
Disposals	-	(223)	(223)
30 April 2023	178	2,238	2,416
Net book value			
30 April 2023	2	155	157
30 April 2022	8	349	357

The depreciation charge for the year is included as part of 'administrative expenses' in the statement of comprehensive loss.
Depreciation costs are partially recharged between fellow group companies.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

11 INTANGIBLE ASSETS

	Technology and capitalised development costs £'000	Other Intangibles £'000	Total £'000
Cost			
1 May 2022	47,175	3,688	50,863
Additions	-	5,058	5,058
Disposals	-	(73)	(73)
Transfers	5,208	(5,208)	-
30 April 2023	52,383	3,465	55,848
Accumulated amortisation			
1 May 2022	29,941	3,168	33,109
Charge for year	10,920	286	11,206
Disposals	-	(73)	(73)
30 April 2023	40,861	3,381	44,242
Net book value			
30 April 2023	11,522	84	11,606
30 April 2022	17,234	520	17,754

The amortisation charge for the year is included as part of 'administrative expenses' in the statement of comprehensive loss. Amortisation of technology and capitalised development costs is partially recharged between fellow group companies.

Photobox Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2023

12 LEASES

This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 April 2023 £'000	30 April 2022 £'000
Right of use assets:		
Buildings	5,166	6,291
Total right of use assets	5,166	6,291
Lease liabilities:		
Current	1,030	1,030
Non-current	4,378	5,388
Total lease liabilities	5,408	6,418

Disposals to the right-of-use assets during the 2023 financial year were £nil (2022: Disposals £5,396,000).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	30 April 2023 £'000	30 April 2022 £'000
Depreciation charge of right of use assets		
Buildings	1,127	1,272
Total depreciation charge of right of use assets	1,127	1,272
Interest expense (included in finance cost)	310	442
Total interest charge on lease liabilities	310	442

The total cash outflow for leases in 2023 was £1,320,000 (2022: £1,633,000).

13 OTHER NON-CURRENT ASSETS

	At 30 April 2023 £'000	At 30 April 2022 £'000
Lease and other deposits	929	1,146

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

14 INVENTORIES

	At 30 April 2023 £'000	At 30 April 2022 £'000
Raw materials and consumables	42	55
Net Inventory	42	55

The cost of inventories recognised as an expense and included in cost of sales during the year amounted to £738,000 (2022: £1,045,000).

15 TRADE AND OTHER RECEIVABLES

	At 30 April 2023 £'000	At 30 April 2022 £'000
<i>Due within one year:</i>		
Trade receivables	51	33
Other receivables	1,169	656
Prepayments	2,608	1,632
Amounts owed by group undertakings	25,608	9,786
	29,436	12,107

Amounts owed by group companies are unsecured, have no fixed date of repayment, are repayable on demand. Interest is accrued on intercompany loans based on market rates.

16 CASH AND CASH EQUIVALENTS

	At 30 April 2023 £'000	At 30 April 2022 £'000
Cash and bank balances	42	25
Cash equivalents	351	484
Total Cash and Cash equivalents	393	509

Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Company

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

17 TRADE AND OTHER PAYABLES

	At 30 April 2023	At 30 April 2022
	£'000	£'000
Trade payables	5,959	3,291
Other payables	-	120
Other taxation and social security	453	601
Accruals	5,552	4,503
Amounts owed to group undertakings – Trading	26,889	2,840
	38,853	11,355

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

18 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Warranty Provision £'000	Total £'000
At 1 May 2021	26	26
Utilisation	-	-
Additions to provisions	6	6
At 30 April 2022	32	32
Additions to provisions	34	34
Utilisation	(32)	(32)
At 30 April 2023	34	34

Warranty provision relates to the estimated cost for re-production of products which may require re-work. It is expected that most of these costs will be incurred in the next financial year.

19 INVESTMENT IN SUBSIDIARIES

Investments comprise an equity share of £1 in Photobox Free Prints Limited, which was incorporated during the year ended 30 April 2019 and is not publicly traded. The company is incorporated in the United Kingdom. The address of the registered office of Photobox Free Prints Limited is 10 Back Hill, London, United Kingdom, EC1R 5EN.

The Company owns 100% of the ordinary shares of Photobox Free Prints Limited (2022: 100%). During the year, the company received no dividends from Photobox Free Prints Limited (2022: £Nil).

The Company has taken advantage of S400 of the Companies Act, which exempts them from consolidating their investment in Photobox Free Prints Ltd.

Photobox Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2023

20 CALLED UP SHARE CAPITAL

	At 30 April 2023 £'000	At 30 April 2022 £'000
Authorised:		
50,000,000 (2022: 50,000,000) ordinary shares of 0.5p each	250	250
Allotted, issued and fully paid:		
13,132,302 (2022: 13,132,302) ordinary shares of 0.5p each	65	65

No shares were issued during the year ended 30 April 2023.

21 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. There have been no other related party transactions.

22 ULTIMATE GROUP UNDERTAKING

The Company's immediate parent undertaking is Photo Holdco Limited.

The Company is consolidated into Horizon Bidco Limited which is incorporated in the UK. Copies of the group financial statements are available from 10 Back Hill, London, EC1R 5EN.

The immediate parent company of Horizon Bidco Limited is Panorama NewCo B.V. (address Stationsplein 57, 1012 AB Amsterdam, The Netherlands).

The ultimate controlling parties are Exponent Private Equity LLP and Rivian Capital by virtue of the provisions in the shareholders deed of Panorama TopCo B.V.