ZEPHYR MIDCO 2 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 3 MONTHS ENDED 31 DECEMBER 2020

Registered number: 11346641

Company information

Directors	Charles Bryant Ulf Pagenkopf Simon Patterson
Registered number	11346641
Registered office	Zephyr Midco 2 Limited The Cooperage 5 Copper Row London SE1 2LH
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

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Strategic report

For the 3 months to 31 December 2020

The Directors present their Strategic report of Zephyr Midco 2 Limited ("Midco 2" or "the Company") and its subsidiaries (together "the Group") for the 3 months to 31 December 2020. Previously, the financial statements were prepared for the year ended 30 September 2020. The 3 month accounting period arises from a change to the Group's accounting reference date in order to align with its parent company.

This Strategic report has been prepared to provide shareholders of the Company with additional information to assess the Company's strategies and the potential for those strategies to succeed. The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activities of the Group in the period under review were the operation of online property portals and household comparison websites as well as providing residential property software and data analytics. The Group's operations comprise Property and Comparison divisions, both of which generate revenues through services described below.

Property	Comparison
- Marketing, which represents revenue generated from the provision of marketing services including portal and print revenues;	- Energy, which represents revenue generated from energy switching services, business energy and boiler cover;
- Software, which represents revenue generated from the provision of software services focused on property professionals and websites; and	- Communications, which represents revenue generated from mobile, broadband, pay TV and home phone switching services; and
- Data, which represents revenue generated from the provision of residential property data, insight and analysis.	- Finance, which represents revenue generated from financial product switching services including loans and credit cards.

The principal activity of the Company was to act as a holding company for the Group's consolidated business and as a reporting entity per the Group's debt facilities.

Business model and strategy

The Group owns and operates some of the UK's most trusted property and household related digital brands including Zoopla, uSwitch, PrimeLocation, Money, Hometrack and The Property Software Group as well as Calcasa in the Netherlands. The Group's proposition helps consumers and partners across the property lifecycle.

The Group drives growth by investing in people, products and marketing to create the most innovative and engaging home related platforms which help deliver greater transparency for consumers and provide increased efficiency for partners throughout the property lifecycle. The two-sided proposition benefits from powerful network effects, which, in turn, generate increased engagement and an enhanced consumer and partner proposition.

Consumers	Partners
Able to access near whole of market data with real-time alerts to remain up to date and make the most informed decisions about everything related to finding, moving or managing their homes.	Benefit from access to a highly engaged audience via the Group's market-leading property and comparison portals, generate additional revenues and deliver better service by using the Group's software and data insights.

Business and finance review

The Group reported revenue of £67.9 million (year to 30 September 2020: £285.9 million restated*) of which £65.6 million (year to 30 September 2020: £276.8 million restated*) was in the UK and £ 2.3 million (year to 30 September 2020: £9.1 million) in the Netherlands.

The Group made an operating loss of £8.9 million (year to 30 September 2020: £16.1 million profit restated*) after depreciation, amortisation and acquisition related costs. The Group generated operating cash-flows before working capital of £15.3 million (year to 30 September 2020: £107.8 million). See note 3 for disclosure of costs accounting within operating loss.

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

The Group made a total comprehensive loss for the period of £17.2 million (year to 30 September 2020: comprehensive loss of £49.7 million restated*) after interest and income tax.

On 30 November 2020, a Group parent company, Zephyr Holdco 2 Ltd, sought to amend an existing investors agreement dated July 2018. The updated New Investors Agreement, would provide a related party with additional interest in the Group's business in return for providing additional expertise and guidance over the property side of the Group's business being operated by ZPG Limited.

The ultimate controlling party of the Group is still deemed to be Silver Lake (Offshore) AIV GP V Ltd. Additionally, the Group has changed their financial year end date from 30 September to 31 December from 31 December 2020.

On 21 December 2020, one of the Group's subsidiaries, Hometrack Data Systems Limited, completed its acquisition of EDM Group's Decision Automation Mortgage Lender solutions business (acquiring the entire issued share capital of EDM MSL Limited) for consideration of £40.8 million

On 24 December 2020 it was announced that a Group subsidiary, ZPG Comparison Services Holdings Limited, would acquire three portals from Admiral Group (a FTSE 100 insurer) and a Spanish co-owner. On 30 April 2021, the Group acquired Admiral Group's price Comparison division, the Penguin Portals Group, including Confused.com, Rastreator.com and LeLynx.fr for a total consideration of £501.7 million. The acquisition was funded by a £271.2m equity injection from shareholders, £139.5m add on debt (less £4.2m capitalised fees), £86.0m drawn down on the existing Revolving Credit Facility and £9.2m cash. The Penguin Portals acquisition provides the Group a presence in the car & home insurance markets, which are the largest UK markets for price comparison websites, and in which the Group did not previously have meaningful presence.

Net debt and borrowings

As at 31 December 2020 the Group had net debt of £847.0 million (30 September 2020: £806.8 million) after capitalised loan fees, which is defined as loans and borrowings less cash and cash equivalents and other short-term investments as per the statement of financial position.

In addition to the term loans, the Group also has access to a revolving credit facility of £150.0 million as part of the same debt arrangement, which can be accessed by the Group. As at 31 December 2020, this facility was undrawn. Refer to Note 19 for more details on the Group's loans and borrowings.

Intangible assets

Intangible assets arising from acquisitions of subsidiaries are shown at net book value of £2,618m (30 September 2020: £2,589m) following amortisation of acquired intangibles over the period since acquisition and the acquisition of MLS. No impairment has been recognised in the three month period to 31 December 2020 (year to 30 September 2020: nil). The details of intangible assets and related impairment assessments are set out in Note 12.

Cash flow

The Group continues to be highly cash generative on an operating level of £14.6 million (year to 30 September 2020: £96.2 million). Net cash outflows from investing activities were £44.3 million (year to 30 September 2020: £29.6 million), whilst net cash outflows from financing activities were £14.5 million (year to 30 September 2020: £52.1million) leaving cash and other short-term investments of £70.7 million as at 31 December 2020 (30 September 2020: £114.9 million).

Key performance indicators (KPIs)

The Group measures its performance through the following financial and non-financial KPIs.

	3 months to 31 December 2020	Year to 30 September 2020 Restated*
Revenue	£67.9 million	£285.9 million
Operating (Loss) for the period	£(8.9) million	£(16.1) million
Total Comprehensive (Loss) for the period	£(17.2) million	£(49.7) million
Visits[1]	200 million	778 million
Leads[2]	12 million	51 million

[1] *Visits comprise individual sessions to the Group's websites or mobile applications by users for the year as measured by Google Analytics.*

[2] *Leads are measured at the point when a consumer shows intent to contact or switch, for property and comparison respectively via a form hosted on the Company's website.*

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

Our work in the community

We understand that we have a responsibility to make a positive impact on our environment, for charity and for our local communities.

We continue to be strong supporters of small charities that serve local communities and in the three months to 31 December 2021 we raised over £3,000 (year to 30 September 2020 over £25,000), these were spread over a number of good causes including Crisis Homelessness, Great North Air Ambulance Service, Cornwall Air Trust and St. Richards Hospital Trust, plus multiple smaller charities.

Beyond fundraising efforts taking place by individual teams and colleagues, we also help support our charity partners through a *number of initiatives:*

Donation Matching: We match up to £500 per employee, per year, raised from fundraising events and activities in aid of its six employee-nominated charity partners, and up to £250 per employee, per year, for any other charity.

Good Deed Day: Employees are entitled to a full day's annual leave to volunteer for a registered charity or non-profit organisation that is close to their heart.

Payroll Giving: We match employees' monthly donations to charity by up to £40 a month for its main charity partners, or up to £20/month for any other charity.

Working with us

We want our people to feel supported, motivated and inspired across everything they do.

We believe our transformative learning culture is one of our defining features and aim to foster in our people a thirst for knowledge, eagerness to learn and give them the opportunities to thrive. This is highlighted by the fact we are on the Government Register of Approved Training Providers.

Diversity, equity and inclusion is at the heart of our culture. We are making constant assessments to ensure we provide equal and fair access for all. We believe that all current and future employees should have fair and equal access to opportunities regardless of age, sexual orientation, gender, disability, race, nationality, ethnic origin, trade union affiliation, belief or religion.

Human rights are not a material issue for the company. As such, there are no incidents or necessary actions to report.

Gender mix across the Group as at 31st December 2020

	Number		Percentage	
	Female	Male	Female	Male
Directors	0	3	0%	100%
Senior Management	39	69	36%	64%
All Employees	408	564	42%	58%

Gender mix across the Group as at 30th September 2020

	Number		Percentage	
	Female	Male	Female	Male
Directors	0	3	0%	100%
Senior Management	33	63	34%	66%
All Employees	391	541	42%	58%

Risk management, internal control and principal risks

The Company's internal control framework is aligned to the "three lines of defence" model. Operational Management are the first line and they are primarily responsible for the direct management of risk, ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed of the Company's internal governance functions such as compliance, commercial finance, legal, internal controls and risk. The third line includes other third-party advisors and experts and any other independent consultants reporting to the Board.

Risk is managed functionally and at a consolidated Group level. This structure enables the Company to ensure that risks are identified across its range of operations. The risks are then escalated in a manner which is consistent and aligned with the strategic goals.

The Group will continue to assess its risk management processes to ensure that they remain fit for purpose.

Risk management, internal control and principal risks (continued)

The Group maintains a strategic risk register which is reviewed regularly by the Directors. The likelihood and impact of each risk are both scored and combined to provide an overall risk score. Each risk within the register is scored twice: firstly, excluding the existence of mitigating controls (the inherent risk score) and then again once mitigating controls have been taken into account (the residual risk score). The difference between these scores allows Management and the Directors to gain an understanding of the level of control the Company has over each risk.

The analysis contained within the risk register forms the basis of the principal risks and uncertainties detailed below. The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business operations, results and / or financial condition.

Key risk	Description and impact	Management and mitigation
Macroeconomic conditions The Company derives a material share of its revenues from the UK, with the only international operation in the Netherlands being a small component of the revenue. The Company is therefore largely dependent on the macroeconomic conditions in the UK as well as being exposed to changes in macroeconomic conditions internationally.	Changes in the UK and European and economies have the potential to adversely impact the demand for our products and services in the markets we operate in. Such changes could affect the average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market. Subsequently, the marketing, data and software purchasing budgets of the Company's partners could decrease, which could reduce demand for the Company's services. Specific considerations on withdrawal of UK from the European Union have been outlined on page 8. Impact of Covid-19 could see lockdowns within the UK and lead to disruption in the housing market. Whilst the pandemic has had an impact on the Group's financial performance, this was primarily due to a strategic decision made to invest in its customers through the free of charge contracts. There has been no change in the Group's business model, underlying operations or overall strategy as a result of Covid-19 and the Director's remain assured of the Group's strong financial position and prospects.	• Regularly reviewing market conditions and indicators. • Analysis performed by the Internal Controls Manager to understand the risks of Brexit to the Group and the mitigating actions required. • Building consumer and partner brand loyalty with a business model based on subscription. • Maintaining a flexible cost base that can respond to changing conditions. • Diversifying risk by maintaining a balance between different revenue streams in order to provide protection against volatility within markets. • Developing revenue streams in other related / adjacent markets. • Promoting the benefit and potential savings for consumers of home and financial services switching. • Investing in the web portal to enhance the estate agents' experience.
Competitive environment The Company operates in market places which are highly competitive. The actions of the Company's competitors, and / or our own inaction, can have a significant and adverse impact on the Company.	If new or existing competitors can provide, or are perceived to provide, an enhanced partner or consumer service then there is a risk to the Company's forecasted revenue. The Company invests significantly in marketing to build brand awareness and drive traffic to its websites. Increased digital marketing expenditure by competitors, or general price increases, may cause the Company to incur additional marketing spend to ensure that it can continue to compete effectively.	• Ensuring partners understand the unique value proposition that can be provided through our websites, products and services. • Offering attractive and competitive pricing packages to partners. • Diversifying risk through multiple revenue streams. • The Property division is largely subscription based and is therefore less susceptible to short term fluctuations in the market.

Key risk	Description and impact	Management and mitigation
Integration of acquisitions Historically, the Company has been highly acquisitive, which presents inherent operational, strategic and cultural challenges.	The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance. The inability to successfully integrate acquisitions may adversely affect consumer and / or partner experience with a resulting impact on strategic cross-sell opportunities and the Company's future revenues. In addition, there is the possibility that the financial and operational control environments of acquired entities are not as established as those of the Company.	• Centralised shared service functions across group finance, facilities and IT. • Functions within the organisation, particularly shared services, have focused on aligning processes and systems. • Projects initiated to develop a streamlined approach across the various segments for products and technology. • Communicating the benefits of acquisitions to both partners and consumers.
IT systems and cyber security Various IT systems within the Company are interdependent and a failure in one system or a security breach may disrupt the efficiency and functioning of the Company's operations. The Company holds consumer and partner data which could be susceptible to loss or theft.	Any failure of the Company's IT infrastructure through error or attack could impair the operation of the Company's websites and services, the processing and storage of data and the day-to-day management of the Company's business. In addition, any theft or misuse of data held within the Company's databases could have both reputational and financial implications for the Company.	• Regularly testing the security of the IT systems and platforms, including penetration testing and testing of Distributed Denial of Service (DDoS) attack procedures. • Maintaining separate platforms for portals, websites, software and data services. • Restricting access to data, systems and code and ensuring all systems are secure and up to date.
Data hacks and PII exposure The Company is susceptible to an external hack which could lead to a loss of data, including personally identifiable information (PII).	The Company holds PII data in various systems, therefore any loss of data through an external or internal hack could lead to a significant financial and / or reputational damage.	• Experienced Head of IT in place to review the security environment. • Voluntarily engaged independent experts to perform a data governance audit. • Training schemes being coordinated related to data hacks / governance. • Business Continuity Plan being coordinated ensuring mitigation plans are formalised in the event of a data hack.
Data protection Non-compliance with various data protection related acts could lead to significant penalties for the organisation	Data protection entails various elements such as ensuring compliance with GDPR, cookie laws, and direct marketing.	• Data protection officer ("DPO") positions in both divisions. • Privacy plan formalised by DPO. • Independent experts engaged to independently assess data governance structure. • Training for wider business being coordinated for data protection.
Retention and recruitment Success depends on the continued retention and performance of the Company's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Company operates in markets with a high demand for high calibre personnel.	Competition for qualified talent is intense and an inability to attract highly skilled employees could adversely impact the Company's operations, financial condition or prospects. Similarly, an inability to motivate, develop and retain key team members could adversely impact the Company's operations, financial condition and prospects. The Company has a track record of growth through acquisition – an inability to retain key team members from these businesses could increase business risk in the event of reliance on their business-critical knowledge.	• Reorganisation and expansion of the Talent team, including hiring of more senior talent members. • Terms have been amended for agencies to positively impact recruitment process. • Careers website running for both divisions. • New schemes launched to define purpose and behaviours. • Share schemes in place to improve staff retention. • Regular and ongoing learning & development activities held across the Company. • The Group has utilised the Furlough scheme provided as part of the government business support scheme during the Covid-19 pandemic.

Key risk	Description and impact	Management and mitigation
Regulatory environment The Company operates in a number of regulated environments. Certain revenue streams within the Comparison division are regulated by the Financial Conduct Authority (FCA).	There is a risk that changes to the regulatory environment could require the Company to revise its strategy, operations or business model. Changes in regulation may also impact the Company's profitability via increased compliance costs or a fall in revenues as a result of subsequent changes in consumer or partner behaviour.	• Maintaining regular open and constructive dialogue with all significant regulatory bodies. • Dedicated regulatory team in-house. • Implementing processes to ensure compliance with all mandatory reporting obligations including a dedicated Regulation and Compliance team. • Regular monitoring of regulatory risks by the Board, the Audit Committee, the legal function and internal control and throughout the business.
Reputational and brand damage The Company operates several identifiable and respected brands which could be damaged by factors such as unethical or unlawful activity, poor customer service or negative press.	Damage to any of the Company's brands could lead to a fall in consumer confidence, reducing traffic and leads for the Company's partners and in turn impacting the Company's revenue. There is also a risk that the Company's partners may choose to terminate their existing relationship with the Company as a result of any reputational damage, which would directly impact the Company's revenues.	• Embedding a culture of transparency, social awareness and ethical behaviour throughout the Company. • Regularly reviewing the Company's risks and reviewing and developing internal control frameworks to mitigate the risk of error or fraud. • Executing the Company's strategy, which has both consumers and the Company's partners at its core. • Continually investing in the Company's brands.
Foreign exchange risk Potential Foreign Exchange volatility due to macroeconomic factors which impacts the business.	Since the result of the Brexit referendum, Sterling has devalued due to the uncertainty in the macroeconomic environment. This has significance as the Group issued € denominated debt. Along with some supplier payments, interest is paid in €.	• Close monitoring of the EUR v GBP currency exposure in Finance team. • Spot rate trading being put in place to minimise Sterling outflows on interest and supplier payments. • Hedging strategy being implemented.

Macroeconomic conditions - Withdrawal from the European Union

The result of the UK's EU referendum in 2016 increased the level of macroeconomic uncertainty, increasing the likelihood of the impacts outlined under "macroeconomic conditions" above.

The UK formally exited the EU on 31 January 2020, however the new trade deal between the UK and the EU came into effect on 31 December 2020. The longer-term effects on the Group of the UK's withdrawal are still being quantified however, consistent with September 2020 the Directors believe that the Company's multi-channel, multi-brand strategy creates a diverse revenue base which means it is well placed to mitigate any negative impacts resulting from the UK's withdrawal from the European Union. In particular:

- the increasingly diversified market position resulting from the Company's acquisitions;
- the customer base of the Company is UK centric and is therefore less impacted by the withdrawal from the European Union;
- the Property division is largely subscription based and is therefore less susceptible to short-term shocks or variations in the property market or wider economy;
- a large proportion of Property partners are engaged in both sales and lettings, which reduces the risk of any downturn in the property market on their businesses;
- an economic downturn increases the propensity for consumers to search Comparison platforms for the best deals to save money on their household expenses;
- a weaker Pound Sterling may lead to higher price inflation in areas such as energy bills, which may benefit the Comparison division; and
- an impact on house prices could improve current affordability pressures providing a positive impact on revenue streams.

Covid-19 pandemic

At the date of approval of the annual report and financial statements there remains uncertainty in relation to the future impact that the Covid-19 pandemic will have on the global economy, and on the Group as a consequence. There have, however, been recent positive developments regarding the success of the UK vaccine rollout and its effectiveness against new variants of the virus, with the resulting easing of government-imposed restrictions beginning to generate increased levels of confidence throughout the wider economy. Nevertheless, it remains the Directors' considered view is that principal risk of the Covid-19 pandemic crisis to the Group is that some customers stop, or delay, payments.

Overall, the Group's performance has been resilient throughout the pandemic to date, albeit the Directors have taken precautionary measures to conserve cash resources were possible. Additionally, the Directors have a range of further mitigating actions that can be taken in order to both maintain the Group's operating capabilities and to enable it to meet its future liabilities as they fall due.

The Group has utilised government business support schemes during the period including VAT deferral and Furlough schemes (see note 6 for further details). Business continuity plans are in place, with measure to manage employee absences, the efficiency of the Company's operations and the ability for home working. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues.

Whilst the pandemic has had an impact on the Group's financial performance, this was primarily due to a strategic decision made to invest in its customers through the free of charge contracts. There has been no change in the Group's business model, underlying operations or overall strategy as a result of Covid-19 and the Director's remain assured of the Group's strong financial position and prospects. The potential impacts of the Covid-19 pandemic crisis are set out in more detail in the Going concem section of the Director's report.

Changes in the period
No other material changes to the business have been identified in the period.

The Directors' are satisfied that the Group has identified sufficient actions that seek to manage, rather than eliminate risk, so as to provide reasonable mitigation against material misstatement or loss within the business.

Section s172(1) statement

The Directors of Zephyr Midco 2 Ltd consider, in the context of a constitution of a Board, that they have acted in good faith, to promote the success of the company for the benefit of its members with specific reference to Companies Act 2006 S172 (1a – 1f), in the decisions taken during the 3 months ending 31 December 2020 including:

Shareholders

- the Directors were (and continue to be) able to perform their duty under section 172 (1) with unique and direct access to the perspectives and interests of its shareholder, which itself fully endorses and supports the importance of the Board having due regard to a broad range of matters including those referred to in section 172(1) (a) to (f)
- The Directors are committed to openly engaging with its shareholders through attendance of Board meetings, so that shareholders understand the strategy and objectives of the Group
- The Group provides regular reports and maintains regular dialogue with shareholders to ensure their involvement in the Group's decision-making.
- As per previous years the Directors approve an annual budget, prepared by Group's senior management. The Directors are then able to monitor performance against annual budget and plan through the 3 months to 31 December 2020.

Employees

- The Group is passionate about attracting, engaging, developing and retaining the best talent in the industry. The Group is always open to feedback and seeks to provide as many opportunities for discussion as possible.
- The Group engages through Peakon, an employee survey tool, to regularly measure employee net promoter score (eNPS) and key engagement drivers. We also have an Employee Engagement Manager who formalises and leads engagement and internal communications strategy.
- The Group has a strong focus on its employees' wellbeing and has introduced numerous schemes in the year which focus on improving mental health and specifically, to help employees adapt to new working practices caused by the Covid-19 pandemic. The Group has introduced Group-wide weekly calls with the CEO, weekly HR support calls and a working from home budget for every employee.
- As part of the Group's commitment to creating an inclusive and diverse workforce, Employee Resource Groups have been set up, providing employees with a community and a safe space to meet and support one another.
- The Group is one of the founding members of 'The Tech She Can Charter' commitment and in the year launched an apprenticeship programme, to improve accessibility into the industry.
- One of the Group's brands – Zoopla – was recently named one of London's top ten tech employers in Hired's Annual Brand Health survey. We believe this proves our appeal as an employer of choice

Suppliers

- The Group is committed to working with suppliers who share the Group's values. Before commencing a business relationship with a supplier, the Group will review the supplier's labour practices. The Group is committed to The Prompt Payment Code and has also supported suppliers through the Covid-19 pandemic by continuing contracts which could otherwise have been terminated (such as some facilities contracts).

Customers

- The Group aims for its customers, including estate agents, new home developers, lenders and providers of energy, communications and financial services products, to benefit from access to a highly engaged audience via the Group's market-leading property and comparison portals, generating additional revenues and delivering better service by using the Group's software and data insights. The Group has a dedicated Product and Tech team who are committed to innovating these products so that our customers have a data driven platform which will help their businesses succeed.
- The Group supported and engaged with the Property division's customers directly through the offering of free-period contracts to help them navigate the market conditions brought about by the Covid-19 pandemic.

Consumers

- The Group aims for consumers to be able to access market data with real-time alerts to make the most informed decisions about everything related to finding, moving or managing their homes.
- The Group engaged with consumers directly through the 'Build a fort' challenge in the Property division and numerous published articles across various social media channels.
- Expert, authoritative content provided guidance and support to help consumers navigate this year's challenging personal finance landscape, and Comparison TV creative encouraged them to 'get more of what matters' with the time and money saved by switching.
- The Group also provided support to the Comparison division by simplifying the switching process, making it even quicker and easier to save money.

Strategic report (continued)

For the 3 months to 31 December 2020

Social Responsibility

- The Group recognises the impact it may have on the environment as a business and as individuals, particularly and most currently, the wasteful behaviour across the globe surrounding disposable, single use plastics.
- The Group is collaborating with Clean Up Britain, City to Sea and Surfers Against Sewage to help put a stop to further plastic pollution.
- The Group encourages positive behaviour and attitudes from within the business by providing long life, refillable and reusable options to employees and eliminating the purchase of single use plastic within the offices. Informative tools and advice are provided to all employees on how to prevent further unnecessary waste ending up in the environment and damaging ecosystems.
- The Group's 'Pay it Forward' programme, providing hands-on help to a range of causes close to the hearts of our employees, has gathered momentum over the year. The Group's involvement has included working with students from low socioeconomic backgrounds to prepare them for career success, volunteering on a free helpline for young people and sorting donations at local food banks.

Regulators / Industry bodies

- The Group operates in a number of regulated environments. Certain revenue streams within the Comparison division are regulated by the FCA. The Group therefore needs to ensure that it engages with the regulators and professional bodies to comply with all regulatory responsibilities.
- The details of the policies implemented, and their outcomes are covered in more detail in the 'Risk Management, Internal control and principal risks' section of the Strategic report.
- Led by the Board, the Group has a high-integrity culture, with appropriate policies, training and processes relating to anti bribery and corruption along with substantial business control functions such as Internal Control and Site Reliability Engineering (the latter covering Cyber Security operations).
- The Directors through the attendance of Board meetings provide information to shareholders.

The Strategic report is approved by the Board of Directors ("Board") on 25 June 2021 and signed on behalf of the Board by

Charles Bryant (Jun 25, 2021 11:36 GMT+2)

Director
Charles Bryant

Directors' report

For the 3 months to 31 December 2020

The Directors present their report of Zephyr Midco 2 Limited ("Midco" or "the Company") and its subsidiaries (together "the Group") for the 3 months to 31 December 2020.

Directors

The Directors who held office during the period and up to the date of signing these financial statements were as follows:

- Ulf Pagenkopf
- Simon Patterson
- Charles Bryant

Directors' indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles, the Company has purchased and maintains Directors' and officers' liability insurance cover, which remains in place as at the date of this report. A review is carried out on an annual basis to ensure that the Board remains satisfied that an appropriate level of cover is in place.

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

Results

The Group total comprehensive loss for the period after tax was £17.2 million (year to 30 September 2020: £49.7 million). Refer to the Strategic Report for further discussions of the Group's results and performance for the period.

Dividend

The Directors do not recommend a final dividend in respect of the 3 months to 31 December 2020 (year to 30 September 2020: nil).

Future developments

The Group has enjoyed strong financial operating results in the period since acquiring ZPG Plc, across both divisions. In Property, the Group is encouraged by the strong sales pipeline as well as the rate of returning UK agents to the Group's property portals. The Comparison business continues to trade well despite competition in the market and has continued to identify and invest in processes to further improve operating profit margin in the coming financial year. The Group acquired the Penguin Portals Group (see Subsequent Events) and will ensure the integration take place smoothly and achieve synergies from the integration with the Comparison division.

The Group aims to continue its mission of being the platform of choice for consumers and partners engaged in property and household decisions. The Group will continue to innovate and actively improve current products and develop new products to further improve the consumer and partner experience. The Directors look forward to launching more innovative products and services in the year ahead.

Going concern

The Group consolidated statement of financial position shows a positive net current asset position of £ 76.8 million with significant cash resources and the Group continues to generate positive net cash flows of £14.6 million from operating activities. The Group posted a total comprehensive loss after tax of £17.2 million in the period, after interest charges of £11.2 million and £19.7 million of non-cash intangible asset amortisation costs. Despite the loss in the period, given the positive net cash flow and net current asset position, the Directors believe that the Group is well placed to manage its business and financial risks successfully going forward. Net cash outflow in the period was £44.2 million resulting from the acquisition in the period. The year-end cash position was £70.7 million (which includes £20 million in short-term investment accounts). The Revolving Credit Facility of £150 million was undrawn at the reporting date. On 29 April 2021, the Group withdrew £86 million of Revolving Credit Facility as part of the Penguin Portals Group acquisition consideration.

The Coronavirus crisis is likely to have a continuing impact on the Group's operations over the next 12 months. Therefore, in order to gain comfort over the Group's ability to continue as a going concern, the Directors have modelled the Group's cash flow position in relation to the current situation for the 12 months following the date of the signing of these accounts. The model includes the subscription free offers the Property business gave to its customers in May 2020 and their changes to the Group's financial position. The contracts offer customers a subscription free period of 5 – 9 months dependent on customers; following the free period, the customers will enter a 12-month contract period with the Group paying full subscription fees. The model has included the return in cash receipts for subscription revenue following the end of the free period in February 2021 for some customers. The Group has included the cash flow forecast related to the Penguin Portals Group following the acquisition including the incremental interest cost arose from the acquisition. This 12-month cash flow forecast shows an increase in the Group's cash reserves from current levels and a continued increase in cash throughout the remainder of the forecast period.

Going concern (continued)

The Group is subject to covenants under its current debt structure. The financial covenant under the debt structure is only required to be tested if the revolving credit facility of £150m is drawn upon £60m or more; the revolving credit facility remains undrawn as at 31 December 2020. On 29 April 2021, Group withdrew £86 million of the Revolving Credit Facility along with a draw down of £139.5m from an add-on facility (see Subsequent Events) to fund the Penguin Portals Group acquisition. Throughout the cash flow forecast period, there is sufficient headroom on the financial covenant.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report.

Financial risk management

Refer to Note 24 for details of the Group's financial risk management which includes information on the Group's exposure to credit risk, market risk and liquidity risk.

Research and development

The Group continues to incur expenditure on research and development in order to develop new products and enhance the existing websites. The Group accounting policies on research and development are discussed in Note 1 to the consolidated financial statements.

Overseas branches

The Group has one overseas entity, with an office in the Netherlands. Calcasa B.V. continues to operate as a separate legal entity registered in the Netherlands.

Political contribution and charitable donation

No political contributions were made in the period (30 September 2020: £nil).

Total charitable contributions made to all registered charities during the period was £3,745 (30 September 2020: £26,353).

Employees

The Group is passionate about attracting, engaging, developing and retaining the best talent in the industry and has invested significantly to improve its talent attraction and recruitment. This includes offering an extensive and varied range of benefits for every life stage and lifestyle and competitive salaries and market-leading benefits, which the Group continually monitors, reviews and evolves in response to industry changes, benchmarking exercises and employee feedback.

The Group is always open to feedback and seeks to provide as many opportunities for discussion as possible. It is vital that every employee feels they have a voice, and this is achieved through Peakon, an employee survey tool, to help the Group regularly measure employee net promoter score (eNPS) and key engagement drivers. Then, there is an Employee Engagement Manager who helps to formalise and lead engagement and internal communications strategy.

The Group is focused on keeping up to date with current best practice when it comes to self-development. This is achieved by having a dedicated learning and development facility that offers a wide selection of opportunities for employees to truly optimise their potential. This includes a range of interactive soft skills workshops where employees can sign up and learn with other colleagues in a "Meet Up" style fashion as well as a large selection of self-learning materials.

Diversity and inclusion

The Directors believe that all current and future employees should have fair and equal access to all opportunities regardless of their age, sexual orientation, parental responsibilities, disability, race, nationality, ethnic origin, membership of a trade union, religion, belief or gender and this is reflected throughout all of the Group's employment policies and practices, including recruitment, selection, training, promotion, salary reviews and flexible working.

The Group's equal opportunities policy is contained in the employee handbook which is available to all employees. .This sets out that it is the Group's policy to select the most qualified person for each position within the organisation and it is the Group's intent and resolve to comply with the requirements and spirit of all laws in the implementation of all facets of equal opportunity. This policy applies to all employment practices and personnel actions including, but not limited to, recruitment, selection, training, promotion, pay rates, discipline and dismissal. This includes giving full and fair consideration to applications for employment made by disabled persons and continuing the employment of, and arranging appropriate training, career development and the opportunity for promotion for, any of the Company's employees who are, or become, disabled.

Independent auditor's report to the members of Zephyr Midco 2 Limited

For the 3 months to 31 December 2020

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Zephyr Midco 2 limited (the 'parent company') and its subsidiaries (the 'group') 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 period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" 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 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Zephyr Midco 2 Limited

(continued)

For the 3 months to 31 December 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered 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 considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, HMRC tax legislation, General Data Protection Regulations ("GDPR), and Financial Conduct Authority regulations.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty

We discussed among the audit engagement team relevant internal specialists such as tax, valuations, pensions, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it is described below:

- the occurrence of unconfirmed revenue and the existence of amounts recognised in accrued income within Dot Zinc limited: we obtained an understanding of the revenue processes, we tested the design and implementation of key controls in place to mitigate the risk of material misstatement, challenged management on the recoverability of items accrued and not yet invoiced and we selected a sample of items to agree to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of Zephyr Midco 2 Limited

(continued)

For the 3 months to 31 December 2020

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the Financial Conduct Authority.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters..

Use of our report

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

Jim Brown

Jim Brown (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
25 June 2021

Zephyr Midco 2 Limited

Consolidated statement of comprehensive income

For the 3 months to 31 December 2020

	Notes	**3 months to 31 December 2020 £000**	**Restated* Year to 30 September 2020 £000**
Revenue	2	**67,868**	**285,941**
Administrative expenses		(76,739)	(269,858)
Operating (loss)/profit	3	**(8,871)**	**16,083**
Finance income		532	1,856
Finance costs	4	(13,183)	(55,271)
Unrealised foreign exchange gain/(loss)		4,963	(9,291)
Fair value (loss)/gain arising on cross-currency interest swaps during the period	11	(829)	5,440
Loss before tax		**(17,388)**	**(41,183)**
Income tax benefit/(expense)	8	2,761	(9,454)
Loss for the period		**(14,627)**	**(50,637)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Fair value movements – Financial assets at fair value through other comprehensive income	14	(2,596)	900
Total comprehensive loss for the period		**(17,223)**	**(49,737)**

The consolidated statement of comprehensive income has been prepared on the basis that all results are derived from continuing operations.

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

Consolidated statement of financial position

As at 31 December 2020

	Notes	3 months to 31 December 2020 £000	Restated* Year to 30 September 2020 £000	Restated* As at 1 October 2019 £000
Assets				
Non-current assets				
Intangible assets	12	2,617,530	2,589,059	2,660,350
Property, plant and equipment	13	33,752	35,084	38,471
Financial assets at fair value through other comprehensive income	14	4,545	7,141	6,205
Derivative financial instruments	11	4,611	5,440	-
		2,660,438	**2,636,724**	**2,705,026**
Current assets				
Trade and other receivables	15	70,086	62,690	56,944
Current tax assets	8	14,416	15,230	-
Cash and cash equivalents		50,728	94,939	100,489
Other short term investments		20,000	20,000	-
		155,230	**192,859**	**157,433**
Total assets		**2,815,668**	**2,829,583**	**2,862,459**
Liabilities				
Current liabilities				
Trade and other payables	16	64,004	56,337	44,963
Deferred and contingent consideration	17	9,588	9,839	22,536
Short-term lease liabilities	16	4,815	5,469	4,326
Current tax liabilities		-	-	5,978
Provisions		-	-	101
Total current liabilities		**78,407**	**71,645**	**77,904**
Total assets less current liabilities		**2,739,334**	**2,757,938**	**2,784,555**
Non-current liabilities				
Loans and borrowings	19	917,746	921,783	908,840
Long-term lease liabilities	16	25,593	27,617	27,756
Deferred and contingent consideration	17	6,690	6,529	15,786
Provisions	18	2,028	1,975	2,284
Deferred tax liabilities	20	220,050	220,038	206,227
		1,172,107	**1,177,942**	**1,160,893**
Total liabilities		**1,250,514**	**1,249,587**	**1,238,797**
Net assets		**1,565,154**	**1,579,996**	**1,623,662**
Equity attributable to owners of the parent				
Share capital	21	1,719,800	1,719,800	1,719,800
Share-based payment reserve	22	17,954	15,485	8,309
Other reserves		(1,696)	900	-
Retained earnings		(170,904)	(156,189)	(104,447)
Total equity		**1,565,154**	**1,579,996**	**1,623,662**

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

The consolidated financial statements of Zephyr Midco 2 Limited were approved by the Board of Directors on 25 June 2021 and were signed on its behalf by:

Charles Bryant (Jun 25, 2021 11:36 GMT+2)

Charles Bryant
Director

Consolidated statement of cash flows

For the 3 months to 31 December 2020

	3 months to 31 December 2020 £000	Restated* Year to 30 September 2020 £000
Cash flows from operating activities		
Loss before tax	**(17,388)**	**(41,183)**
Adjustments for:		
Depreciation of property, plant and equipment	1,288	5,121
Amortisation of intangible assets	19,660	75,061
Finance income	(532)	(1,818)
Finance costs	13,183	55,233
Unrealised foreign exchange (gain)/loss	(4,963)	9,291
Share-based payments	2,469	7,544
Charge/(credit) for contingent and deferred consideration	161	(404)
Acquisition related costs	363	-
Other impairments	279	4,367
Changes in fair value on financial instrument	829	(5,440)
Operating cash flows before changes in working capital	**15,349**	**107,772**
Increase in trade and other receivables	(2,571)	(5,746)
Increase/(decrease) in trade and other payables	2,663	11,374
Decrease in provisions	53	(410)
Cash generated from operating activities	15,494	**112,990**
Income tax paid	(937)	(16,809)
Net cash flows from operating activities	**14,557**	**96,181**
Cash flows used in investing activities		
Acquisition of subsidiaries, net of cash acquired	(40,842)	-
Costs incurred on acquisition	(363)	
Settlement of other deferred and contingent consideration	(250)	(21,550)
Interest received	532	1,818
Acquisition of financial assets measured at fair value through other comprehensive income	-	(36)
Acquisition of property, plant and equipment	(225)	(1,808)
Acquisition and development of intangible assets	(3,109)	(8,064)
Net cash flows used in investing activities	**(44,257)**	**(29,640)**
Cash flows (used in)/from financing activities		
Payments on finance leases	(2,846)	(1,916)
Drawings on revolving credit facility, net of fees	-	150,000
Repayment of borrowings	-	(150,000)
Interest paid	(11,665)	(49,807)
Cash settlement in warrants	-	(368)
Net cash flows from financing activities	**(14,511)**	**(52,091)**
Net increase in cash and cash equivalents	**(44,211)**	**14,450**
Cash and cash equivalents and other short-term investments at beginning of the period	**114,939**	**100,489**
Cash and cash equivalents and other short-term investments at end of the period	**70,728**	**114,939**

The cash and cash equivalents and other short-term investments at the end of the period consist of the following:

	31 December 2020 £000	Restated* 30 September 2020 £000
Cash and cash equivalents	50,728	94,939
Other short-term investments	20,000	20,000
	70,729	**114,939**

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

Consolidated statement of changes in equity

For the 3 months to 31 December 2020

	Notes	Share capital £000	Share based payment reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 October 2020		1,719,800	15,845	900	(156,189)	1,579,996
Loss for the period		-	-	-	(14,627)	(14,627)
Other Comprehensive Income:						
Fair value movements	13	-	-	(2,596)	-	(2,596)
Transactions with owners recorded directly in equity:						
Share-based payments charges	22	-	2,469	-	-	2,469
Cumulative translation adjustment		-	-	-	(112)	(112)
Other reserves adjustments		-	-	-	24	24
At 31 December 2020		**1,719,800**	**17,954**	**(1,696)**	**(170,904)**	**1,565,154**

	Notes	Share capital £000	Share based payment reserve £000	Other reserves £000	Restated* Retained earnings £000	Restated* Total equity £000
At 1 October 2019		1,719,800	8,309	-	(103,114)	1,624,995
Effect of error (note1.23)		-	-	-	(1,333)	(1,333)
At 1 October 2019 – as restated:		**1,719,800**	**8,309**	**-**	**(104,447)**	**1,623,662**
Loss for the period (Restated*)		-	-	-	(50,637)	(50,637)
Other Comprehensive Income:						
Fair value movements	13	-	-	900	-	900
Transactions with owners recorded directly in equity:						
Share-based payments charges	22	-	7,544	-	-	7,544
Warrant settlement			(368)	-		(368)
Cumulative translation adjustment		-	-	-	(58)	(58)
Deferred tax liability on transitional adjustment		-	-	-	(1,047)	(1,047)
At 30 September 2020 (Restated*)		**1,719,800**	**15,485**	**900**	**(156,189)**	**1,579,996**

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

Notes to the consolidated financial statements

For the 3 months to 31 December 2020

1. Accounting policies

Zephyr Midco 2 Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The address of the registered office is The Cooperage, 5 Copper Row, London SE1 2LH.

The consolidated financial statements incorporate the accounts of the Company and entities controlled by the Company ("its subsidiaries") (together "the Group").

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below for the period from 1 October 2020 to 31 December 2020.

Compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS"). They are prepared on the historical cost basis.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Group's accounting policies.

Presentational currency

The presentational currency of the financial statements is Pound Sterling (£). Amounts included in the consolidated financial statements are shown in round thousands unless otherwise indicated.

1.2 New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group for the financial period beginning 1 January 2021.

1.3 Basis of consolidation

The consolidated financial statements incorporate the accounts of Zephyr Midco 2 Limited and entities controlled by the Company. Control is achieved where the Company:

- has the power over the entity;
- is exposed, or has rights, to variable return from its involvement with the entity; and
- has the ability to use its power to affect its returns.

The results of subsidiaries are included in the consolidated financial statements from the date control commences.

On consolidation, intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Foreign subsidiaries

At the year end, the Company has one trading subsidiary that uses a functional currency which is different to the presentational currency of the Group. Calcasa B.V.'s functional currency is the Euro as it is the currency of the primary economic environment in which it operates.

Assets and liabilities for Calcasa B.V. are translated into Pound Sterling using the exchange rate at the statement of financial position date and the consolidated statement of comprehensive income statement translated using the average exchange rate for the year. Exchange differences on translation into the presentational currency are recognised within other comprehensive income. The principal exchange rates for the Euro against Pound Sterling used in these consolidated financial statements are: average: 0.9052, closing: 0.8984.

1.4 Going concern

The Group consolidated statement of financial position shows a positive net current asset position of £ 76.8 million with significant cash resources and the Group continues to generate positive net cash flows of £14.6 million from operating activities. The Group posted a total comprehensive loss after tax of £17.2 million in the period, after interest charges of £11.2 million and £19.7 million of non-cash intangible asset amortisation costs. Despite the loss in the period, given the positive net cash flow and net current asset position, the Directors believe that the Group is well placed to manage its business and financial risks successfully going forward. Net cash outflow in the period was £44.2 million resulting from the acquisition in the period. The year-end cash position was £70.7 million (which includes £20 million in short-term investment accounts). The Revolving Credit Facility of £150 million was undrawn at the reporting date. On 29 April 2021, the Group withdrew £86 million of Revolving Credit Facility as part of the Penguin Portals Group acquisition consideration.

The Coronavirus crisis is likely to have a continuing impact on the Group's operations over the next 12 months. Therefore, in order to gain comfort over the Group's ability to continue as a going concern, the Directors have modelled the Group's cash flow position in relation to the current situation for the 12 months following the date of the signing of these accounts. The model includes the subscription free offers the Property business gave to its customers in May 2020 and their changes to the Group's financial position. The contracts offer customers a subscription free period of 5 – 9 months dependent on customers; following the free period, the customers will enter a 12-month contract period with the Group paying full subscription fees. The model has included the return in cash receipts for subscription revenue following the end of the free period in February 2021 for some customers. The Group has included the cash flow forecast related to the Penguin Portals Group following the acquisition including the incremental interest cost arose from the acquisition. This 12-month cash flow forecast shows an increase in the Group's cash reserves from current levels and a continued increase in cash throughout the remainder of the forecast period.

The Group is subject to covenants under its current debt structure. The financial covenant under the debt structure is only required to be tested if the revolving credit facility of £150m is drawn upon £60m or more; the revolving credit facility remains undrawn as at 31 December 2020. On 29 April 2021, Group withdrew £86 million of the Revolving Credit Facility along with a draw down of £139.5m from an add-on facility (see Subsequent Events) to fund the Penguin Portals Group acquisition. Throughout the cash flow forecast period, there is sufficient headroom on the financial covenant.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report.

1.5 Finance income and costs

Finance income represents interest receivable on cash and deposit balances and gains recognised on foreign currency transactions. Interest receivable is recognised as it accrues using the effective interest method.

Finance costs represent interest charges and certain fees charged on the Group's external borrowings and revolving credit facility. This includes the amortisation of upfront establishment fees paid on the Group's debt. In adhering to the updated leasing standard IFRS 16 there is cost relating to the unwind of the discount provision on all identified lease liabilities also included within finance costs.

Foreign exchange gains and losses are recognised annually based on the translation of assets and liabilities held in foreign currencies to Pound Sterling and realised gains and losses on transactions recorded in the period. The Group's principal exposure is to the Euro, through its Netherlands subsidiary and a tranche of its external borrowings which is denominated in Euro.

1.6 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. This cost includes the purchase price, directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and are not revalued.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful economic lives, using the straight-line method, as follows:

Fixtures and fittings	–	over 2 to 5 years
Computer equipment	–	over 2 to 5 years
Leasehold improvements	–	over the lease term
Freehold property	–	over 50 years

The Directors review the residual values and useful economic lives of assets on an annual basis.

1.7 Business combinations and disposals

The acquisition of subsidiaries and businesses is accounted for using the acquisition method in accordance with IFRS 3. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired company, net of cash acquired. Acquisition related costs, other than those associated with the issue of debt or equity securities, are recognised in the consolidated statement of comprehensive income as incurred.

Gains or losses on disposals of businesses are recognised within exceptionals where the consideration received is higher or lower than the carrying value of the net assets disposed of. Prior to disposal an asset or disposal group is classified as held for sale and is measured at the lower of carrying amount and fair value less costs to sell where the disposal group is available for immediate sale in its present condition and the sale is highly probable. Following classification as held for sale non-current assets in the disposal group are not depreciated.

The results of operations held for sale are included in the consolidated statement of comprehensive income up to the date of disposal. Where a disposal represents an independent cash generating unit or material component of the Group the disposal will be considered a discontinued operation for the purposes of reporting its financial performance for the period.

1.8 Goodwill

Goodwill arising on a business combination represents the difference between the fair value of the consideration paid and the fair value of assets and liabilities acquired and is recorded as an intangible asset. Goodwill is not subsequently subject to amortisation but is tested for impairment annually and whenever the Directors have an indication that it may be impaired. For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the combination. Any impairment in carrying value is charged to the consolidated statement of comprehensive income.

1.9 Intangible assets

Purchased intangible assets with finite lives are initially recorded at cost. Intangibles arising on acquisition are recorded at fair value. All intangibles are subsequently stated at initial value less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets as follows:

Brand	–	5 to 25 years
Customer relationships	–	14 to 22 years
Technology and software	–	3 to 8 years

1.10 Impairment of tangible and intangible assets

Tangible and intangible assets are tested for impairment when an impairment indicator has been identified. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Any impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Goodwill and intangibles are tested for impairment by comparing the carrying amount of the groups of cash-generating unit (CGU) with its recoverable amount, which represents the higher of its estimated fair value less cost to sell and value in use. An impairment loss is recognised when the carrying value of the asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

1.11 Research and development

The Group incurs expenditure on research and development in order to develop new products and enhance the existing websites. Research expenditure is expensed in the period in which it is incurred. Development costs are expensed when incurred unless they meet certain criteria for capitalisation. Development costs whereby research findings are applied to creating a substantially enhanced website or new product are only capitalised once the technical feasibility and the commercial viability of the project has been demonstrated and they can be reliably measured. Capitalised development costs are presented in these financial statements as additions to software assets and are only amortised once the asset is available for use at which point it is then depreciated on a straight-line basis over their expected useful economic life.

Once the new website enhancement or product is available for use, subsequent expenditure to maintain the website or product, or on small enhancements to the website or product, is recognised as an expense when it is incurred.

Research and Development tax credit claims made in the UK are recognised as a credit to administrative expenses in the financial year relevant to the claim. Research and Development tax credits in the Netherlands are recognised in accordance with local legislation and are accounted for as a deduction to the relevant tax expense.

Notes to the consolidated financial statements *(continued)*

For the 3 months to 31 December 2020

1.12 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Full details of financial instruments are included in Note 24.

IFRS 9 "Financial Instruments" prescribes the rules for recognition and measurement of financial instruments. The impact of the new standard on the Group is limited to the measurement of provisions raised in relation to revenue received by the Group. The standard requires the use of an expected loss model when determining an appropriate provision related to trade receivables. The Group has applied this model and uses both historical analysis and macroeconomic factors in determining the resulting provisions against trade receivables.

Investments in unlisted securities not meeting the definition of associates, joint ventures or subsidiaries are classified as Financial assets at fair value through other comprehensive income and are initially recorded at fair value plus transaction costs. The investments are then remeasured at each subsequent reporting date to fair value. Changes in the fair value of the unlisted securities are recognised in other comprehensive income, with the exception of impairment losses. On disposal of the asset any gains and losses recorded within other comprehensive income are realised and are reclassified to the consolidated statement of comprehensive income.

Other short term investments are the term deposit held at the Company and measured at amortised costs. The interest income from the short term investments are recognised through the profit and loss account.

Trade and other receivables are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for expected credit losses. This is deemed to be a reasonable approximation of their fair value. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition through detailed analysis of historical payment profiles and past default experience. When a trade receivable is deemed uncollectable, it is written off against the allowance account. The Group receives interest income on certain amounts held in escrow.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value.

Loans and borrowings are measured at amortised cost, net of direct costs. Direct costs are released through the consolidated statement of comprehensive income under the effective interest method, along with interest charged, over the life of the instrument.

Deferred and contingent consideration is recognised as financial liabilities carried at fair value and gains or losses arising from changes in fair value are recognised in the statement of comprehensive income.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Company's Ordinary Shares are classified as equity instruments and are recognised at the proceeds received, net of any direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial instruments are not used for speculative purposes.

A large majority of the Group's cash and cash equivalents are held in in the Group's current accounts and are available for immediate use.

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities that are measured subsequent to initial recognition at fair value:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of the type of fair value input used is included within the relevant note.

1.12 Financial instruments (continued)

Derivative financial instruments

The Group enters into cross-currency interest rate swaps to manage its exposure to foreign exchange rate risks. Further details of derivative financial instruments are disclosed in note 11.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting is not adopted by the Group.

1.13 Current tax

Current income tax comprises UK income tax and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Current tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

1.14 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

1.15 Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at Management's best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the impact is material. . The unwinding of any discount is recognised in finance costs.

Dilapidation provisions are recognised based on Management's best estimate of costs to make good the Group's leasehold properties at the end of the lease term.

1.16 Employee benefits: defined contribution benefit scheme

The Group operates a defined contribution pension scheme which is a post-employment benefit plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions payable to the fund are charged to the statement of comprehensive income in the period to which they relate.

1.17 Share-based payments

The Group provides equity-settled share-based incentive plans whereby ZPG Property Services Holdings Limited and ZPG Comparison Services Holdings Limited grants sweet shares at unrestricted market value to its employees of its subsidiaries for their employment services. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Vesting happens over a five-year period with all shares vesting at the date of an exit event if earlier than five years. The fair value for employee-based schemes is measured using the Black-Scholes valuation model and is charged to the consolidated statement of comprehensive income over the vesting period on a straight-line basis.

The Group also issues warrants over shares in ZPG Property Services Holdings Limited to a number of third parties. Fair value is determined by using discounted cashflows of the benefits accruing to the Group and charged to the consolidated statement of comprehensive income based on the expected value accrued over the life of the assets.

Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 22.

1.18 Revenue recognition

In applying the principles laid out within IFRS 15, the Group accounts for revenue by spreading revenue received over the periods in which the obligations have been satisfied. Revenue for the Group is recognised by two key divisions based on operations being Comparison and Property.

Comparison revenue is largely sourced by providing a service that allows users to compare prices among different service providers in the energy, communications and finance sectors. Revenue is then recognised at the point in time when a lead is generated. Where revenue is received for meeting obligations rather than for generating leads the revenue is recognised over the period in which the obligation is expected to be met.

Revenue from the Property division derives principally from subscription to the Group's property websites and from the provision of property software to UK domestic, overseas and commercial estate agents along with the provision of property data to financial and other institutions. Where revenue relates to a subscription or licence fees the total expected revenue from each contract including the initial fees charged for the installation of the software is spread across the life of the that particular contract. Revenue that is tied to the delivery of separable and identifiable obligations such as portfolio valuations performed by the property data business is recognised when the obligations are met, and the piece of work has been delivered. All other revenue is spread out over the life of the contract. Where contracts are modified during their initial term, Management have concluded that the services satisfy the criteria in IFRS 15 paragraph 22 (b) for the services to be accounted for as a series of distinct services that should be accounted for as a single performance obligation.

1.19 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The leases relate to vehicles and properties. To assess whether a contract conveys the right to control the use of an identified assets, the group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive subscription right then the asset is not identified;
- The group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The group has the right of direct use of the asset. The group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
    - The group has the right to operate the asset; or
    - The group designed the asset in a way that predetermines how and for what purpose it will be used.

The group recognises a right-of-use and a lease liability at the lease commencement date. The right-of-use asset is initially measurement at cost, which comprises the initial amount of the lease liability adjustment for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the length of lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commitment date, discounted using the interest rate, implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments include in the measurement of the lease liability comprise the following

- Fixed payments, including in substances fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value of guarantee; and
- The exercise price is under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loan and borrowing' in the statement of the financial position.

Short-term and leases of low value assets

The group has made use of the practical expedient available to not recognise right-of-use assets and lease liabilities for short term leases of computer equipment that have a lease term of twelve months or less and leases of low value assets, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20 Government grant

The Group placed a number of employees on the Furlough scheme provided by the Government to support the business through Covid-19 pandemic during the reporting period. Government grants are recognised in profit or loss on a systematic basis against the related costs for which the grants are intended to compensate. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. The Group confirmed that all the necessary conditions of the Government furlough scheme have been met. The Group recognised the grant as a credit against staff costs in the profit and loss account as permitted under section 29, IAS 20. The government grant amount is disclosed in Note 6.

1.21 Sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recognition and valuation of earn-out agreements

Consideration for the acquisition of Hometrack included a commercial earn-out agreement which is contingent upon the future performance of a ten-year licence agreement entered at the point of acquisition. The settlement of the commercial earn-out will be in the range of £nil to £25 million payable over the ten-year period post acquisition. The earn-out is measured at fair value using unobservable inputs (level 3) at the point of acquisition using discounted future cashflows under a range of weighted scenarios requiring an estimation of the future performance of the licence agreement. At each reporting period the earn-out will be measured at fair value using the same method with any changes from revaluation being recognised in the statement of comprehensive income. If an equal weighting was applied across the different scenarios in the model estimating the fair value of the earn-out, the liability as at 31 December 2020 would increase by £ 2.6 million.

A total charge of £ 0.2 million (30 September 2020: £0.9 million) was recognised with regards to fair value movements on earn-outs in the year as detailed in Note 17.

Impairment of goodwill and intangibles

The Group holds goodwill and intangibles on the statement of financial position in respect of business acquisitions made. Acquired intangibles include acquired goodwill, brands, customer relationships, and software of which £2,618 million (30 September 2020: £2,589 million) has been recognised as at 31 December 2020. Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable value of the relevant cash-generating unit, which represents the higher of fair value and value in use. The value in use calculation requires an estimation of future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred. The Group performed an assessment looking at internal and external factors for each of the business unit to identify if there were any indicator of goodwill impairment.

Following this assessment, the Group concluded that there has been no material deterioration in any of the key assumptions made during the impairment review undertaken as at 1 October 2020, and therefore no indication of impairment. Details of the impairment analysis, including key estimates and assumptions, and sensitivity over the estimates used, are included in Note 12.

1.22 Key accounting judgements

Accounting for warrants

The Group has historically entered into agreements with certain third parties whereby the Group offers warrants over its own shares or its subsidiaries' shares. During the prior period, the Group signed new warrant agreements with third parties and judgement is required to determine the appropriate accounting treatment. With the assistance of independent third-party experts Management has performed an extensive exercise to demonstrate that the service provided under the warrant agreements is both distinct from the obligations under the existing commercial service agreements and that the agreements have a reliably measurable fair value. Consequently, the Directors have concluded that the warrant agreements should be accounted for under IFRS 2, as a share-based payments charge, and not as a deduction to revenue under IFRS 15.

Notes to the consolidated financial statements (continued)

For the 3 months to 31 December 2020

1.22 Key accounting judgements (continued)

During the period, the Group modified the warrants agreement with a strategic counterparty; the fair value of the agreement was increased, and term of the contract extended. As there is no specific guidance within IFRS 2 for the modification of services provided, therefore the Directors used the principles under IAS 8:10 to develop an accounting policy that results in information that is relevant and reliable. The Directors consider that there are two options in accounting for the modification – prospectively or through a cumulative catch up approach. As the modification was primarily forward-looking, the Directors made the judgement that prospectively appears to more accurately reflect the commercial substance of the arrangement. If the Directors had concluded that the cumulative catch up approach is appropriate, this would have resulted in the share-based payment expense in the current period being £1.5 million higher.

The fair value of the warrants agreement is determined by using discounted cashflows of the benefits accruing to the Group under a range of different weighted scenarios. Should equal probabilities have applied, the charge in the current period would have been £0.3 million lower.

Share based payment charges are calculated using discounted cash flows of the accrued benefit of the Group. The share based payment is charged to the consolidated statement of comprehensive income based on the expected value accrued over the life of the assets.

Recognition of acquired intangibles on acquisition

In July 2018, the Group completed its acquisition of ZPG Plc. The process of determining the fair value of intangible assets acquired in the acquisition involves reviewing the past performance of the acquiree and future forecasts to ascertain the intangible assets which the purchase price should be allocated to. The same valuation approach applies to the intangible assets arose from the acquisition during the period. The details of assets and liabilities recognised upon acquisition is set out in Note 10.

The Group engaged third party valuation experts for the acquired company to mitigate the risk associated with the valuation of assets and liabilities upon acquisition. Intangibles recognised are subsequently amortised over their useful economic lives; as such, no future revaluation of the assets recognised will be made except for the purposes of impairment reviews.

1.23 Prior period errors

During the period, the Group discovered a prior period error in respect of overstated revenue and accrued revenue which is included in the trade and other receivables note. The error is material in aggregate to the statement of financial position as at 30 September 2020 and relates to both the 2020 and 2019 accounting periods.

The error occurred due to a change in process related to a back-end system migration in one of the Group's subsidiary companies (DotZinc Limited) which caused revenue to be temporarily double counted in certain circumstances. Due to the long (up to 12 months) lead time of DotZinc Limited revenue billing, these errors were not identified until the current reporting period.

The directors are confident that the issue has been resolved following a full review of DotZinc Limited's systems & processes and through establishing additional internal control procedures to ensure revenue is materially correct.

The error has been corrected by restated the comparative figures as detailed in the tables below.

Statement of comprehensive income	**Year to 30 September 2020** £000
Decrease in revenue	(2,851)
Operating profit	(2,851)
Increase in income tax income/(expense)	542
Profit for the period being total comprehensive income	(2,309)

The reconciliation of profit before tax to cash generated was impacted by the aforementioned amounts The effect on the year to 30 September 2019 was to decrease revenue by £1.6m and increase income tax income by £0.3m, however there is no requirement to represent statement of comprehensive income for this period.

Notes to the consolidated financial statements (continued)

For the 3 months to 31 December 2020

Statement of changes in equity	Retained earnings £000
Decrease in retained earnings balance at 1 October 2019	(1,333)
Decrease in profit for the period being total comprehensive income	(2,309)
At 30 September 2020	(3,642)

Statement of financial position	At 30 September 2020 £000	At 30 September 2019 £000
Increase in current tax asset	855	-
Decrease in trade and other receivables	(4,497)	(1,646)
Total assets	(3,642)	(1,646)
Decrease in current tax liability	-	(313)
Total liabilities	-	(313)
Decrease in retained earnings	(3,642)	(1,333)
Total equity	(3,642)	(1,333)

2. Revenue

The Group's revenue is derived from the territories in which the Group operates as listed in the table below.

	3 months to 31 December 2020 £000	Restated* Year to 30 September 2020 £000
UK	65,600	276,821
Netherlands	2,268	9,120
Total	**68,868**	**285,941**

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

Notes to the consolidated financial statements (continued)

For the 3 months to 31 December 2020

3. Operating (loss)/profit

	3 months to 31 December 2020 £000	Restated* Year to 30 September 2020 £000
Operating (loss)/profit is stated after charging:		
Depreciation of property, plant and equipment (Note 13)	1,288	5,121
Amortisation of intangible assets arising on acquisitions (Note 12)	19,693	75,061
Share-based payments (Note 22)	2,469	7,544
Asset write-offs	273	4,367
Acquisition related costs	6,577	-
Deferred consideration (Note 17)	161	866

4. Finance costs

	3 months to 31 December 2020 £000	Year to 30 September 2020 £000
Interest costs	11,187	49,436
Amortisation of capitalised fees	918	3,652
Other finance costs	89	234
Interest expense on leases	326	1,949
Realised loss on cross-currency swap	663	-
Total finance costs	**13,183**	**55,271**

5. Auditor's remuneration

	3 months to 31 December 2020 £000	Year to 30 September 2020 £000
Fees payable to the Group's auditor and its associates:		
– for the audit of Zephyr Midco 2 Limited and the consolidated financial statements	115	112
– for the audit of subsidiaries of Zephyr Midco 2 Limited	295	289
Total audit fees	**410**	**401**
Fees payable to the Group's auditor and its associates for other services to the Group:		
– Audit related assurance services	-	6
– Other services	1,122	275
Total non-audit fees	**1,122**	**281**

Included within other services are the tax advisory works and buy side due diligence performed.

6. Employee costs

	3 months to 31 December 2020 £000	Year to 30 September 2020 £000
Staff costs (including Directors) comprise:		
Wages and salaries	13,300	45,114
Social security costs	1,635	5,570
Defined contribution pension costs	541	1,885
Share-based payments (Note 22)	458	1,785
	15,934	**54,354**

The Group has placed a number of employees on Furlough scheme provided by the Government to support the business in Covid-19 pandemic during the reporting period. Included in the staff costs is a credit of £26.1k (year to 30 September 2020: £1.2m) relating to the Furlough scheme claim.

The average monthly number of Directors and employees in Administration and Management during the year was:

	3 months to 31 December 2020 Number	Year to 30 September 2020 Number
Administration	925	884
Management	3	5
	928	**889**

7. Remuneration of key management personnel

	3 months to 31 December 2020 £000	Year to 30 September 2020 £000
Salary, benefits and bonus	1,041	845
Termination benefits	-	127
	1,041	**972**

Key management personnel during the period comprise the Chairman, the Directors and the Managing Directors of Property and Comparison.

The highest paid Director received remuneration including pension contributions of £1.0 million.

8. Taxation

	3 months to 31 December 2020 £000	Restated* Year to 30 September 2020 £000
Current tax		
Current period	1,797	4,768
Adjustment in respect of prior periods	78	(8,078)
Total current tax	**1,875**	**(3,310)**
Deferred tax		
Origination and reversal of temporary differences	(4,560)	(10,793)
Adjustment in respect of prior periods	(76)	(3,491)
Effect of tax rate change on opening balance	-	27,048
Total deferred tax	**(4,636)**	**12,764**
Total income tax benefit/(expense)	**(2,761)**	**9,454**

Corporation tax is calculated at 19% of the taxable loss for the period. The charge for the period can be reconciled to the loss in the statement of comprehensive income as follows:

	3 months to 31 December 2020 £000	Restated* Year to 30 September 2020 £000
Loss before tax	(17,388)	(41,183)
Current corporation tax rate of 19%	(3,304)	(7,825)
Fixed asset differences	-	24
Income not taxable for tax purposes	2,099	1,759
R&D expenditure credits	-	54
Capital gains	-	146
Effects of overseas tax rates	(38)	-
Adjustments in respect of prior periods	(247)	(8,078)
Adjustments in respect of prior periods (deferred tax)	-	(3,491)
Impact of deferred tax rate changes	-	27,049
Deferred tax asset recognised on amounts previously disallowed	(1,654)	-
Other movements	383	(184)
Total income tax benefit/(expense)	**(2,761)**	**9,454**

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will not occur and the Corporation Tax Rate will be held at 19%. As the UK tax rate remains at 19%, the Group's deferred tax liabilities recorded in the United Kingdom have been revalued at the higher 19% rate.

Finance Act 2021, which was substantively enacted on 24 May, includes a further increase in the main rate of UK corporation tax to 25% from 1 April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 2021 continue to be measured at 19%. If all of the UK deferred tax was to reverse at the amended 25% rate the impact on the closing deferred tax position would be to increase the deferred tax liability by £69.4m.

The Group's effective tax rate for the 3 months to 31 December 2020 is 15.9% (30 September 2020: 22.9%).

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

9. Investment in subsidiaries and joint ventures

Details of the Company's direct and indirect subsidiaries and joint ventures as at 31 December 2020 are shown below. All of the entities listed are consolidated in the consolidated accounts of Zephyr Midco 2 Limited, the ultimate parent company of the Group.

The percentage of Ordinary Share capital of each subsidiary listed is owned entirely by the direct parent indicated other than in respect of Websky Limited where 75% of Ordinary Share capital is owned by W New Holdings Limited with Zoopla Limited owning the remaining 25%.

Zephyr Bidco Limited is the only direct subsidiary of Zephyr Midco 2 Limited.

All subsidiaries incorporated in the UK are registered at The Cooperage, 5 Copper Row, London SE1 2LH.

The subsidiary incorporated in Netherlands, namely Calcasa B.V., is registered at Koommarkt 41, 2611EB Delft, The Netherlands.

HLIX Limited did not trade in the period.

Notes to the consolidated financial statements (continued)
For the 3 months to 31 December 2020

9. Investment in subsidiaries and joint ventures (continued)

Name	Direct parent	Country of incorporation	Ownership of Ordinary Shares and voting interest 2020
Active			
Zephyr Bidco Limited*	Zephyr Midco 2 Limited	United Kingdom	100%
ZPG Limited*	Zephyr Bidco Limited	United Kingdom	100%
ZPG Property Services Holdings Limited	ZPG Limited	Cayman Islands	100%
ZPG Property Services Holdings UK Limited*	ZPG Property Services Holdings Limited	United Kingdom	100%
ZPG Comparison Services Holdings Limited	ZPG Limited	Cayman Islands	100%
ZPG Comparison Services Holdings UK Limited*	ZPG Comparison Services Holdings Limited	United Kingdom	100%
Zoopla Limited	ZPG Limited	United Kingdom	100%
Ravensworth Printing Services Limited*	Zoopla Limited	United Kingdom	100%
W New Holdings Limited*	Zoopla Limited	United Kingdom	100%
Websky Limited*	W New Holdings Limited / Zoopla Limited	United Kingdom	100%
TechnicWeb Limited*	Zoopla Limited	United Kingdom	100%
uSwitch Limited	ZPG Limited	United Kingdom	100%
Property Software Holdings Limited*	ZPG Limited	United Kingdom	100%
Jupix Limited*	Property Software Holdings Limited	United Kingdom	100%
MoveIT Network Limited*	Jupix Limited	United Kingdom	100%
Property Software Limited*	Property Software Holdings Limited	United Kingdom	100%
Core Estates Limited*	Property Software Limited	United Kingdom	100%
CFP Software Limited*	Property Software Limited	United Kingdom	100%
Vebra Investments Limited*	Property Software Limited	United Kingdom	100%
Vebra Limited*	Vebra Investments Limited	United Kingdom	100%
Vebra Solutions Limited*	Vebra Limited	United Kingdom	100%
Hometrack.co.uk Limited*	ZPG Limited	United Kingdom	100%
Hometrack Data Systems Limited	Hometrack.co.uk Limited	United Kingdom	100%
Hometrack MLS Limited	Hometrack Data Systems Limited	United Kingdom	100%
Dot Zinc Holdings Limited*	ZPG Limited	United Kingdom	100%
Dot Zinc Limited	Dot Zinc Holdings Limited	United Kingdom	100%
ZPG Property Services Limited*	ZPG Limited	United Kingdom	100%
Calcasa B.V.	ZPG Property Services Limited	Netherlands	100%
Dormant			
PSG Web Services Limited*	Vebra Limited	United Kingdom	100%
Real Estate Technology Limited*	Vebra Limited	United Kingdom	100%
Joint ventures			
HLIX Limited	Hometrack Data Systems Limited	United Kingdom	25%

*For the period of 3 months to 31 December 2020 these entities were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the period of 3 months to 31 December 2020.

Notes to the consolidated financial statements (continued)

For the 3 months to 31 December 2020

10. Acquisitions

On 21 December 2020, one of the Group's subsidiaries, Hometrack Data Systems Limited, completed its acquisition of EDM Group's Decision Automation Mortgage Lender solutions business (acquiring the entire issued share capital of EDM MSL Limited, which subsequently changed to Hometrack MLS Limited) for consideration of £40.8m as measured in accordance with IFRS 3. Combining the mortgage lending services arm of EDM with Hometrack provides greater opportunity for growth within the market.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. The Group has completed its assessment of the fair value of assets acquired as set out below. In calculating the goodwill arising on acquisition the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities other than the recognition of liabilities arising directly as a result of the acquisition.

The Group has also recognised a number of separately identifiable intangibles as part of the acquisition, details of which are set out in the table below.

	£000
Property, plant and equipment	20
Intangible asset	980
Trade and other receivables	4,673
Trade and other payables	(4,287)
Accrued Income	152
Deferred income	(114)
Total net assets acquired	**1,424**
Intangible assets recognised on acquisition:	
– Customer relationships	21,977
– Software	2,480
Deferred tax liability arising on intangible assets	(4,647)
Goodwill on acquisition	19,608
	40,842
Satisfied by:	
Cash consideration, net of cash acquired	40,842
Total consideration	**40,842**

Customer relationships (£21.9 million)

MLS offers products and services to several financial services organisations. These strong relationships with the financial service organisations are expected to continue post acquisition.

Software (£2.5 million)

MLS offers multi-award-winning mortgage solutions which enable businesses to automate decisions and processes related to mortgage applications. The mortgage solution was internally developed and included as part of the acquisition.

Goodwill (£19.6 million)

Goodwill arose from the acquisition of MLS includes expected synergies, value of the assembled workforce and cash flow related to future intangible assets.

Purchase consideration – cash outflow

	£000
Cash consideration, net of cash acquired on acquisition	40,853
Cash expenses incurred on acquisition	363
Cash outflow on acquisition of subsidiaries	41,216

10. Acquisitions (continued)

Revenue and adjusted EBITDA contribution
MLS was included in the consolidated financial statements from the date of acquisition, 21 December 2020. MLS contributed revenue of £59.5k and profit after tax of £21.7k to the consolidated results of the Group for the period ended 31 December 2020.If MLS were included in the consolidated financial statements for the period, it is estimated that MLS would have contributed revenue of £1.0 million and operating profit of £0.5 million.

The group has completed the acquisition of the Penguin Portals Group and Yourkeys post year end (see note 25). The revenue and EBITDA contribution related to the acquisitions and the acquisition accounting are yet to be finalised at the signing date.

11. Derivative financial assets

Derivative financial assets	31 December 2020 £000	30 September 2020 £000
Cross-currency interest rate swap contracts	4,611	5,440
	4,611	**5,440**

12. Intangible assets

	Goodwill £000	Brand £000	Customer relationships £000	Technology and software £000	Other software £000	Total £000
Cost						
As 1 October 2019	1,421,564	713,852	545,585	74,632	200	2,755,833
Additions	-	-	-	8,061	3	8,064
Impairment	-	(1,057)	(3,058)	(1,077)	-	(5,192)
At 30 September 2020	1,421,564	712,794	542,527	81,616	203	2,758,705
Additions	19,608	-	21,977	6,559	-	48,144
At 31 December 2020	**1,441,172**	**712,795**	**564,504**	**88,175**	**203**	**2,806,849**
Amortisation						
As at 1 October 2019	-	38,581	39,810	17,048	44	95,483
Charge for the period	-	31,277	32,274	11,442	68	75,061
Impairment	-	(235)	(400)	(263)	-	(898)
At 30 September 2020	-	69,623	71,684	28,227	112	169,646
Charge for the period	-	7,879	8,148	3,629	17	19,673
At 31 December 2020	-	**77,502**	**79,832**	**31,856**	**129**	**189,319**
Net book value						
At 30 September 2020	1,421,564	643,172	470,843	53,389	91	2,589,059
At 31 December 2020	**1,441,172**	**635,293**	**484,672**	**56,319**	**74**	**2,617,530**

The intangible assets relate to four separate business units being Comparison, Property Marketing, Property Software and Property Data. Goodwill and intangibles are monitored at this level and allocated to each business unit per the table below.

Goodwill and intangibles are tested for impairment on an annual basis by comparing the carrying amount of the groups of cash-generating unit (CGU) with its recoverable amount, which represents the higher of its estimated fair value less cost to sell and value in use. An impairment loss is recognised when the carrying value of the asset exceeds its recoverable amount.

12. Intangible assets (continued)

	Goodwill £000	Other intangibles £000	Total £000
Property Data	349,113	144,763	**493,876**
Property Marketing	558,186	456,546	**1,014,732**
Property Software	154,290	76,305	**230,595**
Comparison	379,583	498,744	**878,327**
At 31 December 2020	**1,441,172**	**1,176,358**	**2,617,530**

The recoverable amounts of intangible assets and goodwill are based on their value in use, which is determined using cash flow projections for each business unit. The projections are based on a five-year forecast that reflects the Directors expectation of revenue, EBITDA growth, capital expenditure, working capital and operating cashflows. Cash flows beyond the five-year forecast have been extrapolated using a long-term growth rate.

The key assumptions for the value in use calculations are those regarding discount rates, cash flow forecasts and the long-term growth rates. The post-tax discount rate used for Property Marketing, Property Software, Property Data and Comparison were 9.5%, 9.0%, 9.0% and 10.0% respectively (2019: 8.5%, 9.5%, 8.5% and 10.0%). The post-tax adjusted discount rate is derived from the weighted average cost of capital ("WACC"). The Group has used the Capital Asset Pricing Model ("CAPM") approach to estimate the WACC for each separate business units.

The long-term growth rates beyond the five-year period have been determined with reference to the long term growth for each business unit in the PPA exercise, long term growth rates in the technology industry and other relevant data points to each business unit. The long term growth rate used for Property Marketing, Property Software, Property Data and Comparison were 4.0%, 4.7%, 3.7% and 3.5% respectively (2019: 4.0%, 5.6%, 4.8% and 3.5%)

The cash flow forecast is derived based on the forecast EBITDA of each business unit. The forecast cash flow has factored in the financial impact from the free of charge contract offered in property marketing during the period, VAT deferral scheme and other impacts from Covid-19 pandemic.

The analysis performed calculates that the recoverable amount of each business unit's assets exceeds their carrying value, as such no impairment was identified. Headroom is noted in all business units.

The Group has performed a sensitivity analysis on forecast EBITDA and WACC.

- For Property Marketing and Software, the headroom would be removed if the pre-tax WACC increases by 0.3% and 1.8% respectively. Should the pre-tax WACC increase by 0.5%, Property Marketing will incur negative headroom of £47m whilst Property Software will retain a positive headroom of £40m.

- For Property Marketing and Software, the headroom would be removed if the EBITDA growth rate for the next five years reduced by 5% and 6% against forecast respectively. Should the EBITDA growth rate for the next five years reduce by 7% against forecast, Property Marketing and Property Software will incur a negative head room of £106m and £9m respectively.

The Group believes the above scenarios are unlikely to occur and therefore no impairment should be recognised.

Management will continue to review the forecasts and the WACC on an ongoing basis to confirm that the carrying value is not impaired.

As at 31 December 2020 and as an update to the analysis carried out on 1 October 2020, the group performed an assessment looking at internal and external factors for each of the business units to identify if there are were any indicators of impairment. These factors included (but not limited to) the following:

- The Economic performance of the Business Unit against budget and forecast
- Any significant adverse changes to the technology, markets, economy or laws
- Any Obsolescence or Physical Damage

Following this assessment, the Group concluded that there has been no material deterioration in any of the key assumptions made during the impairment review undertaken as at 1 October 2020. Based on the current strategy and financial projections there are no indicators of any impairment of goodwill during the three months ended 31 December 2020.

Notes to the consolidated financial statements (continued)

For the 3 months to 31 December 2020

13. Property, plant and equipment

	Fixtures and fittings £000	Freehold property £000	Computer equipment £000	Leasehold improvements £000	Right-of-use leases £000	Total £000
Cost						
As at 1 October 2019	2,116	383	3,075	6,224	34,424	46,222
Additions311		-	397	78	1,022	1,808
Disposals	(232)	-	(80)	(102)	-	(414)
At 30 September 2020	2,195	383	3,392	6,200	35,446	47,616
Additions	23	-	148	17	57	245
Disposals	(1)	-	(9)	(3)	(490)	(503)
At 31 December 2020	**2,217**	**383**	**3,531**	**6,233**	**35,013**	**47,358**
Accumulated depreciation						
As at 1 October 2019	1,114	189	1,856	1,154	3,438	7,751
Charge for the period	385	4	697	437	3,598	5,121
Disposals	(172)	-	(80)	(88)	-	(340)
At 30 September 2020	1,327	193	2,473	1,503	7,036	12,532
Charge for the period	99	1	188	125	875	1,288
Disposals	(1)	-	(9)	(3)	(200)	(213)
At 31 December 2020	**1,425**	**194**	**2,652**	**1,625**	**7,711**	**13,606**
Net book value						
At 31 December 2020	**792**	**189**	**879**	**4,588**	**27,302**	**33,752**
At 30 September 2020	868	190	919	4,697	28,410	35,084

The carrying value of vehicle and property right-of-use assets at 31 December 2020 are £0.4 million and £26.9 million respectively.

14. Investments held at fair value through other comprehensive income

	31 December 2020 £000	30 September 2020 £000
At 1 October	7,141	6,205
Additions	-	36
Fair value movements	(2,596)	900
At Period End	**4,545**	**7,141**

Financial assets at fair value through other comprehensive income assets represent the Group's strategic partnerships with a number of UK Proptech and Fintech companies and other equity investments which do not give the Group significant influence over that entity.

15. Trade and other receivables

	31 December 2020 £000	Restated* 30 September 2020 £000
Trade receivables	19,866	18,084
Accrued income	46,163	40,586
Prepayments	3,492	3,397
Other receivables	565	623
	70,086	**62,690**

All trade and other receivables are classified as current assets.

Details of the Group's exposure to credit risk are given in Note 24.

16. Trade and other payables

	31 December 2020 £000	*30 September 2020* £000
Trade payables	18,669	18,092
Accruals	22,147	16,277
Other taxation and social security payments	19,168	18,446
Deferred income	2,602	2,383
Other payables	1,418	1,139
	64,004	**56,337**

The Directors consider that the carrying value of trade and other payables is approximate to their fair value. The accrual increased in the period due to additional project cost related to the group restructuring in the period and costs committed for future acquisitions. Details of the Group's exposure to liquidity risk are given in Note 24. All trade and other payables are considered current liabilities.

Lease liabilities

	31 December 2020 £000	30 September 2020 £000
Current	4,815	5,469
Non-current	25,593	27,617
	30,408	**33,086**

During the reporting period, £2.8m (30 September 2020: £1.9m) in financial liabilities were paid in the period and £0.4m (30 September 2020: £1.9m) of interest was charged to the profit and loss account in the period.

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

Notes to the consolidated financial statements (continued)

17. Deferred and contingent consideration

The Group's acquisition of ZPG Plc did not include any deferred consideration payments. The table below details the movements in deferred consideration from acquisitions made by ZPG Plc prior to the 11 July 2018.

Judgement is made on the Hometrack earn-out with eight potential outcomes being weighted based on probability of realisation. Detailed disclosure on the judgement is disclosed in Note 1.22. A fair value movement of £0.2 million was recognised in respect of Hometrack earn-out. If all eight scenarios were weighted equally the deferred consideration on that agreement would be an additional £2.6 million.

During the year the Group also settled £ 0.3 million due in respect of Ravensworth.

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
At 1 October 2020	250	16,118	16,368
Changes in fair value	-	160	160
Ravensworth payment	(250)	-	(250)
At 31 December 2020	**-**	**16,278**	**16,278**
Current		**9,588**	**9,588**
Non-current		**6,690**	**6,690**

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
At 1 October 2019	500	37,822	38,322
Changes in fair value	-	866	866
Hometrack payment	-	(1,279)	(1,279)
Ravensworth payment	(250)	-	(250)
Calcasa payment	-	(20,022)	(20,022)
Gain on foreign currency translation	-	(1,269)	(1,269)
At 30 September 2020	**250**	**16,118**	**16,368**
Current	**250**	**9,589**	**9,839**
Non-current	**-**	**6,529**	**6,529**

17. Deferred and contingent consideration (continued)

The fair values of the Group's liabilities in respect of deferred and contingent consideration arising on acquisitions are set out below and are considered equal to their carrying value.

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
Hometrack	-	7,268	7,268
Money	-	1,912	1,912
Calcasa	-	7,098	7,098
Ravensworth	-	-	-
At 31 December 2020	**-**	**16,278**	**16,278**

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
Hometrack	-	7,108	7,108
Money	-	1,912	1,912
Calcasa	-	7,098	7,098
Ravensworth	250	-	250
At 30 September 2020	**250**	**16,118**	**16,368**

18. Provisions

The movement in provisions can be analysed as follows:

	Dilapidation provisions £000	Other £000	Total £000
At 1 October 2020	1,975	-	1,975
Recognised in the period	52	-	52
Utilised in the period	1	-	1
At 31 December 2020	**2,028**	**-**	**2,028**
Current	-	-	-
Non-current	**2,028**	**-**	**2,028**

	Dilapidation provisions £000	Other £000	Total £000
At 1 October 2019	2,284	101	2,385
Recognised in the period	300	-	300
Released in the period	(609)	(101)	(710)
At 30 September 2020	**1,975**	**-**	**1,975**
Current	-	-	-
Non-current	**1,975**	**-**	**1,975**

The dilapidation provisions relate to Management's best estimate of costs to make good the Group's leasehold properties at the end of the lease term.

19. Loans and borrowings

The loans taken out by the Group are made up of the following;

- *Multicurrency revolving credit facility capped at £150 million available to be drawn until December 2024 and maturing in* January 2025 (facility remains undrawn as at 31 December 2020);
- Term loans denominated in GBP totalling £575 million, £395 million maturing in July 2025 at Libor + 4.25% and £180 million maturing in January 2024 at Libor + 7.5%; and
- Term loans denominated in Euro totalling €400 million maturing in July 2025 at 3.25%.

	31 December 2020 £000	30 September 2020 £000
Opening gross borrowings	939,314	930,023
Repayment of Revolving Credit Facility	-	(150,000)
Drawings on Revolving Credit Facility	-	150,000
Unrealised FX Translation (Loss)/Gain on External Borrowings	(4,955)	9,291
Gross borrowings	**934,359**	**939,314**
Capitalised arrangement fees	**(16,613)**	**(17,531)**
Total loans and borrowings	**917,746**	**921,783**

The Group has no other loans or borrowings. Further detail on borrowings is provided in Note 24.

Leases

As at 31 December 2020 the balance sheet contains the following amounts that relate to assets leased by the Group.

	31 December 2020 £000	30 September 2020 £000
Right-of-use assets		
Buildings	26,884	27,925
Vehicles	418	484
	27,302	**28,409**
Lease liabilities		
Current	4,815	5,469
Non-current	25,593	27,617
	30,408	**33,086**

The depreciation charge of the right-of-use assets is presented in Note 13. The interest expense of the lease liabilities and maturity of interest payments are presented in Note 4 and Note 24 respectively.

20. Deferred tax

	Property, plant and equipment and computer software £000	Intangible assets £000	Share-based payments £000	Other £000	Total £000
Deferred tax (liability)/asset at 1 October 2020	(2,267)	(218,398)	-	626	(220,039)
(Charge)/credit to profit or loss	112	3,341	-	1,107	4,560
Deferred tax recognised on acquisition	-	(4,647)	-	-	(4,647)
Prior year adjustment	(1)	-	-	77	76
Deferred tax (liability)/asset at 31 December 2020	**(2,156)**	**(219,704)**	**-**	**1,810**	**(220,050)**
Deferred tax (liability)/asset at 1 October 2019	(1,863)	(205,093)	(134)	862	(206,227)
(Charge)/credit to profit or loss	(220)	13,744	-	(2,731)	10,793
Charge to equity	-	-	-	(1,047)	(1,047)
Effect of tax rate change on opening balance	-	(27,049)	-	-	(27,049)
Prior year adjustment	(184)	-	134	3,542	3,492
Deferred tax (liability)/asset at 30 September 2020	**(2,267)**	**(218,398)**	**-**	**626**	**(220,039)**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Deferred tax assets have been recognised in respect of all temporary differences giving rise to income tax assets because it is probable that these assets will be recoverable.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31 December 2020 £000	**30 September 2020 £000**
Deferred tax liabilities	**(221,860)**	**(220,665)**
Deferred tax assets	**1,810**	**626**
Net deferred tax liabilities	**(220,050)**	**(220,039)**

* The comparative information has been restated as a result of the prior period error as discussed in note 1.23.

21. Equity

Share capital

	31 December 2020 £000	**30 September 2020 £000**
Shares classified as capital		
Authorised		
171,980,000,000 shares of £0.01 each	**1,719,800**	**1,719,800**
Called-up share capital – allotted and fully paid		
171,980,000,000 Ordinary Shares of £0.01 each	**1,719,800**	**1,719,800**

Ordinary shares

The ordinary shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

22. Warrants and Employee share schemes

The Group operates a number of share-based incentive schemes for both its employees and certain third parties.

The Group recognised a total share-based payment charge of £2.5 million (year to 30 September 2020: £7.5 million) in the period.

Employee share schemes

Management Equity Plan: Selected management are invited to subscribe in cash to sweet shares in ZPG Property Holdings Limited and ZPG Comparison Holdings Limited. The subscription price is based on an unrestricted market value calculated on a quarterly basis by an independent expert.

Value Incentive plan: The remainder of the permanent workforce were invited to subscribe to the Value Incentive Plan to sweet shares in ZPG Property Holdings Limited and ZPG Comparison Holdings Limited in January 2019. The subscription price for employees who accepted the invitation to subscribe in January 2019 was funded by the Group in the form of a bonus expensed through payroll. Subscription for future entrants to this scheme is funded via a non-recourse loan. The subscription price is based on an unrestricted market value calculated on a quarterly basis by an independent expert.

Hard Equity Plan: A number of employees were invited to subscribe to shares in Zephyr Holdco Limited, the parent of the Group. Subscription to these shares was on a cash basis.

The share-based payment charges for the Management Equity Plan, the Value Incentive Plan and the Hard Equity Plan are calculated using the Black Scholes model and the charge is spread straight line over a five-year period. The volatility used in the model of 39.4% is based on volatility in the shares of a comparable listed company. The inputs are as follows.

Property Metrics					Comparison matrix				
Grant Date	Oct to Dec 19	Jan to Mar 20	Apr to Jun 20	Jul to Sept 20	Grant Date	Oct to Dec 19	Jan to Mar 20	Apr to Jun 20	Jul to Sept 20
Risk free rate	2.5%	2.5%	2.5%	2.5%	Risk free rate	2.5%	2.5%	2.5%	2.5%
Volatility	39.4%	39.4%	39.4%	39.4%	Volatility	39.4%	39.4%	39.4%	39.4%
Dividend yield	0	0	0	0	Dividend yield	0	0	0	0
Stock price	18.72	19.58	18.26	18.67	Stock price	12.94	13.09	11.71	11.52
Exercise price	1.40	1.42	1.22	1.20	Exercise price	1.17	2.21	2.62	3.18
Term	4.08	3.84	3.59	3.33	Term	4.08	3.84	3.59	3.33

Property Matrix		Comparison matrix	
Grant Date	Oct to Dec 20	Grant Date	Oct to Dec 20
Risk free rate	2.5%	Risk free rate	2.5%
Volatility	39.4%	Volatility	39.4%
Dividend yield	0	Dividend yield	0
Stock price	13.29	Stock price	8.71
Exercise price	1.30	Exercise price	3.50
Term	3.08	Term	3.08

The Group has the right to repurchase the shares in the event of a participant leaving the employment of the Group.

	Management Equity Plan		Value Incentive Plan		Hard Equity Plan	
	Number '000	Weighted average exercise price £	Number '000	Weighted average exercise price £	Number '000	Weighted average exercise price £
Outstanding at the beginning of the period	571	1.25	115	1.25	215,233	0.01
Granted	19	1.30	19	1.81		
Exercised during the period	-	-	-	-		
Forfeited during the period	(15)	1.30	(13)	1.50		0.01
Outstanding options at the end of the period	**575**	**1.25**	**122**	**1.31**	**215,233**	**0.01**

Warrants: The charge for the period amounted to £2.0 million. The Group has granted nil (year to 30 September 2020: 58,738) warrants to third parties during the 3 months to 31 December 2020.

23. Related party transactions

Key management personnel

The following were considered to be key management personnel of the Group during the period: The Chairman, the Directors, the Managing Directors of Property and Comparison.

Other Group companies

Details of transactions with subsidiaries are outlined in the Company's financial statements. Transactions with other consolidated entities have been eliminated on consolidation.

Other related parties

During the period the Group settled invoices for services provided from Silver Lake Management Company V and Red Ventures Limited who are all are related parties, for the provision of staff and commercial services in the period during and following the acquisition. The total of these invoices was £3.8m (year to 30 September 2020: £15.6m) excluding VAT.

There were no material transactions with any other related party in the period.

24. Financial instruments

Carrying amount and fair value of financial assets and liabilities

The Group has shareholdings and commercial arrangements with a number of other entities. Where these holdings do not give the Group significant influence over the entity the holdings are classified as financial assets at fair value through other comprehensive income. Details for financial assets at fair value through other comprehensive income are included in Note 14. The valuation of financial assets at fair value through other comprehensive income are based on level 2 inputs and level 3 inputs. £4.5 million (year to 30 September 2020: £2.0 million) of the investments held at fair value through OCI are measured using level 3 inputs, and £nil million (30 September 2020: £5.2 million) of the investments held at fair value through OCI are measured using level 2 inputs. The Group uses publicly available financial information for level 2 asset and the last available financial information for level 3 asset to determine the fair value of its shareholding and any warrants held. The fair value of these assets is equal to their carrying value.

All other financial assets, including cash and cash equivalents, are designated as "Loans and receivables" and are held at amortised cost. All financial liabilities are classified as other liabilities and are measured at amortised cost except for deferred and contingent consideration which have been classified as financial liabilities carried at fair value. The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements are approximate to their fair values.

Financial risk management

The Group is exposed to the following risks from financial instruments:

- credit risk;
- market risk; and
- liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or bank ("counterparty") fails to meet its contractual obligations. The Group's maximum exposure to credit risk at the end of each period was equal to the carrying amount of financial assets recorded in the consolidated financial statements. The exposure to credit risk is influenced by the individual characteristics of each counterparty. When calculating the expected credit loss, the Group has considered forward looking and macroeconomic factors such as the potential UK recession.

The potential for customer default varies between the Group's two divisions. The customer base of the Property division is large, so there is no significant concentration of credit risk. The Comparison division operates in a market with a small number of customers, which creates a concentration of debtor balances, and from time to time the amounts due from one or a number of suppliers may be material. However, customers within this market are often large energy and telecommunications organisations.

Notes to the consolidated financial statements (continued)

For the 3 months to 31 December 2020

24. Financial instruments (continued)

with high credit ratings and access to significant funds. The Group's largest customer contributed 9% of the Group's trade receivables balance as at period end date.

The Group manages counterparty risk on its trade receivables and accrued income through strict credit control quality measures and regular aged debt monitoring procedures. The Group reserves the right to charge interest on overdue receivables, although it does not hold collateral over any trade receivable balances. Overdue amounts are regularly reviewed, and impairment provisions are created where necessary. This provision is reviewed regularly in conjunction with a detailed analysis of ageing profile, historical payment profiles and past default experience. The Group has long-standing relationships with its key customers and extremely low historical levels of customer credit defaults.

The ageing of trade receivables at the period end is as follows:

	31 December 2020		
	Expected credit loss rate	**Estimated total gross carrying amount at default £000**	**Lifetime ECL £000**
0–30 days	**0.47%**	**12,927**	**(61)**
31–60 days	**3.83%**	**4,435**	**(170)**
61–90 days	**6.38%**	**2,052**	**(131)**
91+ days	**35.68%**	**546**	**(195)**
Total		**19,960**	**(556)**

	30 September 2020		
	Expected credit loss rate	**Estimated total gross carrying amount at default £000**	**Lifetime ECL £000**
0–30 days	**0.56%**	**14,900**	**(84)**
31–60 days	**6.23%**	**1,649**	**(103)**
61–90 days	**13.48%**	**1,228**	**(165)**
91+ days	**13.14%**	**3,131**	**(411)**
Total		**20,908**	**(763)**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was granted up to the period end date.

Receivables written off during the period to 31 December 2020 totalled £0.8m (30 September 2020: £0.8m). As at 31 December 2020 receivables of £16.8m (30 September 2020: £17.5m) were past due but not impaired.

The credit risk associated with bank and deposit balances is mitigated by the use of banks with good credit ratings.

Market risk

Market risk is the risk that changes in foreign exchange and interest rates will affect the income and financial management of the Group. The Group is exposed to foreign exchange risk as a result of the €400 million term debt it holds which was part of the funding taken out in order to acquire the Group.

	31 December 2020	30 September 2020
	Impact on post-tax profit £000	**Impact on post-tax profit £000**
GBP/EUR exchange rate – increase 10%	**(35,935)**	**(36,431)**
GBP/EUR exchange rate – decrease 10%	**35,935**	**36,431**

As at 31 December 2020 the Group's borrowings are detailed in Note 19.

24. Financial instruments (continued)

Liquidity risk

Liquidity risk refers to the ability of the Group to meet the obligations associated with its financial liabilities that are settled in cash as they fall due. Management regularly reviews performance against budgets and forecasts to ensure sufficient cash funds are available to meet its contractual obligations.

The Group's activities are highly cash generative allowing it to effectively service working capital requirements and meet its interest payments. As at 31 December 2020 the Group held total cash and cash equivalents of £50.7m, short-term investments of £20.0m and net debt of £847.0m with access to an undrawn £150m RCF facility.

The following tables detail the Group's remaining contractual maturities for undiscounted financial liabilities, including interest. The contractual maturity is based on the earliest date on which the Group may be required to settle.

	Effective interest rate	Within 1 year £000	1 to 2 years £000	2 to 5 years £000	More than 5 years £000	Total contractual amount £000
At 31 December 2020						
Trade payables		18,669	-	-	-	18,669
Lease liabilities		4,815	4,717	10,474	18,882	38,888
Borrowings	5.33%	48,900	48,900	1,081,061	-	1,178,861
Total		**72,384**	**53,617**	**1,091,535**	**18,882**	**1,236,418**

	Effective interest rate	Within 1 year £000	1 to 2 years £000	2 to 5 years £000	More than 5 years £000	Total contractual amount £000
At 30 September 2020						
Trade payables		18,092	-	-	-	18,092
Lease liabilities		5,469	3,049	8,222	16,346	33,086
Borrowings	5.32%	49,074	49,074	1,069,006	-	1,167,154
Total		**72,635**	**52,123**	**1,077,228**	**16,346**	**1,218,332**

Treasury and capital risk management

The Group's policy is to actively manage its cash and capital structure to ensure that it complies with its parent loan agreements and minimises the Group's interest payments by paying down its debt where possible. Management will consider the use of excess cash, including the payment of special dividends to shareholders and merger and acquisition activity, based on the risks and opportunities of the Group at that time. The Directors believe that the current debt to equity ratio remains appropriate but continue to monitor the efficiency of the capital structure on an ongoing basis.

The Group capital structure is as follows:

	31 December 2020 £m	Restated* 30 September 2020 £m
Equity	1,567	1,580
Loans and borrowings	(918)	(922)
Cash and cash equivalents	71	115

* The comparative information has been restated as a result of the prior period error identified in the current period as discussed in note 1.23.

24. Financial instruments (continued)

Cross-currency interest rate swaps

It is the policy of the Group to enter into cross-currency interest rate swaps to manage the foreign currency risk associated with the external Euro loan held at the Group.

In the current year, the Group has the intention to mitigate the currency risk and interest risk of its EUR loan of €400 million, which has Euro as its functional currency. The Group's policy has been reviewed and, due to the increased volatility in Euro, it was decided to enter €80 million for cross-currency interest rate swaps to mitigate the risks arising on translation of the Euro loan. Upon the maturity of the swap contract, the Group has the option to enter into a new contract. Derivatives are classified as Level 2 financial instruments.

The following tables detail the cross-currency interest rate swaps at the end of the reporting period. Cross-currency interest rate swaps contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as asset or as liabilities) within the statement of financial position:

Cross-currency interest swaps	Notional principal: Foreign currency	Notional principal: Local currency	Rate received	Rate paid	Maturity date	Fair value of the derivative instrument assets/ (liabilities)
	€'000	£'000			£'000	£'000
At 3 December 2020						
Swap 1	40,000	34,064	EURIBOR + 3.50%	LIBOR + 3.94%	23 Jan 2023	1,837
Swap 2	40,000	33,252	EURIBOR + 3.50%	LIBOR + 3.86%	23 Jan 2023	2,774

25. Subsequent events

On 24 December 2020 it was announced that a Group subsidiary, ZPG Comparison Services Holdings Limited, would acquire three portals from Admiral Group (a FTSE 100 insurer) and a Spanish co-owner. On 30 April 2021, the Group acquired Admiral Group's price Comparison division, the Penguin Portals Group, including Confused.com, Rastreator.com and LeLynx.fr for a total consideration of £501.7 million. The acquisition was funded by a £271.2m equity injection from shareholders, £139.5m add on debt (less £4.2m capitalised fees), £86.0m drawn down on the existing Revolving Credit Facility and £9.2m cash. The Penguin Portals acquisition provides the Group a presence in the car & home insurance markets, which are the largest UK markets for price comparison websites, and in which the Group did not previously have meaningful presence.

£139.5m of add-on debt used to partly fund the Penguin Portals Group was obtained via an amendment to the existing debt agreement held by the Group. More specifically, the £395.0m term loan facility maturing in July 2025 at Libor + 4.25% has been increased to £534.5m. The key terms of the additional facility are therefore the same as the original facility.

On 23 April 2021, a Group subsidiary, Zoopla Limited, completed its acquisition of Yourkeys Technology Limited for consideration of £19.3 million. Yourkeys is an award-winning property software solution used by housebuilders and new homes estate agents. *The acquisition enables Zoopla to benefit from greater integration with housebuilders and new homes agents.* The consideration was funded by £14.3m cash consideration, and £5.0m deferred consideration due 12 months after the acquisition.

26. Ultimate controlling party

The direct parent of the Company is Zephyr Midco 1 Limited which is a company registered in England and Wales at The Cooperage, 5 Copper Row, London. The smallest and largest consolidated group financial statements of which Zephyr Midco 2 is a part are Zephyr Luxco S.a.r.l. The consolidated financial statement of Zephyr Luxco S.a.r.l can be obtained from 2, rue Edward Steichen,L-2540 Luxembourg. The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.

Company statement of financial position

As at 31 December 2020

	31 December 2020	30 September 2020
	£000	£000
Assets		
Non-current assets		
Investments in subsidiaries	1,719,800	1,719,800
Total assets	**1,719,800**	**1,719,800**
Equity		
Share capital	1,719,800	1,719,800
Total equity	**1,719,800**	**1,719,800**

The Company reported a profit for the 3 months to 31 December 2020 of £nil (year to 30 September 2020 £nil).

The financial statements of Zephyr Midco 2 Limited (company number 11346641) were approved and authorised for issue by the Board of Directors on 25 June 2021 and were signed on its behalf by:

Charles Bryant (Jun 25, 2021 11:36 GMT+2)

Charles Bryant
Director

Zephyr Midco 2 Limited

Company statement of changes in equity

For the 3 months to 31 December 2020

	Share capital £000	Retained earnings £000	Total equity £000
At 1 October 2020	1,719,800	-	1,719,800
Profit and total comprehensive income for the period	-	-	-
Shares issued	-	-	-
At 31 December 2020	**1,719,800**	**-**	**1,719,800**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 October 2019	1,719,800	-	1,719,800
Profit and total comprehensive income for the period	-	-	-
Shares issued	-	-	-
At 30 September 2020	**1,719,800**	**-**	**1,719,800**

Notes to the Company financial statements

For the 3 months to 31 December 2020

1. Accounting policies and basis of accounting

The financial statements of Zephyr Midco 2 Limited (the Company) have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 17.

The Company's principal activity is to act as an investment holding company that provides management services to its subsidiaries.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, presentation of a cash flow statement, standards not yet effective, and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

2. Critical accounting judgements or key sources of estimation uncertainty

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the parent company financial statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Profit for the period

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 5 to the consolidated financial statements.

The Company had no employees during the year (30 September 2020: no employees).

4. Investments in subsidiaries

Investments in subsidiaries are valued at cost less any provision for impairment. Further information about subsidiaries, including disclosures about non-controlling interests, is provided in note 9 to the consolidated financial statements.

5. Share capital

The movements on these items are disclosed in note 21 to the consolidated financial statements.

6. Subsequent events

The company does not have subsequent events to disclose.

7. Ultimate controlling party

The direct parent of the Company is Zephyr Midco 1 Limited which is a company registered in England and Wales at The Cooperage, 5 Copper Row, London. The smallest and largest consolidated group financial statements of which Zephyr Midco 2 is a part are Zephyr Luxco S.a.r.l. The consolidated financial statement of Zephyr Luxco S.a.r.l can be obtained from 2, rue Edward Steichen,L-2540 Luxembourg. The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.