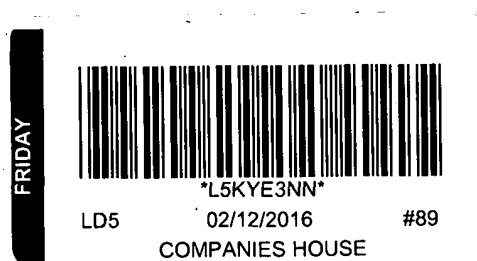


PhotoBox Holdco Limited
REPORT AND FINANCIAL STATEMENTS

Year end 30 April 2016



Company Registration No. 07648443

PhotoBox Holdco Limited

DIRECTORS AND OFFICERS

DIRECTORS

JM Bouhelier (resigned 26 January 2016)
SM Laurent (resigned 21 July 2016)
PB Lipson (resigned 26 January 2016)
FJ Mullen (resigned 26 January 2016)
N Rimer (resigned 26 January 2016)
CF Kane (resigned 26 January 2016)
DS McCallum (resigned 26 January 2016)
H Pretorius (resigned 26 January 2016)
AR Burns (appointed 26 January 2016)
J Ford (appointed 21 July 2016)

SECRETARY

Abogado Nominees Limited

REGISTERED OFFICE

100 New Bridge Street
London
EC4V 6JA

AUDITOR

Ernst & Young LLP
1 More London Place
London
SE1 2AF

PhotoBox Holdco Limited

STRATEGIC REPORT

REVIEW OF THE BUSINESS

The Company operated as a holding company during the year.

During the year, the company was purchased by Horizon Bidco Limited and the majority of its subsidiaries were sold to other group companies. The results of the company are now consolidated into the group accounts of Horizon Holdco Limited, which is now the ultimate parent company of the group.

RESULTS

The profit for the year, after taxation, is £80,000 (2015: loss of £510,000).

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign exchange risks

The Company's Euro intercompany balances are subject to the fluctuations in Sterling which is therefore a principal risk to the business.

Risk of impairment

The Company's investments in subsidiary undertakings are individually valued at historical cost less provision for impairment in value. The balances are therefore subject to the financial health of the investee.

By order of the board



Alan Burns

15 November 2016

Director

PhotoBox Holdco Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 April 2016.

FUTURE DEVELOPMENTS

The directors expect the Company to continue its activities as a holding company.

DIVIDENDS

The directors do not recommend the payment of a dividend (2015: £nil).

DIRECTORS

The directors who served during the year were those listed on page 1.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The statement headed "Going Concern" on page 10 sets out certain factors relevant to the directors' consideration in reaching this assessment.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



Alan Burns
15 November 2016
Director

PhotoBox Holdco Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PhotoBox Holdco Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOTOBX HOLDCO LIMITED

We have audited the financial statements of Photobox Holdco Limited for the year ended 30 April 2016 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

PhotoBox Holdco Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOTOBX HOLDCO LIMITED

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Ernst & Young LLP

Steven Dobson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London, SE1 2AF

15 November 2016

PhotoBox Holdco Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 April 2016

	Notes	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Administrative expenses		(20)	(18)
Exceptional items	3	-	(492)
Operating loss		(20)	(510)
Finance income	4	102	-
Finance costs	5	(2)	-
Profit/(loss) before taxation		80	(510)
Taxation	7	-	-
PROFIT / (LOSS) FOR THE YEAR		80	(510)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR		80	(510)

All activities relate to continuing operations.

There were no recognised gains or losses other than the result for the year.

PhotoBox Holdco Limited
STATEMENT OF FINANCIAL POSITION
at 30 April 2016

	Notes	30 April 2016 £'000	30 April 2015 £'000
ASSETS			
Non-current assets			
Investments	8	114,944	112,252
Current assets			
Trade and other receivables	9	11,914	138
Cash and cash equivalents		1,398	3
Total current assets		13,312	141
TOTAL ASSETS		128,256	112,393
LIABILITIES			
Current liabilities			
Trade and other payables	10	2,290	2,281
TOTAL LIABILITIES		2,290	2,281
NET ASSETS		125,966	110,112
Capital and reserves			
Ordinary share capital	11	117	25
Preference share capital	11	-	75
Share premium		87,249	71,492
Merger reserve		40,875	40,875
Retained loss		(2,275)	(2,355)
TOTAL EQUITY		125,966	110,112

The financial statements on pages 7 to 18 were approved by the board of directors and authorised for issue on 16 November 2016 and are signed on its behalf by:


Alan Burns
 Director

Company Registration No 07648443

PhotoBox Holdco Limited
STATEMENT OF CHANGES IN EQUITY
at 30 April 2016

	Ordinary share capital (Note 11) £'000	Preference share capital (Note 11) £'000	Share premium (Note 11) £'000	Merger Reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2014	25	75	71,193	40,875	(1,871)	110,297
Loss for the year	-	-	-	-	(510)	(510)
Total comprehensive loss	-	-	-	-	(510)	(510)
Issue of ordinary share capital	-	-	100	-	-	100
Exercise of share options	-	-	199	-	-	199
Share based payment transactions	-	-	-	-	26	26
At 30 April 2015	25	75	71,492	40,875	(2,355)	110,112
Profit for the year	-	-	-	-	80	80
Total comprehensive profit	-	-	-	-	80	80
Exercise of share options	17	-	15,757	-	-	15,774
Conversion of preference shares	75	(75)	-	-	-	-
At 30 April 2016	117	-	87,249	40,875	(2,275)	125,966

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). A summary of the material accounting policies, which have been consistently applied in preparing the financial statements for the year ended 30 April 2016, is set out below:

a) Basis of accounting

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

The company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all periods presented. Transition tables showing all material adjustments are disclosed in note 15.

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

- a) The requirements of IFRS 7 Financial instruments: Disclosures;
- b) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) The requirement of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. Paragraph 79(a)(iv) of IAS 1
- d) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- e) The requirements of IAS 7 Statement of Cash Flows;
- f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- h) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- i) The requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards paragraphs 6 to 21 to present an opening statement of financial position at transition.

b) Going concern

The Company has sufficient financial resources and as a consequence, the directors believe that they are well placed to manage its business risk successfully and to continue in operational existence for the foreseeable future. Therefore they consider it appropriate to adopt the going concern basis in preparing the financial statements.

c) Taxes

i) Current income tax

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

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

ii) Deferred tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

d) Foreign currency

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

e) Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment. Any profit or loss arising on the disposal of an investment is reflected in the income statement as an exceptional item.

f) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company financial assets include cash and cash equivalents, and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. The losses arising from impairment are recognised in the income statement in other operating expenses.

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Company's financial liabilities include trade and other payables.

Subsequent measurement

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

Interest bearing loans and borrowings

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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

Offsetting of financial instruments

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

Derecognition of financial instruments

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

PhotoBox Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2016

2 OPERATING LOSS

	Year ended 30 April 2016	Year ended 30 April 2015
	£'000	£'000
Nature of expenses charged/(credited) to operating profit:		
Foreign exchange loss/(gain)	7	(12)

3 EXCEPTIONAL ITEMS

	Year ended 30 April 2016	Year ended 30 April 2015
	£'000	£'000
Exceptional losses:		
Transaction costs	-	492

4 FINANCE INCOME

	Year ended 30 April 2016	Year ended 30 April 2015
	£'000	£'000
Interest receivable from group undertakings	102	-

5 FINANCE COSTS

	Year ended 30 April 2016	Year ended 30 April 2015
	£'000	£'000
Interest payable to group undertakings	2	-

6 STAFF COSTS

Staff costs of the directors in the year were borne by a fellow group company.

The profit and loss account includes £nil in respect of share based payments to a director (2015: £26,000)

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

7 TAXATION

	Year ended 30 April 2016	Year ended 30 April 2015
	£'000	£'000
(a) The tax assessed for the year differs from the standard UK rate of corporation tax applicable of 20% (2015: 20.9%). The differences are explained below:		
Loss on ordinary activities before tax	(80)	(510)
Loss on ordinary activities multiplied by the UK tax rate	(16)	(107)
Effects of:		
Group relief	16	4
Expenses not deductible for tax purposes	-	103
Total tax charge for year	-	-

The Finance Act 2015 received Royal Assent on 18 November 2015 and, this reduces the UK corporation tax rate to 19% with effect from 1 April 2017, and 18% with effect from 1 April 2020.

In the March 2016 Budget it was announced that the UK Corporation Tax rate will fall to 17% with effect from 1 April 2020. The Finance Act 2016 received Royal Assent on 15 September 2016. These announcements have no impact on the company's financial statements as there is no deferred tax.

8 INVESTMENTS

	£'000
<i>Cost and net book value</i>	
As at 1 May 2014	112,252
As at 30 April 2015	112,252
Additions	5,384
Disposals	(2,692)
As at 30 April 2016	114,944

During the year ended 30 April 2016, the Company exercised its right to call for shares arising from previous exercises of share options in Photoways, Inc. These shares were exchanged for 3,061,669 shares in Photobox Holdco Ltd at a value of £2,692,000 (note 11). The Company then sold its investment of £2,692,000 in Photoways, Inc. to Photobox Holdco Beta Limited in exchange for an investment in Photobox Holdco Beta Limited of 1 ordinary share valued at £2,692,000.

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

8 INVESTMENTS (continued)

Interests in group undertakings

Details of subsidiary and associated undertakings are as follows:

Name of Company	Country of incorporation	Proportion of voting rights and shares directly held		Proportion of voting rights and shares indirectly held		Nature of business
		2016	2015	2016	2015	
PhotoBox Holdco Gamma Limited	UK	100%	100%	-	-	Holding company
PhotoBox Holdco Alpha Limited	UK	-	-	-	100%	Holding company
PhotoBox Holdco Beta Limited*	UK	-	-	-	100%	Holding company
PhotoBox Limited	UK	-	-	-	100%	Trading company
Moonpig.com Limited	UK	-	-	-	100%	Trading company
PhotoBox SAS	France	-	-	-	100%	Trading company
Photoways LLC / (previously Photoways Inc.)	USA	-	-	-	100%	Holding company
PhotoBox GmbH	Germany	-	-	-	100%	Service company
Online Photo Sverige AB	Sweden	-	-	-	100%	Service company
Hofmann Marketing y Tecnología, S.L.	Spain	-	-	-	100%	Holding company
Hofmann S.L.U	Spain	-	-	-	100%	Trading company
Fotolibro, S.L.	Spain	-	-	-	100%	Service company
Posterjack, GmbH	Germany	-	-	-	100%	Trading company
Posterjack, Schweiz GmbH	Switzerland	-	-	-	100%	Trading company
Associates:						
Online Print Décor Inc.	Canada	-	-	-	20%	Trading company
Best Window Industrial Limited	China	-	-	-	20%	Trading company
Tung Fong Ltda. Company Limited	China	-	-	-	20%	Trading company
Beijing Boarding Arts & Crafts Manufacturing Co. Ltd	China	-	-	-	40%	Trading company

*At 30 April 2016, Photobox Holdco Limited directly owns 1 ordinary share in Photobox Holdco Beta Limited (2015: nil).

The directors are of the opinion that the individual investments in the subsidiary and associated undertakings have a value not less than the amount at which they are shown in the Statement of Financial Position.

9 TRADE AND OTHER RECEIVABLES

	At 30 April 2016	At 30 April 2015
	£'000	£'000
<i>Due within one year:</i>		
Prepayments	-	13
Amounts owed by group undertakings	11,914	125
	11,914	138

Amounts due from group companies are unsecured, have no fixed date of repayment and are repayable on demand. Of the amounts due from group companies, £11,912,000 (2015: £122,000) is interest bearing, with the remainder of the balance not subject to interest. Interest is accrued based on market rates.

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

10 TRADE AND OTHER PAYABLES

	At 30 April 2016	At 30 April 2015
	£'000	£'000
Amounts owed to group undertakings	2,290	2,281

Amounts due to group companies are unsecured, have no fixed date of repayment and are repayable on demand. Of the amounts owed to group companies, £101,000 (2015: £nil) is interest bearing, with the remainder of the balance not subject to interest. Interest is accrued based on market rates.

11 SHARE CAPITAL

	At 30 April 2016	At 30 April 2015
	£'000	£'000
<i>Allotted, issued and fully paid:</i>		
117,321,789 ordinary shares of 0.1p each (2015: 25,379,666)	117	25
0 "A" Convertible preference shares of 0.1p each (2015: 31,350,187)	-	31
0 "B" Convertible preference shares of 0.1p each (2015: 7,077,781)	-	7
0 "C" Convertible preference shares of 0.1p each (2015: 36,758,342)	-	37
	117	100

Year ended 30 April 2016:

As at 30 April 2016 the following shares were in issue:

Ordinary shares 117,321,789

In the year ended 30 April 2016 the following issues were made:

Ordinary shares:

During the year, the following share issuances were made:

- 13,694,144 £0.001 ordinary shares in exchange for £13,082,000 cash consideration;
- 3,061,669 £0.001 ordinary shares in exchange for non-cash consideration in the form of the transfer of shares in the capital of Photoways, Inc. to Photobox Holdco Limited valued at £2,692,000.

On 26 January 2016, 31,350,187 Class A Convertible preference shares were converted into 31,350,187 £0.001 ordinary shares.

On 26 January 2016, 7,077,781 Class B Convertible preference shares were converted into 7,077,781 £0.001 ordinary shares.

On 26 January 2016, 36,758,342 Class C Convertible preference shares were converted into 36,758,342 £0.001 ordinary shares.

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

11 SHARE CAPITAL (continued)

Year ended 30 April 2015:

As at 30 April 2015 the following shares were in issue:

Ordinary shares	25,379,666*
Class A Convertible preference shares	31,350,187
Class B Convertible preference shares	7,077,781
Class C Convertible preference shares	36,758,342

*including 4,334 Non-Voting Ordinary Shares

The issued share capital of the Company is divided into the following classes of shares: (i) Ordinary Shares; (ii) Non-Voting Ordinary shares; (iii) Class A Convertible preference Shares; (iv) Class B Convertible preference Shares; and (v) Class C Convertible preference Shares.

Each holder of outstanding Class A Convertible preference shares, Class B Convertible preference shares and Class C Convertible preference shares are entitled to cast such number of votes as is equal to the number of Ordinary Shares into which the Class A Convertible preference shares, Class B Convertible preference shares and/or Class C Convertible preference shares held by such holder are convertible as of the record date for determining shareholders entitled to vote on such matter.

Subject to applicable laws and the Articles of association, holders of Class A Convertible preference shares, Class B Convertible preference shares and Class C Convertible preference shares shall vote together with the holders of Ordinary Shares as a single class.

In the year ended 30 April 2015 the following issues were made:

Ordinary shares:

During the year, 271,485 £0.001 ordinary shares were issued in exchange for the exercise of share options. Cash consideration of £199,000 was received.

During the year, 71,942 £0.001 ordinary shares were issued. Cash consideration of £100,000 was received.

Class A Convertible preference shares

Class A Convertible preference shares carry a dividend US\$0.09229 per annum plus all dividend previously accrued on the shares of Series A Preferred Stock pursuant to the Photoways Inc articles of association. Accrued dividends are payable when and as declared by the Board or the Company, or upon liquidation, dissolution or winding up of the Company. Class A Convertible preference shares are convertible into Ordinary shares at the option of the holder

Class B Convertible preference shares

Class B Convertible preference shares carry a dividend US\$0.15256 per annum plus all dividend previously accrued on the shares of Series B Preferred Stock pursuant to the Photoways Inc articles of association. Accrued dividends are payable when and as declared by the Board or the Company, or upon liquidation, dissolution or winding up of the Company. Class B Convertible preference shares rank in preference to the holders of any other class or series of shares (other than the holders of Class C Convertible preference shares) and on a pari passu basis with the holders of Class C Convertible preference shares. Class B Convertible preference shares are convertible into Ordinary shares at the option of the holder.

Class C Convertible preference shares

Class C Convertible preference shares carry a dividend of 8.0% per annum plus all dividends previously accrued on the shares of Series C Preferred Stock pursuant to the Photoways Inc articles of association. Accrued dividends are payable when and as declared by the Board or the Company, or upon liquidation, dissolution or winding up of the Company. Class C Convertible preference shares rank in preference to the holders of any other class or series of shares (other than the holders of Class B Convertible preference shares) and on a pari passu basis with the holders of Class B Convertible preference shares. Class C Convertible preference shares are convertible into Ordinary shares at the option of the holder.

PhotoBox Holdco Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2016

12 CONTINGENT LIABILITIES

The company has given a guarantee in respect of the bank borrowings of another group company, which amounted to £222,759,000 at 30 April 2016 (2015 - £nil).

13 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from disclosure available under paragraph 8(k) of FRS 101 and has not disclosed transactions with other group companies which are wholly owned.

14 ULTIMATE GROUP UNDERTAKING

The Company's immediate parent undertaking is Horizon Bidco Limited.

The Company's ultimate parent undertaking and controlling party is Horizon Holdco Limited, which is incorporated in the UK. This is the largest group in whose financial statements the Company is consolidated. Copies of the group financial statements are available from 30 Great Guildford Street, London, SE1 0HS.

15 TRANSITION TO FRS 101

For all periods up to and including the year ended 30 April 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 30 April 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 May 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has reviewed its opening balance sheet as at 1 May 2014, the Company's date of transition to FRS101. The Company considers that no changes in accounting policies and other restatements are required for the first-time adoption of FRS 101 and therefore no adjustments have been made by the Company to restate its balance sheet as at 1 May 2014 prepared under previously extant UK GAAP or its previously published UK GAAP financial statements for the year ended 30 April 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards" except for the requirement of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition.

Exemptions Applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRSs as effective for accounting periods beginning on or after 1 January 2015 retrospectively. The Company has taken advantage of the following exemptions:

- IFRS 2 Share based payment has not been applied to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005. This is treatment is consistent with the transitional provisions taken when the company adopted FRS 20, the UK equivalent standard.