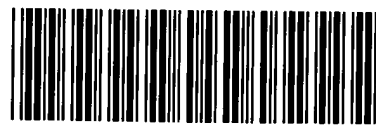


Company Registration No. 08815103 (England and Wales)

HIBU MIDCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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HIBU MIDCO LIMITED

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HIBU MIDCO LIMITED

COMPANY INFORMATION

Directors	David Anderson Parminder Sandhu Robert Hall
Secretary	Christian Wells
Company number	08815103
Registered office	3 Forbury Place Forbury Road Reading Berkshire RG1 3YL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

All references to Hibu Group in this document are references to the ultimate parent company Hibu Group Limited. All references to the Group are references to Hibu Group and its consolidated subsidiaries.

HIBU MIDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their Strategic report for Hibu Midco Limited (the "Company") for the year ended 31 March 2021.

Principal activities

The Company, which is an indirectly wholly owned subsidiary of Hibu Group, acts as an intermediate holding company.

The Company is incorporated and domiciled in England and Wales.

The Company is an integral part of the Group, and does not:

- have multiple shareholders;
- compete for business;
- separately employ individuals;
- have customers outside the Group;
- have a strategy other than to meet its purpose;
- have key performance indicators other than its profit or loss.

Review of the business and future developments

The Company's results for the year are set out on page 9.

During the year, the Company's direct subsidiary undertaking, Hibu Bidco Limited, received and accepted an offer for the sale of its subsidiary, Hibu Group (USA), Inc, and its subsidiaries, which was subsequently sold on 4 May 2021 (see note 18).

A total impairment reversal of £36,369,000 (2020: charge of £36,369,000) was made against the Company's investments in subsidiaries, following the Group's annual review.

The Company had net assets at 31 March 2021 of £153,671,000 (2020: £116,118,000). The directors consider the result for the year and the financial position at 31 March 2021 to be satisfactory.

The Company will continue its principal activities for the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties to which the business is subject, both external and internal, are fully discussed in the context of the Group as a whole in the Strategic report of Hibu Group. The effect of the COVID-19 pandemic on the Group is included in that report. Whilst these effects were considered in the Company's assessments of going concern and credit losses, the directors have concluded that the COVID-19 pandemic does not have a material effect on the Company. The key financial risk management objectives and policies are discussed further below.

Financial risk management

The Company's operations expose it to a variety of risks including credit risk. As the Company's operations are principally funded through intra-group loan arrangements it is not exposed directly to external risk factors such as liquidity risk. As these intra-group loan arrangements may carry interest on a floating rate basis there is an element of interest rate risk. These risks are managed on a group-wide basis by the Company's ultimate parent company Hibu Group. Full disclosure on how these risks are managed is provided in the financial statements of that company.

HIBU MIDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Financial risk management

(Continued)

The Group has £214m of senior secured notes and a £25m revolving credit facility, of which £nil was drawn at 31 March 2021. The senior secured notes are not subject to any financial ratio maintenance covenants. The revolving credit facility is subject to a financial ratio maintenance covenant when £8.75m or more is drawn. The senior secured notes and revolving credit facility are secured on the assets of the Owl Group. The Company is not a guarantor of these arrangements.

Going concern

The directors of the Company have considered the implications of the above and the risks set out in the Hibu Group Strategic report for the year ended 31 March 2021 and in particular whether it is appropriate to prepare the financial statements of the Company on a going concern basis and the adequacy of the going concern disclosures made within the financial statements. In reaching a conclusion the directors reviewed relevant financial reports and noted that counterparties to its intra-group loan arrangements have access to sufficient funds to be able to settle obligations as they fall due for the next twelve months.

The directors of the Company have concluded that the going concern basis of accounting is appropriate and that the financial statements do not require the adjustments that would result if the Company were unable to continue as a going concern.

S.172 Statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of the Companies Act 2006.

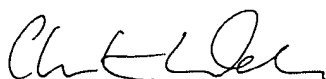
Due to the non-trading nature of the Company's activities, only a limited number of Board meetings were held in the year. Principal decisions made in the year were primarily around the winding up of the Management Incentive Plan in response to the creation of a new UK equity and cash incentive plan and in preparation for the sale of the Group's US operations by the Company's immediate subsidiary, Hibu Bidco Limited.

The directors are reminded of their S.172 duties at the start of each Board meeting and whilst the Company falls outside of the requirements to adopt and formally report on its principles of corporate governance, its ultimate parent, Hibu Group has an established governance framework, which it reviews periodically, and from which the Company's governance flows.

Hibu Midco Limited is a wholly owned subsidiary of Hibu Group and more details on how the Group applies its policies and strategy (including S.172 obligations) can be found in Hibu Group's Strategic report on its website – www.hibugroup.com

The Company has no customers or suppliers outside the Group.

By order of the Board



Christian Wells
Secretary
28 July 2021

HIBU MIDCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their Annual Report and the audited financial statements for Hibu Midco Limited (the "Company") for the year ended 31 March 2021.

Dividends

Ordinary dividends were paid of £11,560,000 (2020: £16,471,000) during the year ended 31 March 2021. The directors do not recommend payment of a final dividend.

Strategic report

The Company is required by the Companies Act 2006 to set out the development and performance of the business during the financial year ended 31 March 2021 and the position of the Company at the end of the year and of the principal risks and uncertainties facing the Company. By reference to the Strategic report, which can be found on pages 2 - 3, the following information is given:

- principal activities;
- review of the business and future developments;
- principal risks and uncertainties;
- financial risk management; and
- going concern.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Atish Banerjee	(Resigned 5 May 2021)
Christopher Ripley	(Resigned 5 May 2021)
David Anderson	
Parminder Sandhu	
Robert Hall	

Qualifying third party indemnity provisions

Article 88 of the Articles of Association of Hibu Group, the ultimate holding company, permit Hibu Group, subject to the Companies Act 2006 and other applicable legislation, to indemnify any of the directors against any loss or liability in connection with any proven or alleged negligence, default, breach of duty or trust by him, in relation to Hibu Group or any of its subsidiaries. In December 2013, Hibu Group entered into deeds of indemnity in favour of its current and former executive and non executive directors and officers of Hibu Group, its subsidiaries and any other companies to which Hibu Group or any of its subsidiaries has nominated or appointed any such person as a director or officer. The deeds of indemnity, which are in force for the directors of the Company, are qualifying third party indemnities for the purposes of section 234 of the Companies Act 2006.

HIBU MIDCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board



Christian Wells
Secretary
28 July 2021

HIBU MIDCO LIMITED

Independent auditors' report to the members of Hibu Midco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hibu Midco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2021; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

HIBU MIDCO LIMITED

Independent auditors' report to the members of Hibu Midco Limited (CONTINUED)

Reporting on other information (continued)

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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to bribery and corruption, tax legislation and data protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, omitting, advancing or delaying recognition of events and transactions that have occurred during the reporting period and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meeting with the Board of Directors;

HIBU MIDCO LIMITED

Independent auditors' report to the members of Hibu Midco Limited (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the treatment of valuation of share-based payment and the recoverability of investments in subsidiaries & intercompany receivables.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

28 July 2021

HIBU MIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Reversal of impairment/(impairment) of investments	5	36,369	(36,369)
Operating profit/(loss)	5	<u>36,369</u>	<u>(36,369)</u>
Income from shares in group undertakings	6	11,560	16,471
Profit/(loss) before interest and taxation		<u>47,929</u>	<u>(19,898)</u>
Finance income	7	1,797	2,396
Finance costs	7	(631)	(1,317)
Net finance income	7	<u>1,166</u>	<u>1,079</u>
Profit/(loss) before taxation		<u>49,095</u>	<u>(18,819)</u>
Tax charge	8	(221)	(205)
Profit/(loss) and total comprehensive income/(expense) for the financial year		<u><u>48,874</u></u>	<u><u>(19,024)</u></u>

HIBU MIDCO LIMITED

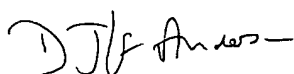
STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investments in subsidiaries	10	139,781	103,412
Trade and other receivables	12	18,484	23,272
Total non-current assets		158,265	126,684
Current assets			
Trade and other receivables	12	1,642	1,541
Total current assets		1,642	1,541
Total assets		159,907	128,225
Current liabilities			
Trade and other payables	13	(359)	(1,455)
Net current assets		1,283	86
Total assets less current liabilities		159,548	126,770
Non-current liabilities			
Trade and other payables	13	(5,877)	(10,652)
Total liabilities		(6,236)	(12,107)
Net assets		153,671	116,118
Equity			
Share capital	14	-	-
Other reserves	15	11,438	11,199
Retained earnings		142,233	104,919
Total equity		153,671	116,118

The notes on pages 12 to 22 are an integral part of these financial statements.

The financial statements on pages 9 to 22 were approved by the Board of directors on 28 July 2021 and signed on its behalf by:



David Anderson
Director
Company Registration No. 08815103

HIBU MIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Note	Share capital £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019		-	11,574	140,414	151,988
Loss and total comprehensive expense for the financial year		-	-	(19,024)	(19,024)
Dividends	9	-	-	(16,471)	(16,471)
Share-based payments	15	-	(375)	-	(375)
Share-based payments distribution	15	-	(678)	-	(678)
Recharge in respect of share-based payments	15	-	678	-	678
Transactions directly with owners		-	(375)	(16,471)	(16,846)
Balance at 31 March 2020		-	11,199	104,919	116,118
Balance at 1 April 2020		-	11,199	104,919	116,118
Profit and total comprehensive income for the financial year		-	-	48,874	48,874
Dividends	9	-	-	(11,560)	(11,560)
Share-based payments	15	-	239	-	239
Share-based payments distribution	15	-	(189)	-	(189)
Recharge in respect of share-based payments	15	-	189	-	189
Transactions directly with owners		-	239	(11,560)	(11,321)
Balance at 31 March 2021		-	11,438	142,233	153,671

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

The Company is a private company limited by shares incorporated in England and Wales under registration number 08815103. The registered office is 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The financial statements present information about the Company as an individual undertaking, and not as a group. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated group financial statements.

The principal accounting policies adopted, which have been applied consistently in the preparation of these financial statements, are set out below.

Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a) (iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- 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 that is a party to the transaction is wholly owned by such a member.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Going concern

The financial statements have been prepared on a going concern basis. The Group has £214m of senior secured notes and a £25m revolving credit facility, of which £nil was drawn at 31 March 2021. The senior secured notes are not subject to any financial ratio maintenance covenants. The revolving credit facility is subject to a financial ratio maintenance covenant when £8.75m or more is drawn. The senior secured notes and revolving credit facility are secured on the assets of the Owl Group. The Company is not a guarantor of these arrangements.

The directors of the Company have considered the implications of the above and the risks set out in the Strategic report for the year ended 31 March 2021 and in particular whether it is appropriate to prepare the financial statements of the Company on a going concern basis and the adequacy of the going concern disclosures made within the financial statements. In reaching a conclusion the directors reviewed relevant financial reports and noted that counterparties to its intra-group loan arrangements have access to sufficient funds to be able to settle obligations as they fall due for the next twelve months. The directors of the Company have concluded that the going concern basis of accounting continues to be appropriate and that the financial statements do not require the adjustments that would result if the Company were unable to continue as a going concern.

Finance costs and income

Finance costs payable are charged as incurred using the effective interest rate basis. Finance income is recognised on an accruals basis.

Investments in subsidiaries

Investments are valued at cost less any amounts written down due to impairment based on annual reviews of recoverability.

An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the investment or by the discounted future earnings of the investment. Impairment losses are reversed to the extent that events demonstrate that previously impaired amounts can be recovered.

Any impairment is charged to the statement of comprehensive income account to the extent that it is not covered by amounts previously credited to shareholders' equity through the revaluation surplus.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. An allowance for doubtful debts is recognised on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. Historical loss experience and informed credit assessment alongside other factors such as the current state of the economy and specific market issues are considered in estimating a loss allowance. Reasonable and supportable information that is relevant and available without undue cost or effort is considered in estimating a loss allowance. The loss is recognised in operating profit.

Trade and other payables

Trade and other payables are initially recognised at fair value. This approximates to costs for amounts falling due within one year, due to the short-term nature of these liabilities. Liabilities initially recognised at value other than cost, are subsequently measured at amortised cost using the effective interest rate method.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when they are approved by shareholders.

Current and deferred tax

The charge or credit for tax is based on the profit or loss for the period and takes into account deferred tax where transactions or events give rise to temporary differences between the treatment of certain items for tax and for accounting purposes. Provision is made in full for deferred tax liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the benefit can be realised. It is probable that future taxable profits will be available to the extent that reversing temporary differences exist.

Current tax is provided at the amounts expected to be paid or recovered under the tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured at the rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets and liabilities are not discounted.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments

Restricted Class B shares in the Company were issued to Company directors and selected employees (the "participants") of the Company's subsidiaries for £nil consideration in the year ended 31 March 2017. Rights in the shares vested in four equal tranches on four successive annual anniversaries of the award date, unless there was a change in control (a portion vests immediately), or if participants became leavers (shares may have to be transferred). The award represented an equity-settled share-based payment under IFRS 2. Relevant costs were charged against the income of the companies receiving the services from participants. The Company recognised the fair value of the shares as an increase to equity on a straight-line basis over the four vesting periods with a corresponding direct investment in employing subsidiaries or a share-based payment distribution to the parent company for accounting purposes where the employing company was the parent.

2 Standards that have been adopted during the current year

There were no new standards or interpretations adopted during the year. However, the following amendments to existing standards became effective, none of which were material to the Company:

- Amendments to IFRS 3, 'Business Combinations'. This amendment revised the definition of a business with a view to reducing complexity in determining whether a transaction constitutes a business combination.
- Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. These amendments seek to clarify the explanation of the definition of material and ensure a consistent use of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2 Standards that have been adopted during the current year

(Continued)

- Amendments to IFRS 9, 'Financial Instruments', IFRS 7 'Financial Instruments: Disclosure' and IAS 39, 'Financial Instruments: Recognition and Measurement'. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting.

3 Critical accounting estimates and judgments

In general, the Group's accounting policies under IFRSs, as adopted by the European Union, which are materially consistent with those applied under FRS 101, are consistent with those generally adopted by others operating within the same industry in the UK.

In preparing the Company financial statements, our management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We regularly review these estimates and judgments and update them when required. Actual results could differ from these estimates and judgments. Unless otherwise indicated, we do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. We consider the following to be a description of the most significant estimates and judgments, which require our management to make subjective and complex judgments, or matters that are inherently uncertain.

Share-based payments

The fair value of the restricted Class B shares in the Company was determined on the assumption of equity settlement. The accounting for share-based payments as equity-settled was based upon a judgment that equity settlement was the most likely outcome for the recipients of the restricted shares. This judgment was tested at each financial year end before the shares were fully vested.

Carrying value of investments

The Company reviews the carrying value of investments annually for impairment or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company compares the carrying value with the estimated recoverable value of the investment. The recoverable value is estimated from a discounted cash flow model that relies on significant key assumptions including post-tax cash flows forecast over an extended period of years, terminal growth and discount rates.

Expected credit losses

The Company reduces receivables by an allowance for amounts that may not be collectible in the future based on historical loss experiences for the relevant aged category as well as forward-looking information and general market conditions. Once recognised, trade receivables are continuously monitored and updated, taking into account new market information such as the effects of the COVID-19 pandemic. A receivable is written off against the provision when it is believed to be entirely uncollectible. Any monies recovered subsequent to write off are recorded as adjustments to the expected credit loss provision and considered in the historical loss experience.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Critical accounting estimates and judgments

(Continued)

Tax

The determination of the Company's obligation and expense for taxes requires an interpretation of tax law.

The Company seeks appropriate, competent and professional tax advice before making any judgments on tax matters. Whilst it believes that its judgments are prudent and appropriate, significant differences in actual experience may materially affect future tax charges.

The Company recognises deferred tax assets and liabilities arising from timing differences where there is a taxable benefit or obligation in the future as a result of past events.

The Company records deferred tax assets to the extent that it believes they are more likely than not to be realised. Should the Company determine in the future that it would be able to realise deferred tax assets in excess of the recorded amount or that the liabilities are different than the amounts it recorded, then it would increase or decrease income as appropriate in the period such determination was made. At 31 March 2021 it believes it has recognised all its potential deferred tax assets.

Judgments made in assessing the effect of the COVID-19 pandemic on the financial statements

Judgment was exercised in evaluating the effect of the COVID-19 pandemic on the financial statements in the following areas:

- Estimates of future cashflows used in the going concern and impairment assessments.

4 Directors' emoluments

The directors are remunerated for their services to other companies within the Hibu Group. No amounts were received by them as directors of the Company (2020: £nil).

5 Operating (profit)/loss

	2021 £'000	2020 £'000
Operating (profit)/loss for the year is stated after (crediting)/charging:		
(Reversal of impairment)/impairment of investments (see note 10)	(36,369)	36,369

There are no employees of the Company (2020: none).

The auditors' remuneration has been accounted and paid for by Hibu Group, the ultimate parent company. The fees payable to the Company's auditors for the statutory audit of the Company's annual financial statements totalled £3,637 (2020: £3,531). No other fees were paid to PricewaterhouseCoopers LLP for non-audit services to the Company (2020: £nil).

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Income from shares in group undertakings

	2021 £'000	2020 £'000
Ordinary dividends received from subsidiary undertakings	11,560	16,471

During the year, the Company received dividends totalling \$14,250,000 (£11,559,886) from its subsidiary, Hibu Bidco Limited, and received \$22,662,500 (£16,470,788) during the prior year.

7 Net finance income

	2021 £'000	2020 £'000
Finance income		
Interest receivable on loans due from group companies	1,797	2,396
Finance costs		
Interest payable on loans due to group companies	(631)	(1,317)
Net finance income	1,166	1,079

8 Tax charge

	2021 £'000	2020 £'000
Current tax		
Current year corporation tax charge	222	205
Adjustments in respect of prior periods	(1)	-
Total tax charge	221	205

The tax charge (2020: charge) for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	49,095	(18,819)
Profit/(loss) before taxation multiplied by standard UK corporation tax rate of 19% (2020: 19%)	9,328	(3,576)
(Non-taxable)/non-deductible impairment of investments	(6,910)	6,910
Non-taxable ordinary dividends receivable	(2,196)	(3,129)
Adjustments in respect of prior periods	(1)	-
Total tax charge for the year	221	205

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Tax charge (Continued)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The Finance Act 2021 was enacted on 10 June 2021. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that there would be no overall effect of the change on the tax charge for the year.

9 Dividends

	2021 £'000	2020 £'000
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Amounts recognised as distributions to equity holders:

Ordinary dividends paid	11,560	16,471
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During the year, the Company paid ordinary dividends of \$14,250,000 (£11,559,886) to its parent company Hibu Group Limited on 16 July 2020. Dividends of \$59.3m (£42.7m) and \$354.2m (£255.1m) have been declared and paid since 31 March 2021, following the disposal of Hibu Group (USA) Inc, and its subsidiaries (see note 18).

During the prior year, the Company paid ordinary dividends of \$4,750,000 (£3,693,624), \$9,500,000 (£7,817,000) and \$6,412,500 (£4,960,164) to its parent company, Hibu Group, on 24 June 2019, 19 August 2019 and 25 November 2019 respectively.

10 Investments in subsidiaries

	2021 £'000	2020 £'000
Cost		
At 1 April	139,781	139,781
Additions	50	304
Recharge in respect of share-based payments	(50)	(304)
At 31 March	139,781	139,781
Impairment		
At 1 April	(36,369)	-
Impairment reversal/(losses)	36,369	(36,369)
At 31 March	-	(36,369)
Carrying amount		
At 31 March	139,781	103,412

During the year, the Company recorded a direct investment of £50,408 (2020: £304,386) in indirectly held subsidiaries employing individuals who received restricted Class B shares from the Company in the year ended 31 March 2017. The direct investment was subsequently reversed as intercompany recharges for which the Company is expected to receive payment (see note 16).

Following the Group's annual review, an impairment reversal of £36,369,000 (2020: charge of £36,369,000) was made against the Company's investment in Hibu Bidco Limited. The recoverable value of the Company's investment in Hibu Bidco Limited will need to be reassessed for impairment after 31 March 2021 following the disposal by Hibu Bidco Limited of its US based subsidiaries as set out in note 18.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Subsidiaries

Details of the Company's subsidiaries at 31 March 2021 and 31 March 2020 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Ownership interest (%)	
			2021	2020
Hibu Bidco Limited	United Kingdom	Holding company	100	100
Yell Holdco Limited	United Kingdom	Holding company	100	100
Owl Finance Limited	United Kingdom	Finance and holding company	100	100
Yell Bondco plc	United Kingdom	Finance company	100	100
YH Limited	United Kingdom	Finance and holding company	100	100
Yell Limited	United Kingdom	Digital marketing services	100	100
Moonfruit Limited	United Kingdom	Holding company	100	100
Sitemaker Software Limited	United Kingdom	Website services	100	100
Yell Mediaworks Limited	United Kingdom	Graphics services	100	100
Yell Sales Limited	United Kingdom	Sales services	100	100
Yell Studio Limited	United Kingdom	Graphics services	100	100
Hibu Asia Pacific Holdings Limited	United Kingdom	Holding company	100	100
Hibu (UK) Limited	United Kingdom	Holding company	100	100
Hibu Finance (FX) Limited	United Kingdom	Dormant	100	100
Hibu Finance (USD) Limited	United Kingdom	Dormant	100	100
Hibu Spain Holdco Limited	United Kingdom	Not trading	100	100
hibu Group (USA), Inc (a)	United States of America	Holding company	100	100
hibu Holdings (USA), Inc (a)	United States of America	Holding company	100	100
hibu Inc (a)	United States of America	Digital marketing services	100	100
hibu pay LLC (a)	United States of America	Payment card services	100	100
hibu (Philippines) Private Limited, Inc	Philippines	In liquidation	100	100
hibu India Private Limited	India	Not trading	100	100

(a) On 4 May 2021, Hibu Bidco Limited, sold its investment in Hibu Group (USA), Inc, together with its subsidiaries, to a third party (see note 18).

The proportion of voting rights held corresponds to the aggregate ownership interest percentage held by the Company and subsidiary undertakings. Ownership interest is in common stock for subsidiaries incorporated in the U.S.A. with the exception of hibu pay LLC, which does not have any issued share capital.

The Company directly holds 100% of the ownership interest in Hibu Bidco Limited and Hibu Spain Holdco Limited. All other companies listed are indirectly held by the Company.

The registered office of all subsidiaries incorporated in the United Kingdom is 3 Forbury Place, Forbury Road, Reading RG1 3YL.

The registered address of all subsidiaries incorporated in the United States of America is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington Castle, County Delaware, 19801 U.S.A.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Subsidiaries

(Continued)

The registered address of hibu India Private Limited is TMF Services India Private Limited, 2nd Floor, Shabari Complex, Field Marshal Cariappa Road, Shanthala Nagar, Ashok Nagar, Bengaluru, Karnataka 560025 India.

The registered address of hibu (Philippines) Private Limited, Inc is Unit 1815 Cityland Condominium 10, Tower 1, 156 H.V. Dela Costa Street, Ayala North, Makati City, Philippines.

12 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts due from group undertakings	1,642	1,309
Prepayments	-	232
	<u>1,642</u>	<u>1,541</u>
Amounts falling due after more than one year		
Amounts due from group undertakings	<u>18,484</u>	<u>23,272</u>

Amounts due from group undertakings are unsecured and repayable at the discretion of the ultimate parent company, Hibu Group.

Amounts due from group undertakings falling due after one year include an amount of £18,484,000 (2020: £23,272,000) that accrues interest at 9% and is payable annually. The facility has a mandatory repayment date of 9 May 2022.

13 Trade and other payables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts due to group undertakings	359	1,222
Other payables	-	233
	<u>359</u>	<u>1,455</u>
Amounts falling due after more than one year		
Amounts due to group undertakings	<u>5,877</u>	<u>10,652</u>

Amounts due to group undertakings falling due within one year include an amount of £546,000 (2020: £389,000) in respect of accrued interest on intercompany loans, which is offset against other amounts due from group undertakings. Amounts due to group undertakings falling due after more than one year include an amount of £5,877,000 (2020: £10,652,000) that accrues interest at 9% and is payable annually. The facility has a mandatory repayment date of 9 May 2022. Amounts due to group undertakings are unsecured.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Share capital

	No. of Class A shares of £0.00000001	No. of Class B shares of £0.00000001	£
Allotted and fully paid			
At 1 April 2020	1,137,165,729	800	11
Share conversion	248	(248)	-
At 31 March 2021	1,137,165,977	552	11

On 21 August 2020, the Company converted 248 Class B shares with a nominal value of £0.00000001 into 248 Class A shares with a nominal value of £0.00000001.

On 4 May 2021, the Company converted the 1,137,165,977 Class A shares with a nominal value of £0.00000001 and the remaining 552 Class B shares with a nominal value of £0.00000001 into 1,137,166,529 Ordinary shares with a nominal value of £0.00000001.

The Class B shares are non-voting shares and do not carry entitlement to receive dividends.

15 Other reserves

	Share-based payment reserve £'000
At 1 April 2019	11,574
Net reversal of credit in relation to share-based payments (see note 16)	(375)
Share-based payment distribution (see note 16)	(678)
Recharge in respect of share-based payments (see note 16)	678
At 31 March 2020	11,199
At 1 April 2020	11,199
Credit in relation to share-based payments (see note 16)	239
Share-based payment distribution (see note 16)	(189)
Recharge in respect of share-based payments (see note 16)	189
At 31 March 2021	11,438

16 Share-based payments

Restricted Class B shares in the Company were issued to Company directors and selected employees (the "participants") of the Company's subsidiaries for £nil consideration in the year ended 31 March 2017. Rights in the shares vested in four equal tranches on four successive annual anniversaries of the award date, unless the participants had become leavers, in which case shares may have been transferred or forfeited. The award represented an equity-settled share-based payment under IFRS 2. Relevant costs were charged against the income of the companies receiving the services from participants. The rights in the outstanding shares were fully vested at 31 March 2021.

HIBU MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Share-based payments

(Continued)

The Company recognised the fair value of the shares as an increase to equity on a straight-line basis over the four vesting periods with a corresponding direct investment in employing subsidiaries or a share-based payment distribution to the parent company for accounting purposes where the employing company was the parent. The fair value of the grant was determined to be the present value of the estimated future values on each vesting date. The future values were determined from the Hibu Group's enterprise value on the date of grant and the estimated effect of the Hibu Group's future investor returns (including dividends) on its enterprise value over the relevant periods. The effect of the restrictions was also considered in determining the fair value of the award.

The Company recorded £239,436 in credits to equity in the year ended 31 March 2021 (2020: £982,827). The Company recorded £50,408 (2020: £304,386) of direct investments in indirectly held subsidiaries employing the participants. The direct investments were subsequently reversed as intercompany recharges for which the Company is expected to receive payment. The Company also recorded a share-based payment distribution of £189,031 (2020: £678,441) to its parent company, Hibu Group, in respect of relevant share-based payments. This was also subsequently reversed as an intercompany recharge for which the Company is expected to receive payment. The Company also issued £nil in credit notes to employing companies and recorded a corresponding reversal of prior year credits to equity in the year ended 31 March 2021 (2020: £1,358,053) in relation to grants forfeited.

17 Financial commitments, contingent liabilities and litigation

There are no capital or other commitments (2020: £nil).

There are no contingent liabilities or guarantees other than those mentioned below, and on these no material losses are anticipated.

18 Post balance sheet events

On 4 May 2021, the Company's subsidiary, Hibu Bidco Limited, sold its investment in Hibu Group (USA), Inc, and its subsidiaries, to a third party for net proceeds of \$361.0m (£260.0m) after transaction costs. Hibu Bidco Limited also received \$75.1m (£54.1m) from Hibu Group (USA), Inc in consideration for share redemption prior to the disposal. The Company, in turn, received a dividend of \$40.3m (£29.0m) from Hibu Bidco Limited on 30 April 2021 and paid a dividend on 30 April 2021 to Hibu Group Limited, of \$59.3m (£42.7m), together with the settlement of various inter-company receivables and liabilities and paid a further dividend of \$354.2m (£255.1m) on 4 May 2021 to Hibu Group Limited, following the sale.

There are no other material post balance sheet events to report, other than as disclosed in note 14, at the time of signing these financial statements.

19 Controlling party

At 31 March 2021 the Company was a wholly owned subsidiary of Hibu Group, the ultimate holding company and controlling party.

The smallest and largest group in which the financial statements of this company are consolidated is Hibu Group, whose financial statements are publicly available at 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.