ZEPHYR MIDCO 2 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 year ended 31 December 2021

The Directors present their Strategic report for Zephyr Midco 2 Limited ("Midco 2" or "the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2021. Previously, the financial statements were prepared for the three months ended 31 December 2020 and before that were produced for the financial year ended 30 September 2020. The 3 month accounting period for the comparative period arose 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 Group'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 year under review were the operation of online property portals and comparison websites as well as providing residential property software and data analytics. The Group's operations comprise the Property and RVU (previously externally headed as 'Comparison') divisions, both of which generate revenues through services described below.

Property	RVU
- Marketing, which represents revenue generated from the provision of marketing services including portal revenues; - Software, which represents revenue generated from the provision of software services focused on property professionals and websites; and - Data, which represents revenue generated from the provision of residential property data, insight and analysis.	- Uswitch, which represents revenue generated from energy and telecoms switching services; - Money and Mortgages, which represents revenue generated from financial product switching services (including credit cards, loans and investments) and mortgage intermediary services; - Confused.com, which represents revenue generated from insurance switching (including motor and household insurance) and B2B services; and - RVU International, which represents revenue generated from online broker and switching services in Spain, France, and Mexico.

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.co.uk, Hometrack and The Property Software Group as well as Calcasa in the Netherlands. In 2021, the Group also added Yourkeys, Confused.com, Le Lynx.fr, Rastreator.com, Preminen and Mojo Mortgages, enhancing the Group's reach particularly in the United Kingdom, France and Spain.

The Group drives growth by investing in people, products and marketing to create the most innovative and engaging household related platforms which help deliver greater transparency for consumers and provide increased efficiency for partners throughout the Property and RVU divisions' decision lifecycles. 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, as well as being able to make informed decisions in relation to switching key utility, insurance and other financial products.	Benefit from access to a highly engaged audience via the Group's market-leading property, comparison and financial services portals; generate additional revenues and deliver better service by using the Group's software and data insights.

Strategic report (continued)

For the year ended 31 December 2021

Business and finance review

The Group reported revenue of £387.7 million the year to 31 December 2021 (for the 3 months ended 31 December 2020: £67.9 million) of which £342.8 million (for the 3 months ended 31 December 2020: £65.6 million) was in the UK and £44.9 million (for the 3 months ended 31 December 2020: £2.3 million) was generated overseas.

The Group made an operating loss of £36.3 million (for the 3 months ended 31 December 2020: £8.9 million) after depreciation, amortisation and acquisition related costs. The Group generated operating cash-flows of £114.1 million (for the 3 months ended 31 December 2020: £14.6 million). See note 3 for disclosure of costs accounted for within operating loss.

The Group made a total comprehensive loss for the year of £135.8 million (for the 3 months ended 31 December 2020: comprehensive loss for the period of £17.2 million) after interest, income tax and fair value movements on interest swaps.

On 23 April 2021 a Group subsidiary, Zoopla Limited, completed its acquisition of Yourkeys Technology Limited for consideration of £20.1 million. Yourkeys is an award-winning property software solution used by housebuilders and new homes estate agents. The acquisition enables the Group to benefit from greater integration with housebuilders and new homes agents. The consideration was settled by £15.1m cash consideration, and £5.0m deferred consideration due 12 months after the acquisition date.

On 30 April 2021 a Group subsidiary, ZPG Comparison Services Holdings UK Limited, acquired Admiral Group's comparison division, the Penguin Portals Group. This included Confused.com, Rastreator.com, LeLynx.fr, the Preminen group and a technology support function in India. Subsequent to the acquisition, the acquired group is referred to as Confused.com and RVU International. The total consideration was £501.7 million as measured in accordance with IFRS 3, settled in cash. The acquisition of Confused.com and RVU International provides the Group with a presence in the car & home insurance markets, which are the largest UK markets for comparison websites, and in which the Group did not previously have meaningful presence, as well as acquiring the leading comparison websites in Spain and France. To fund the acquisition, the Group issued equity for a total value of £271.2 million and £139.5 million of additional debt; the remainder was funded through existing resources.

On 1 December 2021 a Group subsidiary, ZPG Comparison Services Holdings UK Limited, completed its acquisition of Life's Great Group Limited and its subsidiaries, trading as 'Mojo', for consideration of £21.0 million, settled in cash. Mojo is a free mortgage broking service that is particularly targeted to the 'first time buyer' market with its 'get mortgage ready' app (Mortgagescore).

Net debt and borrowings

As at 31 December 2021 the Group had net debt of £1,046.1 million (31 December 2020: £847.0 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 2021, £87m of the facility was drawn down. Refer to Note 19 for more details on the Group's loans and borrowings.

Intangible assets and goodwill

Intangible assets and goodwill arising from acquisitions of subsidiaries and capitalisation of software are shown at net book value of £3,091.0 million (31 December 2020: £2,617.5 million), following additions of £583.6 million (31 December 2020: £48.1m), primarily driven by the acquisitions in the year. In 2021, the Directors decided to withdraw from the use of certain brand names in the Property division. This has resulted in the £4.2m carrying value of these brand names being fully impaired in the year. No other impairment has been recognised to the intangible assets during the year (3 months to 31 December 2020: nil impairment). 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 activities level with £114.1 million for the year (3 months ended 31 December 2020: £14.6 million). Net cash outflows from investing activities were £516.3 million (3 months ended 31 December 2020: £44.3 million), whilst net cash inflows from financing activities were £426.6 million (3 months ended 31 December 2020: net cash outflows of £14.5 million) leaving cash and other short-term investments of £74.7 million as at 31 December 2021 (31 December 2020: £70.7 million).

Strategic report (continued)
For the year ended 31 December 2021

Key performance indicators (KPIs)

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

	Year ended 31 December 2021	3 months to 31 December 2020
Revenue	£387.7 million	£67.9 million
Operating loss for the period	£ (36.3) million	£ (8.9) million
Total comprehensive loss for the year/period	£ (135.8) million	£ (17.2) million
Visits[1]	861 million	200 million
Leads[2]	64 million	12 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 RVU divisions, respectively) via a form hosted on the website of the relevant subsidiary.

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.

Our 'Pay It Forward' initiative empowers to leave a positive, lasting impact on the communities and industries we work in. Our teams have designed and led courses for SEO London, preparing talented students from ethnic minority or lower socioeconomic backgrounds for career success.

We continue to be strong supporters of small charities that serve local communities and, in the year ended 31 December 2021 we raised £40,729 (three months to 31 December 2020: £3,745) spread over a number of good causes including Crisis Homelessness, Great North Air Ambulance Service, Cornwall Air Trust, St. Richards Hospital Trust, Mermaids plus multiple smaller charities. Some of the Group's IT teams also refurbished disused laptops to donate them to schools to provide benefits to local students.

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.

Strategic report (continued)
For the year ended 31 December 2021

Gender mix across the Company and Group for the year ended 31st December 2021

	Number (average employees)		Percentage	
	Female	Male	Female	Male
Company Directors	0	3	0%	100%
Senior Management	61	93	40%	60%
All Employees	587	890	40%	60%

Gender mix across the Company and Group for the period ended 31 December 2020

	Number (average employees)		Percentage	
	Female	Male	Female	Male
Company Directors	0	3	0%	100%
Senior Management	39	69	36%	64%
All Employees	408	564	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 assesses its risk management processes on a continuous basis to ensure that they remain fit for purpose.

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 considered (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.

Strategic report (continued)

For the year ended 31 December 2021

Risk management, internal control and principal risks (continued)

Key risk	Description and impact	Management and mitigation
Macroeconomic conditions – Energy wholesale prices **The Group is exposed to a number of macro-economic conditions including, during 2021, a more volatile global wholesale energy market. The impact of any increase in volatility could impact switching availability and behaviour with a knock-on effect on the Group's financial performance**.	Global wholesale prices reached a record high gas price of £4.50 per therm on 22 December 2021. The combination of the volatile energy wholesale prices and the price cap set by the Office of Gas and Electricity Markets (Ofgem) in the UK has temporarily stopped energy switching services which has an adverse impact on the Group's revenue. Several factors have contributed to the increased wholesale energy prices: • Higher than normal energy usage as economies restart post-lockdowns • Unusually cold weather in Europe, emptying gas supplies and disruptions to other sources of energy • Market volatility exacerbated by geo-political tensions and the Nord Stream 2 pipeline impacts High prices on their own are not a barrier to switching; the interplay between the high energy prices and Ofgem is key to the performance of the switching market. As the price cap set in September 2021 was lower than wholesale prices, suppliers removed their acquisition tariffs from the market and consumer switching effectively went on pause. Ofgem are prioritising supplier financial stabilisation in the short term, including up to Q3 2022, before allowing normal market conditions to return (expected in Q4 2022). Further, Ofgem are reviewing the price cap model from October 2022 to reduce the impact from these extreme pricing events.	• Regularly reviewing market conditions and indicators with scenario analysis. • Educating consumers about the energy market, the price cap and their options in uncertain conditions to maintain our reputation and brand awareness. • Maintaining a flexible cost base that can respond to changing conditions. • Diversifying risk by maintaining a balance between different revenue streams to provide protection against volatility within markets.

Strategic report (continued)

For the year ended 31 December 2021

Key risk	Description and impact	Management and mitigation
Competitive environment **The Group operates in marketplaces which are highly competitive. The actions of the Group's competitors, and / or our own inaction, can have a significant and adverse impact on the Group.**	If new or existing competitors can provide, or are perceived to provide, an enhanced partner or consumer service, this presents a risk to the Group's market share and consequently its financial results. 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.	• Focussing on strategic marketing and brand investment. • 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, and now agreeing longer-term contracts to provide assurances over forecasted revenue. • 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.
Integration of acquisitions **The Group is highly acquisitive, which presents inherent operational, strategic and cultural challenges.**	The inability to successfully integrate acquisitions may adversely affect consumer and / or partner experience with a resulting impact on strategic opportunities and the Group's future revenues. The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance. In addition, there is the possibility that the financial and operational control environments of acquired entities are not as established as those of the Group.	• Centralised shared service functions across group finance, facilities, and IT. • Ongoing integration of all acquired entities into the Group reporting software. • Functions within the organisation, particularly shared services, have focused on aligning processes and systems. • Projects initiated, which are now delivering, 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 **A failure in one system or a security breach may disrupt the efficiency and functioning of the Group's operations.**	Any failure of the Group's IT infrastructure through error or attack could impair the operation of the Group'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 (consumer and partner) held within the Group'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. • Projects initiated to secure the UK government backed certification, Cyber Essentials, across the UK entities. • Executive team training performed on ransomware scenarios.

Strategic report (continued)

For the year ended 31 December 2021

Key risk	Description and impact	Management and mitigation
Data protection and exposure **Non-compliance with data protection and related requirements could lead to significant penalties for the organisation.** **The Group may be susceptible to an external hack which could lead to a loss of data, including personally identifiable information (PII).**	Data protection entails various elements such as ensuring compliance with GDPR, cookie laws and direct marketing. The Group 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.	• Data protection officer ("DPO") positions in both divisions. • Privacy plan formalised by DPO. • Experienced IT staff in place to review the security environment. • Training schemes coordinated related to data hacks / governance. • Business Continuity Plan revisions ensuring mitigation plans are formalised in the event of a data hack.
Retention and recruitment **The Group operates in markets with a high demand for high calibre personnel. Failure to attract and retain a skilled workforce may impact on the Group's financial performance.**	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.	• Share schemes in place to improve staff retention. • Regular and ongoing learning & development activities held across the Company. • The Talent teams being resourced with experienced senior members who can drive change. • Our recruitment agency partners being well informed to positively impact the recruitment process and source the best candidates. • Careers website running for both divisions. • New schemes launched to define purpose and behaviours. • Employee Value Proposition defined and embedded across the employee journey.

Strategic report (continued)
For the year ended 31 December 2021

Key risk	Description and impact	Management and mitigation
Regulatory environment **The Group operates in several regulated environments, including the UK Financial Conduct Authority (FCA). Failure to meet regulatory requirements may impact the Group's financial performance.**	The Group monitors changes in the regulatory environments in which it operates to identify incoming changes that may have an impact on the strategy, operations, or business model of the Group. Key incoming changes in the industries in which the Group operates which are being actively monitored are: • *Broadband*: The Office of Communications (Ofcom) and industry continues to work on implementation of new switching rules 'one touch switch' from April 2023 that will ensure that customers don't have to contact their current provider to switch to a new one, supporting switching conversion rate. • *Insurance*: The FCA implemented pricing reforms from 1 January 2022 which prevent insurance providers from offering discounted acquisition tariffs for new customers and as a result, insurance providers are implementing updated pricing strategies.	• Maintaining regular open and constructive dialogue with all significant regulatory bodies. • Dedicated regulatory teams in-house. • Implementing processes, including training, to ensure compliance with all mandatory reporting obligations. • Regular monitoring of regulatory risks by the Board, the Audit Committee, the legal function, and internal control and throughout the business. • Responses to the FCA changes include market data analysis and ongoing dialogue with insurance providers.
Reputational and brand damage **The Group 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 Group's brands could lead to a fall in consumer confidence, reducing traffic and leads for the Group's partners and in turn impacting the Group's revenue. There is also a risk that the Group's partners may choose to terminate their existing relationship with the Group because of any reputational damage, which would directly impact the Group's revenues.	• Embedding a culture of transparency, social awareness, and ethical behaviour throughout the Group. • Regularly reviewing the Group's risks and reviewing and developing internal control frameworks to mitigate the risk of error or fraud. • Executing the Group's strategy, which has both consumers and the Group's partners at its core. • Continually investing in the Group's brands.

Strategic report (continued)
For the year ended 31 December 2021

Key risk	Description and impact	Management and mitigation
Foreign exchange risk **Foreign Exchange volatility due to macroeconomic factors which can impact the Group's cashflows.**	The Group is exposed to fluctuations primarily in the British Pound (GBP), the Euro (EUR) and U.S. Dollar (USD). The Group's primary cash inflows are in GBP, with significant cash outflows in EUR (for interest payments on EUR denominated debt) and USD (for supplier payments).	• Monitoring foreign currency rate fluctuations and implementing spot trading and movements prior to converting large amounts for interest and supplier payments. • Employing an economic hedging strategy by entry in to cross-currency forward swaps.

Covid-19 pandemic

At the date of approval of the annual report and financial statements some uncertainty remains in relation to the future impact that the Covid-19 pandemic will have on the global economy, and, consequently, on the Group. There have, however, been 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 generating increased levels of confidence throughout the wider economy.

In response to the Covid-19 pandemic, the Property division offered its customers free-of-charge contracts as a strategic decision to invest in its partners through uncertain times. By February 2021, all customers had returned to paying and the majority have entered into long-term contracts. The RVU division's performance was less impacted by Covid-19, with the impact limited to supressed demand in some of its smaller verticals.

Overall, the Group's performance has been resilient throughout the pandemic to date; the Directors have implemented cash management processes in response to the uncertainty, which includes a rolling cash-flow forecast and cash sweeping arrangements in order to have additional insight into the Group's cash position. Additionally, the Directors have a range of mitigating actions that can be taken to both maintain the Group's operating capabilities and to enable it to meet its future liabilities as they fall due.

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.

Changes in the year
No other material changes to the business have been identified in the year that have not been considered further in this Strategic report.

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.

Strategic report (continued)

For the year ended 31 December 2021

Section s172 statement

We have a broad range of stakeholders who influence or are affected by our day-to-day activities and have varying needs and expectations. Our aim is to try to ensure that the perspectives, insights, and opinions of stakeholders are understood and taken account of when key operational, investment or business decisions are being taken.

The Group's key stakeholder groups are our shareholders, employees, suppliers, customers, consumers, the community, and regulators. Here we explain how the Board engages with and manages our relationship with our key stakeholders:

Shareholders

- 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 this budget and plan through the year to 31 December 2021.
- The Directors worked closely with the shareholders during the highly acquisitive year under review to source targets that would best add value and returns to the shareholders in the long-term.

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 employee survey tools (including Peakon) to regularly measure employee net promoter score (eNPS) and key engagement drivers. Various subsidiaries have either Head of Employee Engagement or Communications managers who formalise and lead engagement and internal communications strategy for their respective entities.
- 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's subsidiaries introduced measures to support employees through this difficult time such as weekly calls with senior leadership, 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, and led by volunteers from across the business. The aim of these groups is to help us put Diversity, Equity & Inclusion (DE&I) at the heart of our decisions – be that recruitment, talent development, engagement campaigns and even within our marketing – to ensure we become more welcoming, fair and representative every day.
- The Group has subsidiaries who are founding members of 'The Tech She Can Charter' commitment and also has partnerships with charities supporting people from lower socioeconomic backgrounds at the start of their careers, as well as running coaching sessions for young women on how to learn to code.
- Two of the Group's brands – Zoopla and RVU – were named in the top ten for the UK's 'Winning Tech Talent' for medium-sized businesses in Hired's 2021 publication whilst another – Confused.com – was named as one of the UK's 2022 'Great places to work' as well as 'Best workplaces for wellbeing' by greatplacetowork.co.uk. We believe these credentials proves our appeal as an employer of choice across our divisions.

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).

Strategic report (continued)

For the year ended 31 December 2021

Customers

- The Group aims for its customers, including estate agents, new home developers, lenders, brokers and providers of energy, communications, insurance and financial services products to benefit from access to a highly engaged audience via the Group's market-leading portals within the Property and RVU divisions, generating additional revenues and delivering better service by using the Group's software and data insights. The Group has dedicated Product and Tech teams, who are committed to innovating these products so that our customers have data driven platforms, which will help their businesses succeed.

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 one of its brands – Zoopla – who in 2021 launched their biggest marketing campaign to date encouraging homeowners to discover the value of their home with the aim of encouraging consumers to look at the potential value that would give them.
- In the RVU division, Uswitch's marketing campaign 'U Stay Put' helped to educate consumers on the challenging energy macro environment such that they could understand more in relation to certain tariffs and the pricing trajectories 2021 and 2022 could bring about under these tariffs.
- Throughout 2021, Confused.com issued bulletin emails to subscribed consumers covering topics including severe weather warnings, petrol shortages, energy environment support and changes to travel restrictions. The purpose of these campaigns was to point consumers in the direction of advice or information on how this could impact them, including the impact on their insurance, how to prepare or protect themselves against claims, or helping them to find other solutions.
- Expert, authoritative content provided guidance and support to help consumers navigate this year's challenging personal finance landscape, and TV creative encouraged them to 'get more of what matters' with the time and money saved by switching.
- The Group also provided support to consumers by simplifying the switching process, making it even quicker and easier to save money, and one of its brands – Uswitch – launched the first of its kind 'Green Accreditation' to help tackle the confusion consumers can face when navigating green energy tariffs, by placing power into the hands of the consumers by providing the insight and knowledge needed to make greener choices.

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 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 and sorting donations at local food banks.

Regulators / Industry bodies

- The Group operates in a number of regulated environments. Certain revenue streams within the RVU 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 Strategic report is approved by the Board of Directors ("Board") on 19 April 2022 and signed on behalf of the Board by

Charles Bryant
Charles Bryant (Apr 19, 2022 17:19 GMT+1)

Charles Bryant
Director

Directors' report
For the year ended 31 December 2021

The Directors present their report of Zephyr Midco 2 Limited ("Midco 2" or "the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2021.

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 year after tax was £136.0 million (3 months to 31 December 2020: £17.2 million loss after tax). 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 year to 31 December 2021 (3 months to 31 December 2020: £nil).

Future developments

Despite an unprecedented macro-economic environment, the Group's performance has been resilient. In Property, the Group is encouraged by the low levels of churn in the UK agent population, new business wins and a strong sales pipeline in the software business. RVU has benefited from the acquisitions made in the year and the resulting diversified portfolio, which has counterbalanced the impact of the wholesale energy market conditions. The Group plans to further integrate the acquisitions made within the year and will look to continue to achieve synergies from the process, as well as monitor the market for further relevant external acquisitions to expand the Group's offerings.

The Group aims to continue its mission of being the platform of choice for consumers and partners engaged in property and household related 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.

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.

Directors' report (continued)

For the year ended 31 December 2021

Going concern

The Group consolidated statement of financial position shows a positive net current asset position of £61.0 million with significant cash resources and the Group continues to generate positive net cash flows of £114.1 million from operating activities. The Group posted a total comprehensive loss after tax of £135.8 million for the year, after interest charges of £66.9 million and £105.9 million of non-cash intangible asset amortisation costs, respectively. Despite the loss in the year, given the positive net cash inflow 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 inflow for the year was £4.4 million before foreign exchange movements, which includes the cash consideration outflows paid for the three business combinations completed throughout the year, offset by additional financing and equity issued by the Group. The year-end cash position was £74.7 million. The Group has a Revolving Credit Facility ('RCF') of £150 million, which has been used to finance acquisitions, and this RCF was £87 million drawn by 31 December 2021, with £63 million available to draw.

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 for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants. The Group has also modelled the proposed Tempcover Holdings Limited acquisition into these cash flow and covenant forecasts, which will be majority financed through a committed equity injection, and is a cash generative business.

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 Directors' consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report.

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. The Group capitalised £24.3m (3 months to 31 December 2020: £3.1m) in relation to technology development costs.

Political contribution and charitable donation

No political contributions were made in the period (3 months to 31 December 2020: £nil).

Total charitable contributions made to all registered charities during the year was £40,729 (3 months to 31 December 2020: £3,745).

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, as well as 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 employee survey tools, such as Peakon, to help the Group regularly measure employee net promoter score (eNPS) and key engagement drivers. Dedicated employees help to formalise and lead the engagement and internal communications strategy across the Group.

The Group is focused on keeping up to date with current best practice when it comes to self-development. This is achieved by having dedicated learning and development facilities that offer a wide selection of opportunities for employees to truly optimise their potential. These include 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 the Group's employment policies and practices, including recruitment, selection, training, promotion, salary reviews and flexible working.

The Group's subsidiaries instil a culture of equal opportunities, and policies are contained within relevant employee guidance at the various subsidiary company levels. These set out that it is the relevant subsidiary company's policy to select the most qualified person for each position within the organisation and it is the intent and resolve to comply with the requirements and spirit of all laws in the implementation of all facets of equal opportunity. These policies apply 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 Group's employees who are, or become, disabled.

Environmental matters

The Group recognises the impact it may have on 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.

Alongside external support, 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 and inspirational tools and advice are provided to all employees on how to prevent further unnecessary waste ending up in the environment and damaging the ecosystems.

The Group has entered into a number of property and company car leases to support business operations. The quantity of electricity consumption from the operation of UK property leases in the year was 1,115,687 kWh (3 months to 31 December 2020: 171,985 kWh).

The quantity of carbon dioxide (CO2) emission resulting from the total UK energy used from electricity in the year was 168 tonnes (3 months to 31 December 2020: 34 tonnes) from 1.6m kWh (3 months to 31 December 2020: 0.3m kWh). Emission was also calculated using an 'intensity metric', which will enable the Group to monitor how well we are controlling emissions on an annual basis. The Group considers the most suitable metric as 'emission per employee', based on average number of employees, as the Group is an employee focussed business. The carbon emission per employee was 0.1 tonnes of CO2 per employee (3 months to 31 December 2020: 0.1 tonnes of CO2 per employee). The Group is not required to disclose non-UK based emissions within these financial statements.

Subsequent events

Following the announcement of the discontinuation of LIBOR from the FCA, the Group renegotiated the terms of its Senior Facilities Agreement and hedging arrangements. Following that renegotiation, the reference rate for the Revolving Credit Facility, all GBP term loans and the rate paid for all cross-currency interest swaps is SONIA from 1 January 2022.

On 24 February 2022, Russia initiated the invasion of the Ukraine. The event and ongoing conflict has limited direct impact on the Group and its customers, however the ongoing geo-political tensions continues to create volatility in the energy markets which is further discussed in the Risk management, internal control and principal risks section of the Strategic Report.

On 25 March 2022, it was announced that a Group subsidiary, Penguin Portals Limited, would acquire 100% of Tempcover Holdings Limited and its subsidiaries (Temporary Cover Limited and Tempcover Limited). The acquisition is subject to regulatory approval and customary closing conditions and is expected to be completed by the autumn of 2022. Tempcover will give the Group a foothold in the short-term motor insurance market. The consideration and fair values of assets and liabilities to be acquired are not complete at the time of sign-off and are therefore not disclosed.

On 29 March 2022, a Group subsidiary, Zoopla Limited, settled its final deferred consideration payment amount of £5.0m for the acquisition of Yourkeys Technology Limited.

Directors' report (continued)

For the year ended 31 December 2021

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 parent company financial statements, the directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the group's ability to continue as a going concern.

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.

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

Statement of disclosure to the auditor

Each of the Directors at the date of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the reasonable steps that he / she ought to have taken as a Director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. Pursuant to section 485 of the 2006 Companies Act Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be proposed for re-appointment as auditor in the absence of an Annual General Meeting.

The Directors' report is approved by the Board of Directors ("Board") on 19 April 2022 and signed on behalf of the Board by

Charles Bryant
Charles Bryant (Apr 19, 2022 17:19 GMT+1)

Director
Charles Bryant

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

For the year ended 31 December 2021

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 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards 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 2 to 26 and parent company notes 1 to 7.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, international accounting standards and IFRSs as issued by the IASB, as adopted by the United Kingdom. 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.

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

For the year ended 31 December 2021

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 contained 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.

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 and HMRC tax legislations; and
- 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. These include General Data Protection Regulations ('GDPR') and Financial Conduct Authority regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, 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.

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

For the year ended 31 December 2021

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:

- For entities where estimation is required to calculate material accrued income - the valuation of accrued income and accuracy of the resulting revenue: We obtained an understanding of the revenue process, we tested the design and implementation of key controls in place to mitigate the risk of material misstatement, challenged management on the valuation of items accrued and 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.

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 Group and parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

Rachel Argyle
Rachel Argyle (Apr 19, 2022 21:59 GMT+1)

Rachel Argyle
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 April 2022

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Revenue	2	**387,709**	**67,868**
Administrative expenses		(424,025)	(76,739)
Operating loss	3	**(36,316)**	**(8,871)**
Finance income	4	5,860	532
Finance costs	4	(66,934)	(13,183)
Realised and unrealised foreign exchange gain		23,199	4,963
Fair value loss arising on cross-currency interest swaps during the year/period	11	(10,369)	(829)
Loss before tax for the year / period		**(84,560)**	**(17,388)**
Income tax (expense) / credit	8	(51,508)	2,761
Loss for the year / period		**(136,068)**	**(14,627)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Fair value gain / (loss) – Investments in unlisted securities	14	1,669	(2,596)
Currency translation differences on translation of overseas subsidiaries		(1,427)	-
Total comprehensive loss for the year / period		**(135,826)**	**(17,223)**

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

Consolidated statement of financial position

As at 31 December 2021

	Notes	As at 31 December 2021 £000	As at 31 December 2020 £000
Assets			
Non-current assets			
Intangible assets	12	3,091,046	2,617,530
Property, plant and equipment	13	34,799	33,752
Investments held in unlisted securities	14	6,218	4,545
Derivative financial instruments	11	-	4,611
Investments held in associates		30	-
Deferred tax asset	20	960	-
Total non-current assets		**3,133,053**	**2,660,438**
Current assets			
Trade and other receivables	15	77,418	70,086
Current tax assets		4,791	14,416
Cash and cash equivalents		74,731	50,728
Other short-term investments		-	20,000
Total current assets		**156,940**	**155,230**
Total assets		**3,289,993**	**2,815,668**
Liabilities			
Current liabilities			
Trade and other payables	16	86,008	64,004
Deferred and contingent consideration	17	6,390	9,588
Current lease liabilities	19	3,434	4,815
Provisions	18	102	-
Total current liabilities		**95,934**	**78,407**
Total assets less current liabilities		**3,194,059**	**2,737,261**
Non-current liabilities			
Loans and borrowings	19	1,120,799	917,746
Non-current lease liabilities	19	26,779	25,593
Deferred and contingent consideration	17	4,938	6,690
Provisions	18	2,424	2,028
Deferred tax liabilities	20	322,011	220,050
Derivative financial instruments	11	5,758	-
Total non-current liabilities		**1,482,709**	**1,172,107**
Total liabilities		**1,578,643**	**1,250,514**
Net assets		**1,711,350**	**1,565,154**
Equity attributable to owners of the parent			
Share capital	21	1,889,300	1,719,800
Share premium	21	101,700	-
Share-based payment reserve		28,593	17,954
Cumulative translation reserve		(1,427)	-
Other reserves		156	(1,696)
Retained earnings		(306,972)	(170,904)
Total equity		**1,711,350**	**1,565,154**

The consolidated financial statements of Zephyr Midco 2 Limited were approved by the Board of Directors on 19 April 2022 and were signed on its behalf by:

Charles Bryant
Charles Bryant (Apr 19, 2022 17:19 GMT+1)

Charles Bryant
Director

Consolidated statement of cash flows

For the year ended 31 December 2021

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Cash flows from operating activities		
Loss before tax	**(84,560)**	**(17,388)**
Adjustments for:		
Depreciation of property, plant and equipment (see note 13)	5,965	1,288
Amortisation and impairment of intangible assets (see note 12)	110,090	19,660
Finance income	(5,860)	(532)
Finance costs	66,934	13,183
Realised and unrealised foreign exchange (gain)	(23,199)	(4,963)
Share-based payments (see note 3)	11,028	2,469
Charge for contingent and deferred consideration (see note 17)	279	161
Acquisition related costs	6,585	363
Impairment of property, plant and equipment and other asset write-offs	102	279
Changes in fair value on financial instrument	10,369	829
Other non-cash charges	115	
Operating cash flows before changes in working capital	**97,848**	**15,349**
Decrease / (increase) in trade and other receivables	26,691	(2,571)
(Decrease) / increase in trade and other payables	(18,976)	2,663
(Decrease) / increase in provisions	(39)	53
Cash generated from operating activities	105,524	15,494
Income tax received / (paid)	8,588	(937)
Net cash flows from operating activities	**114,112**	**14,557**
Cash flows used in investing activities		
Acquisition of subsidiaries, net of cash acquired	(500,836)	(40,842)
Costs incurred on acquisition	(6,585)	(363)
Settlement of deferred and contingent consideration	(9,882)	(250)
Transfer in from other short-term investments	20,000	-
Interest received	5,860	532
Acquisition of property, plant and equipment	(1,054)	(225)
Acquisition and development of intangible assets	(23,782)	(3,109)
Net cash flows used in investing activities	**(516,279)**	**(44,257)**
Cash flows from / (used in) financing activities		
Payments on finance leases	(6,203)	(2,846)
Issue of bank borrowings, net of fees	135,315	-
Drawings on revolving credit facility	106,000	-
Repayment of borrowings	(19,000)	-
Interest paid	(60,362)	(11,665)
Cash settlement of warrants	(389)	-
Issue of share capital and premium	271,200	-
Net cash flows from / (used in) financing activities	**426,561**	**(14,511)**
Net increase / (decrease) in cash and cash equivalents	**24,394**	**(44,211)**
Foreign exchange movements	**(391)**	**-**
Cash and cash equivalents at beginning of the year/period	**50,728**	**94,939**
Cash and cash equivalents at end of the year/period	**74,731**	**50,728**

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

	31 December 2021 £000	31 December 2020 £000
Cash and cash equivalents	74,731	50,728
Other short-term investments	-	20,000
	74,731	**70,728**

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Notes	Share capital £000	Share premium £000	Share based payment reserve £000	Cumulative translation reserve £000	Other reserves £000	Retained earnings £'000	**Total equity £000**
At 1 January 2021		1,719,800	-	17,954	-	(1,696)	(170,904)	**1,565,154**
Loss for the period		-	-	-	-	-	(136,068)	**(136,068)**
Other comprehensive income:								
Fair value movements in unlisted securities	14	-	-	-	-	1,669	-	**1,669**
Cumulative translation reserve		-	-	-	(1,427)	-	-	**(1,427)**
Transactions with owners recorded directly in equity:								
Issue of share capital and share premium	21	169,500	101,700	-	-	-	-	**271,200**
Share-based payments charges	22	-	-	11,028	-	-	-	**11,028**
Warrant payments				(389)	-			**(389)**
Other reserves adjustments		-	-	-		183	-	**183**
At 31 December 2021		**1,889,300**	**101,700**	**28,593**	**(1,427)**	**156**	**(306,972)**	**1,711,350**

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2021

	Notes	Share capital £000	Share premium £000	Share based payment reserve £000	Cumulative translation reserve £000	Other reserves £000	Retained earnings £'000	**Total equity £000**
At 1 October 2020		1,719,800	-	15,485	-	900	(156,189)	**1,579,996**
Loss for the period		-	-	-	-	-	(14,627)	**(14,627)**
Other comprehensive income:								
Fair value movements in unlisted securities	14	-	-	-	-	(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 to the consolidated financial statements

For the year ended 31 December 2021

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").

The Group's principal activities and the nature of its operations are listed within the Strategic report on page 1.

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 January 2021 to 31 December 2021 as well as the comparative 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 United Kingdom ("adopted IFRS"), and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date

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 were no new IFRSs or IFRIC interpretations that were effective during the financial year beginning 1 January 2021 that have had a material impact on the Group. At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 Amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

1.2 New standards and interpretations not yet adopted (continued)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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. Where necessary, adjustments are made to the financial reporting from subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

Foreign subsidiaries

At the year end, the Company had multiple trading subsidiaries that used a functional currency which is different to the presentational currency of the Group (GBP). These primarily relate to entities whereby the functional currency is the Euro as it is the currency of the primary economic environment in which it operates (primarily operating from the Netherlands, France and Spain).

Assets and liabilities for these entities 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: 0.857 EUR:GBP and closing: 0.838 EUR:GBP.

1.4 Going concern

The Group consolidated statement of financial position shows a positive net current asset position of £61.0 million with significant cash resources and the Group continues to generate positive net cash flows of £114.1 million from operating activities. The Group posted a total comprehensive loss after tax of £135.8 million for the year, after interest charges of £66.9 million and £105.9 million of non-cash intangible asset amortisation costs, respectively. Despite the loss in the year, given the positive net cash inflow 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 inflow for the year was £24.4 million before foreign exchange movements, which includes the cash consideration outflows paid for the three business combinations completed throughout the year, offset by additional financing and equity issued by the Group. The year-end cash position was £74.7 million. The Group has a Revolving Credit Facility ('RCF') of £150 million, which has been used to finance acquisitions, and this RCF was £87 million drawn by 31 December 2021, with £63 million available to draw.

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 for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants. The Group has also modelled the proposed Tempcover Holdings Limited acquisition into these cash flow and covenant forecasts, which will be majority financed through a committed equity injection, and is a cash generative business.

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 European subsidiaries 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 transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree or assumed, and equity interest issued by the Group in exchange for control of the acquiree. 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.

Goodwill is measured as the excess of the sum of the consideration transferred.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Gains or losses on disposals of businesses are recognised within administrative expenses 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 is initially recognised and measured as set out above in note 1.7.

Goodwill is not amortised but is reviewed for impairment at least annually, and whenever the Directors have an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.9 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

1.10 Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

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.

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.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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
Listing relationships	–	9 to 10 years
Technology and software	–	3 to 8 years

1.11 Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

1.12 Financial instruments

Financial assets and financial liabilities are recognised in 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. Financial instruments are not used for speculative purposes.

IFRS 9 "Financial Instruments" prescribes the rules for recognition and measurement of financial instruments. The standard requires the use of an expected credit 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. There has been no significant increase (2020: no significant increase) in credit risk in the year and credit risk under IFRS 9 is discussed further in Note 24. Expected credit losses are provided for utilising the simplified approach to trade receivables by recording lifetime expected credit losses for the financial instrument.

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 through an irrevocable election 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, including any impairment losses. Income from the short-term investments is recognised through the statement of comprehensive income.

1.12 Financial instruments (continued)

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.

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.

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Short-term investments in the prior period were the term deposit held by the Company and measured at amortised cost. The interest income from the short-term investments are recognised through the statement of comprehensive income.

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.

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 through the statement of comprehensive income.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.14 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities 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 can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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

Equity-settled share-based payments to employees:

The Group provides equity-settled share-based incentive plans whereby ZPG Property Services Holdings Limited and ZPG Comparison Services Holdings Limited (subsidiaries of the Group) and a parent company of the Group (Zephyr Holdco 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.

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

Warrants to third parties:

The Group issues warrants over shares in ZPG Property Services Holdings Limited, a subsidiary of the Group, to a number of third parties. At the grant date, the Group determined the fair value of the services received in exchange for the issuance of the warrants using a discounted-cash flow model. The charge is recognised over the contractual term of the warrants in a manner in which the Group receives the benefit of the service provided.

1.18 Revenue recognition

The Group recognises revenue from the following major sources:

Property	RVU
- Property websites: monthly subscription revenue from UK domestic, overseas and commercial estate agents to list to the Group's Property websites - Property software: Provision of software licensing and installations to UK domestic, overseas and commercial estate agents - Data: Provision of property data services to financial and other institutions	- Comparison Services: provision of a service that allows users to compare prices among different services providers in energy, telecom, financial services and insurance sectors. - B2B services: provision of data and white label services to third party organisations - Mortgage broker intermediary services: delivering personalised mortgage recommendations through a hybrid of smart tech and human mortgage experts.

Property:

Property Websites:

Performance obligations are satisfied, and revenue recognised, from the point that customer has access to the platform to allow them to list their properties. Subscription revenue is spread over the life of the contract. Customers have the option to enhance their property listings and presence on property websites through purchasing additional advertising products. For products that provide enhanced brand property exposure across a period, revenue is recognised over the life of the product from the point the customer gains access to the product. For products which are one-off use, revenue is recognised when the benefit is received by the customer at a point in time.

Where contracts include different prices through-out the life of the contract, the total contract price is calculated and spread over the contract period. 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.

1.18 Revenue recognition (continued)

Property Software:
Performance obligations are satisfied, and revenue recognised, from the point where the customer can use the software. Total expected revenue from each contract, including the initial fees charged for the installation of the software, is spread over the life of the contract. Payment for installation of software services is not due from the customer until the installation services are complete and therefore accrued income is recognised over the period in which the installation services are performed representing the entity’s right to consideration for the services performed to date.

Data:
The Data services provided are determined to be a series of distinct services that are homogenous and have the same pattern of transfer to the customer, and therefore represent one performance obligation that is recognised in a straight-line basis over the life of the contract. Revenue that is tied to the delivery of separable and identifiable obligations such as portfolio valuations is recognised when the obligations are met, and the piece of work has been delivered.

Customers pay for the data services in advance on a monthly or quarterly basis; therefore, deferred income is recognised when payment is received and unwound as the service is being delivered to the customer.

RVU:

Comparison services:
Revenue is recognised at the point where the performance obligations identified in the contract has been fulfilled and where revenue can be reliably estimated. The performance obligation is satisfied at different points for different products. For Energy and Telecoms, the performance obligation is determined to be satisfied at when a lead is generated; for insurance products this is more commonly the point at which a policy is sold.

Revenue is recognised at the fair value of the consideration received or receivable for which the transaction price is fixed in accordance with the terms of the contracts in place, net of an estimate of cancellations or uncompleted switches. Where revenue is accrued, this is estimated based on underlying metrics of customer interactions and is subsequently validated through sales data submissions made by the Group’s partners.

B2B (Business to business) services:

These services provided are determined to be a series of distinct services that are homogenous and have the same pattern of transfer to the customer, and therefore represent one performance obligation that is recognised in a straight-line basis over the life of the contract.

Customers pay for the services on a monthly basis and revenue is recognised in the month of the fulfilment of the performance obligation.

Mortgage broker intermediary services:

Revenue is recognised at the point where the performance obligations identified in the contract has been fulfilled and where revenue can be reliably estimated. For mortgage revenue, this point has been identified at the point at the completion of a mortgage (i.e. executed by all counterparties). The revenue is measured as the fair value of consideration received or receivable, excluding discounts and any sales taxes.

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 substitution 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 measured 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.

1.19 Leases (continued)

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

In the 3 months to December 2020, 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 the income statement 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 income statement as permitted under section 29, IAS 20. No government grants have been utilised in the current year.

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 in 2017 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 2021 would decrease by £0.6 million (31 December 2020: increase by £2.6 million).

A total charge of £0.3 million (three months to 31 December 2020: charge of £0.2 million) was recognised in respect of 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, listing relationships, technology and software of which £3,091 million (31 December 2020: £2,618 million) has been recognised as at 31 December 2021. 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, following the recognition of specific impairments against brand names, looking at internal and external factors for each of the business unit to identify if there were any indicators 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. In the period to 30 September 2019, 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.

During the period to 31 December 2020, 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 contract measured in reference to the services provided, the Group used the principles under IAS 8:10 to develop an accounting policy that accurately reflects the facts and circumstances of the modification. Based on the analysis performed, the Group considers that there are two options for accounting for the modification – prospectively or through a cumulative catch-up approach. As the modification was made due to new information and was forward-looking in nature, the Group has determined that accounting for the modification prospectively more accurately reflect***s*** the commercial substance of the arrangement.

Recognition of acquired intangibles on acquisition

The Group has completed multiple acquisitions throughout the year, as described in Note 10 of these consolidated financial statements. 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 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.

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For the year ended 31 December 2021

2. Revenue

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

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
UK	342,778	65,600
Netherlands	10,572	2,268
Spain	17,859	-
France	14,440	-
Other	2,060	-
Total	**387,709**	**67,868**

3. Operating loss

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment (Note 13)	5,965	1,288
Impairment of property, plant and equipment and other asset write-offs (Note 13)	102	273
Amortisation of intangible assets (Note 12)	105,906	19,673
Impairment of intangible assets (Note 12)	4,184	-
Share-based payments (Note 22)	11,028	2,469
Acquisition related costs	6,585	6,577
Contingent consideration fair value movement (Note 17)	279	160
Contingent consideration foreign currency translation (Note 17)	(435)	-

4. Finance costs and income

Finance costs

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Interest costs	52,739	11,187
Amortisation of capitalised fees	4,308	918
Other finance costs	375	89
Interest expense on leases	1,872	326
Realised loss on cross-currency swap	7,640	663
Total finance costs	**66,934**	**13,183**

Finance income

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Cross-currency hedging income	5,860	532
Total finance income	**5,860**	**532**

Notes to the consolidated financial statements

For the year ended 31 December 2021

5. Auditor's remuneration

	Year ended 31 December 2021 £000	3 months to 31 December 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	200	115
– for the audit of subsidiaries of Zephyr Midco 2 Limited	540	295
Total audit fees	**740**	**410**
Fees payable to the Group's auditor and its associates for other services to the Group:		
– Audit related assurance services	42	-
– Other services	264	1,122
Total non-audit fees	**306**	**1,122**

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

6. Employee costs

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Staff costs (including Directors) comprise:		
Wages and salaries	67,542	13,300
Social security costs	9,273	1,635
Defined contribution pension costs	3,289	541
Share-based payments (Note 22)	2,495	458
	82,599	**15,934**

In the prior period, the Group placed a number of employees on Furlough scheme provided by the UK Government to support the business through the Covid-19 pandemic. Included in the staff costs is a credit of £Nil (three months to 31 December 2020: £26.1k) relating to the Furlough scheme claim.

The average monthly number of Directors and employees during the year/period was:

	Year ended 31 December 2021 Number	3 months to 31 December 2020 Number
Administration	1,476	925
Directors	3	3
	1,479	**928**

7. Remuneration of key management personnel

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Salary, benefits and bonus	406	1,041
Defined contribution pension	29	-
	435	**1,041**

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

The highest paid Director received remuneration including pension contributions of £0.435 million (3 months to 31 December 2020: £1.041m).

Notes to the consolidated financial statements
For the year ended 31 December 2021

8. Taxation

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Current tax		
Current period	7,049	1,797
Adjustment in respect of prior periods	(543)	78
Foreign tax relief	(150)	-
Release of tax provision	(5,021)	-
Total current tax expense	**1,335**	**1,875**
Deferred tax		
Origination and reversal of temporary differences	(19,263)	(4,560)
Adjustment in respect of prior periods	(125)	(76)
Effect of tax rate change on opening balance	69,561	-
Total deferred tax expense / (credit)	**50,173**	**(4,636)**
Total income tax expense/(credit)	**51,508**	**(2,761)**

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:

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Loss before tax	**(84,560)**	**(17,388)**
Current corporation tax rate of 19%	(16,066)	(3,304)
Expenses not deductible for tax purposes	4,399	-
Income not taxable for tax purposes	(798)	2,099
Effects of overseas tax rates	294	(38)
Adjustments in respect of prior periods – current tax	(543)	(247)
Adjustments in respect of prior periods - deferred tax	(125)	-
Impact of deferred tax rate changes	69,561	-
Deferred tax asset recognised on amounts previously disallowed	84	(1,654)
Release of tax provision	(5,021)	-
Other movements	(277)	383
Total income tax expense / (credit)	**51,508**	**(2,761)**

-The Finance Act 2021, which was substantively enacted on 24 May 2021, included an increase in the main rate of UK corporation tax to 25% from 1 April 2023 from 19% as seen within the year and comparative period. This rate has been substantively enacted at the statement of financial position date of 31 December 2021, and as a result the deferred tax balances as at 31 December 2021 have been revalued, which has increased the deferred tax liability by £69.6 million.

The Group's effective tax rate for the year ended 31 December 2021 is 60.9% (3 months to 31 December 2020: 15.9% credit). This is significantly higher than the statutory UK corporation tax rate primarily due to two reasons, as follows:

- The Group has a deferred tax charge which is primarily driven by the increase in the main rate of UK corporation tax that was substantively enacted during the year; and
- The Group has a loss before tax but this contains certain non-tax-deductible expenses within the income statement, so are added back for the reconciliation.

Due to the above reasons, the Group has a total income tax charge for the year whilst having a loss before tax in the income statement. This has the effect of creating an effective tax rate which is significantly higher than the statutory UK corporation tax rate.

9. Investment in subsidiaries, joint ventures and associates

Details of the Company's direct and indirect subsidiaries and joint ventures as at 31 December 2021 are shown below. All of the entities listed are consolidated in the consolidated accounts of Zephyr Midco 2 Limited apart from associates which are accounted for under IAS 28 – Investments in Associates using the equity accounting method.

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%.
- Preminen Mexico S.A. de C.V. where 95% of Ordinary Share capital is owned by Preminen Price Comparison Holdings Limited with Rastreator.com Limited owning the remaining 5%.

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, apart from Penguin Portals Limited, Inspop.com Limited and Confused.com Limited which are registered at Greyfriars House, Greyfriars Road, Cardiff, Wales, CF10 3AL.

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

The subsidiary incorporated in Mexico, namely Preminen Mexico S.A. de C.V., is registered at C/ Varisovia, 36, 5th floor 06600 Col. Juarez Mexico City.

The subsidiary incorporated in India, namely Preminen Price Comparison India Private Limited, is registered at F-2902, Ireo Grand Arch, Sector 58, Gurugram, Haryana, Gurgaon, Haryana, India 122011.

The subsidiary incorporated in France, namely LeLynx SAS, is registered at 34 Quai de la Loire 75019 Paris.

The subsidiary incorporated in Spain, namely Rastreator Comparador Correduria de Seguros S.L.U, is registered at Calle Sanchez Pacheco, 85, 28002 (Madrid).

The joint venture HLIX Limited did not trade in the year. It is incorporated at 133 Praed Street, London, W2 1RN.

The associate incorporated in China, namely Long Yu Science & Technology (Beijing) Company Limited, is registered at Room 1806, 15th Floor, Block 16, No. 39 East 3rd Ring Middle Road, Chaoyang District, Beijing, the PRC.

The associate incorporated in Bahrain, namely Preminen MENA Price Comparison W.L.L., is registered at Road no 3618, Block 436, Building 852, Office no 42, 4th floor, Seef (Kingdom of Bahrain).

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For the year ended 31 December 2021

Name	*Direct parent*	*Country of incorporation*	*Ownership of Ordinary Shares and voting interest* **2021**	*Ownership of Ordinary Shares and voting interest* **2020**
Active				
Zephyr Bidco Limited*	Zephyr Midco 2 Limited	United Kingdom	**100%**	100%
ZPG Limited*	Zephyr Bidco Limited	United Kingdom	**100%**	100%
ZPG Property Services Holdings Limited	ZPG Limited	Cayman Islands	**100%**	100%
ZPG Property Services Holdings UK Limited*	ZPG Property Services Holdings Limited	United Kingdom	**100%**	100%
ZPG Comparison Services Holdings Limited	ZPG Limited	Cayman Islands	**100%**	100%
ZPG Comparison Services Holdings UK Limited*	ZPG Comparison Services Holdings Limited	United Kingdom	**100%**	100%
Zoopla Limited	ZPG Property Services Holdings UK Limited	United Kingdom	**100%**	100%
Yourkeys Technology Limited*	Zoopla Limited	United Kingdom	**100%**	New to Group 2021
Zoopla Printing Services Limited*	Zoopla Limited	United Kingdom	**100%**	100%
W New Holdings Limited*	Zoopla Limited	United Kingdom	**100%**	100%
Websky Limited*	W New Holdings Limited / Zoopla Limited	United Kingdom	**100%**	100%
TechnicWeb Limited*	Zoopla Limited	United Kingdom	**100%**	100%
Uswitch Limited	ZPG Comparison Services Holdings UK Limited	United Kingdom	**100%**	100%
Property Software Holdings Limited*	ZPG Property Services Holdings UK Limited	United Kingdom	**100%**	100%
Jupix Limited*	Property Software Holdings Limited	United Kingdom	**100%**	100%
MoveIT Network Limited*	Jupix Limited	United Kingdom	**100%**	100%
Property Software Limited*	Property Software Holdings Limited	United Kingdom	**100%**	100%
Core Estates Limited*	Property Software Limited	United Kingdom	**100%**	100%
CFP Software Limited*	Property Software Limited	United Kingdom	**100%**	100%
Vebra Investments Limited*	Property Software Limited	United Kingdom	**100%**	100%
Vebra Limited*	Vebra Investments Limited	United Kingdom	**100%**	100%
Vebra Solutions Limited*	Vebra Limited	United Kingdom	**100%**	100%
Hometrack.co.uk Limited*	ZPG Property Services Holdings UK Limited	United Kingdom	**100%**	100%
Hometrack Data Systems Limited	Hometrack.co.uk Limited	United Kingdom	**100%**	100%
Hometrack MLS Limited*	Hometrack Data Systems Limited	United Kingdom	**100%**	100%
Dot Zinc Holdings Limited*	ZPG Comparison Services Holdings UK Limited	United Kingdom	**100%**	100%

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Name	***Direct parent***	***Country of incorporation***	***Ownership of Ordinary Shares and voting interest*** **2021**	***Ownership of Ordinary Shares and voting interest*** **2020**
Dot Zinc Limited	Dot Zinc Holdings Limited	United Kingdom	**100%**	100%
ZPG Property Services Limited*	ZPG Property Services Holdings UK Limited	United Kingdom	**100%**	100%
Calcasa B.V.	ZPG Property Services Limited	Netherlands	**100%**	100%
Penguin Portals Limited*	ZPG Comparison Services Holdings UK Limited	United Kingdom	**100%**	New to Group 2021
Rastreator.com Limited*	Penguin Portals Limited	United Kingdom	**100%**	New to Group 2021
Rastreator Comparador Correduria de Seguros S.L.U	Rastreator.com Limited	Spain	**100%**	New to Group 2021
LeLynx SAS	Penguin Portals Limited	France	**100%**	New to Group 2021
Inspop.com Limited	Penguin Portals Limited	United Kingdom	**100%**	New to Group 2021
Preminen Price Comparison Holdings Limited*	ZPG Comparison Services Holdings UK Limited	United Kingdom	**100%**	New to Group 2021
Preminen Dragon Price Comparison Limited*	Preminen Price Comparison Holdings Limited	United Kingdom	**100%**	New to Group 2021
Preminen Price Comparison India Private Limited	Preminen Price Comparison Holdings Limited	India	**100%**	New to Group 2021
Preminen Mexico S.A. de C.V.	Preminen Price Comparison Holdings Limited / Rastreator.com Limited	Mexico	**100%**	New to Group 2021
Life’s Great Group Limited	ZPG Comparison Services Holdings UK Limited	United Kingdom	**100%**	New to Group 2021
Life’s Great Limited	Life’s Great Group Limited	United Kingdom	**100%**	New to Group 2021
Life’s Great Tech Limited	Life’s Great Group Limited	United Kingdom	**100%**	New to Group 2021
Dormant				
PSG Web Services Limited*	Vebra Limited	United Kingdom	**100%**	100%
Real Estate Technology Limited*	Vebra Limited	United Kingdom	**100%**	100%
Confused.com Limited	Inspop.com Limited	United Kingdom	**100%**	New to Group 2021

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Name	***Direct parent***	***Country of incorporation***	***Ownership of Ordinary Shares and voting interest*** **2021**	***Ownership of Ordinary Shares and voting interest*** **2020**
Joint ventures				
HLIX Limited	Hometrack Data Systems Limited	United Kingdom	**25%**	25%
Associates				
Long Yu Science & Technology (Beijing) Company Limited	Preminen Dragon Price Comparison Limited	China	**42%**	New to Group 2021
Preminen MENA Price Comparison W.L.L.	Preminen Price Comparison Holdings Limited	Bahrain	**30%**	New to Group 2021

* For the year to 31 December 2021 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 year to 31 December 2021 and the Company has guaranteed the liabilities for these entities as at 31 December 2021.

Notes to the consolidated financial statements

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10. Acquisitions

Yourkeys

On 23 April 2021, a Group subsidiary, Zoopla Limited, completed its acquisition of Yourkeys Technology Limited ('Yourkeys') for consideration of £20.1 million and 100% of the share capital. Yourkeys is an award-winning property software solution used by housebuilders and new homes estate agents. The acquisition enables the Group to benefit from greater integration with housebuilders and new homes agents. The consideration was settled by £15.1m cash consideration, and £5.0m deferred consideration due 12 months after the acquisition.

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	11
Intangible assets	496
Trade and other receivables	146
Trade and other payables	(472)
Total net assets acquired, excluding cash	**181**
Intangible assets recognised on acquisition:	
– Customer relationships	800
– Software	4,160
Deferred tax liability arising on intangible assets	(942)
Goodwill on acquisition	15,474
	19,673
Satisfied by:	
Cash consideration	15,063
Deferred consideration	5,000
Cash acquired	(390)
Total consideration, net of cash acquired	**19,673**

Customer relationships (£0.8 million)

Yourkeys offers products and services to several organisations within the housing market. These strong relationships with customers are expected to continue post acquisition and are valued under the excess earnings income method.

Software (£4.2 million)

Yourkeys offers a proprietary suite of software products which are utilised within the housing market through primarily SaaS-type contracts and are valued under the 'relief from royalty' method.

Goodwill (£15.5 million)

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

Purchase consideration – cash outflow

	£000
Cash consideration paid in 2021, net of cash acquired on acquisition	14,673

10. Acquisitions (continued)

Revenue and loss after tax contribution

Yourkeys was included in the consolidated financial statements from the date of acquisition, 23 April 2021. Yourkeys contributed revenue of £0.3m and a loss after tax of £0.8m to the consolidated results of the Group for the year ended 31 December 2021. If Yourkeys were included in the consolidated financial statements from the start of the year, it is estimated that Yourkeys would have contributed revenue of £0.5m and a loss of £1.2 million.

Penguin Portals Group

On 30 April 2021 the Group, via its wholly-owned subsidiary, ZPG Comparison Services Holdings UK Limited acquired Admiral Group's comparison division, the Penguin Portals Group ("PPG") and 100% of the share capital. This included Confused.com, Rastreator.com, LeLynx.fr, the Preminen group and a technology support function in India. The total consideration was £501.7 million as measured in accordance with IFRS 3. The PPG acquisition provides the Group with a presence in the car & home insurance markets, which are the largest UK markets for comparison websites, and in which the Group did not previously have meaningful presence, as well as acquiring the leading insurance comparison websites in Spain and France.

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	6,418
Intangible assets	1,354
Deferred tax asset	3,616
Trade and other receivables	33,618
Current tax asset	635
Trade and other payables	(40,612)
Provisions	(539)
Total net assets acquired, excluding cash	**4,490**
Intangible assets recognised on acquisition:	
– Listing relationships	69,335
– Brand	150,858
– Software	49,601
Deferred tax liability arising on intangible assets	(53,478)
Goodwill on acquisition	244,517
	465,323
Satisfied by:	
Cash consideration	501,736
Cash acquired	(36,413)
Total consideration, net of cash acquired	**465,323**

Listing relationships (£69.3 million)

PPG offers insurance products and services to millions of consumers and holds strong links with insurance providers. These strong relationships with providers are expected to continue post acquisition and are valued under the excess earnings income method.

10. Acquisitions (continued)

Brand (£150.9 million)

PPG has strong market coverage and holds high levels of brand loyalty. The brands have been valued through the relief from royalty method.

Software (£49.6 million)

PPG operates an internally developed suite of software utilised in its businesses and has been valued under the replacement cost method.

Goodwill (£244.5 million)

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

Revenue and profit after tax contribution

PPG was included in the consolidated financial statements from the date of acquisition, 30 April 2021. PPG contributed revenue of £134.7 million and a profit after tax of £14.8 million to the consolidated results of the Group for the year ended 31 December 2021. If PPG was included in the consolidated financial statements from the beginning of the year, PPG would have contributed revenue of £201.2 million and a profit after tax of £24.0 million.

Purchase consideration – cash outflow

	£000
Cash consideration paid in 2021, net of cash acquired on acquisition	465,323

Life's Great Group Limited

On 1 December 2021, a Group subsidiary ZPG Comparison Services Holdings UK Limited completed its acquisition of Life's Great Group Limited and its subsidiaries, Life's Great Limited and Life's Great Tech Limited ('LGGL'), trading as 'Mojo' for consideration of £21.0 million and 100% of the share capital. Mojo is a free mortgage broking service that is particularly targeted to the 'first time buyer' market with its 'get mortgage ready' app (Mortgagescore). The acquisition was settled through cash consideration.

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.

10. Acquisitions (continued)

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	53
Intangible assets	960
Trade and other receivables	261
Trade and other payables	(1,426)
Related party loan	(745)
Total net liabilities acquired, excluding cash	**(897)**
Intangible assets recognised on acquisition:	
– Brand	387
– Customer relationships	2,688
– Software	5,045
Deferred tax liability arising on intangible assets	(1,932)
Goodwill on acquisition	13,617
Deferred tax asset	1,932
	20,840
Satisfied by:	
Cash consideration	21,010
Cash acquired	(170)
Total consideration, net of cash acquired	**20,840**

Brand (£0.4 million)

Mojo has a strong brand name through marketing initiatives and online presence and is valued through the relief from royalty income method.

Customer relationships (£2.7 million)

Mojo offers products and services through several financial services organisations. These strong relationships with the financial service organisations are expected to continue post acquisition and are valued through the excess earnings income method.

Software (£5.0 million)

Mojo operates an internally developed suite of software utilised in its businesses and has been valued under the replacement cost method.

Goodwill (£13.6 million)

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

Purchase consideration – cash outflow

	£000
Cash consideration paid in 2021, net of cash acquired on acquisition	20,840

Revenue and loss after tax contribution

LGGL was included in the consolidated financial statements from the date of acquisition, 1 December 2021. LGGL contributed revenue of £0.1m and a loss after tax of £0.3 to the consolidated results of the Group for the year ended 31 December 2021. If LGGL was included in the consolidated financial statements from the beginning of the year, LGGL would have contributed revenue of £1.1m and a loss after tax of £2.9m.

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11. Derivative financial instruments

Derivative financial assets	**31 December 2021 £000**	**31 December 2020 £000**
Cross-currency interest rate swap contracts	-	4,611
	-	**4,611**

Derivative financial liabilities	**31 December 2021 £000**	**31 December 2020 £000**
Cross-currency interest rate swap contracts	5,758	-
	5,758	**-**

There was a £10.4m fair value loss arising on cross-currency swaps during the year (3 months to 31 December 2020: £0.8m fair value loss) charged to the consolidated statement of comprehensive income.

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12. Intangible assets

	Goodwill £000	Brand £000	Customer relationships £000	Listing relationships £000	Technology and software £000	Other software £000	Total £000
Cost							
As 1 October 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**
Recognised on acquisition of subsidiaries	273,608	151,245	3,488	69,335	61,616	-	559,292
Additions	-	-	-	-	24,314	-	24,314
At 31 December 2021	**1,714,780**	**864,040**	**567,992**	**69,335**	**174,105**	**203**	**3,390,455**
Amortisation							
As at 1 October 2020	-	69,623	71,684	-	28,227	129	169,646
Charge for the period	-	7,879	8,148	-	3,629	-	19,673
At 31 December 2020	**-**	**77,502**	**79,832**	**-**	**31,856**	**129**	**189,319**
Charge for the year	-	38,012	33,712	4,664	29,518	-	105,906
Impairment	-	4,184	-	-	-	-	4,184
At 31 December 2021	**-**	**119,698**	**113,544**	**4,664**	**61,374**	**129**	**299,409**
Net book value							
At 31 December 2020	1,441,172	635,293	484,672	-	56,319	74	2,617,530
At 31 December 2021	**1,714,780**	**744,342**	**454,448**	**64,671**	**112,731**	**74**	**3,091,046**

12. Intangible assets (continued)

The intangible assets relate to six separate business units being Property Marketing, Property Software, Property Data, RVU London (previously named "Comparison"), Confused.com and RVU International. 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 group of cash-generating units 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.

In 2021 the decision was made to stop using certain brand names in the Property division. This has resulted in the £4.2m carrying value of these brand names being impaired in the year.

	Goodwill £000	**Other intangibles £000**	**Total £000**
Property Data	349,113	133,263	**482,376**
Property Marketing	573,660	441,859	**1,015,519**
Property Software	154,290	70,704	**224,994**
RVU London	393,202	477,543	**870,745**
Confused.com	201,185	218,688	**419,873**
RVU International	43,330	34,209	**77,539**
At 31 December 2021	**1,714,780**	**1,376,266**	**3,091,046**

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 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 terminal growth rate after the five-year period have been determined with reference to the long-term growth for each business unit, alongside long term growth rates in the technology industry and other relevant data points to each business unit.

The post-tax discount rates and long-term growth rates used in each business unit are shown below.

	WACC 2021	**WACC 2020**	**Terminal growth 2021**	**Terminal growth 2020**
Property Data	8.2%	9.0%	3.7%	3.7%
Property Marketing	8.2%	9.5%	4.0%	4.0%
Property Software	9.5%	9.0%	4.7%	4.7%
RVU London	9.1%	10.0%	3.5%	3.5%
Confused.com	9.1%	n/a	3.5%	n/a
RVU International	9.6%	n/a	3.5%	n/a

The cash flow forecast is derived based on the forecast EBITDA of each business unit, adjusted for specific cash items (e.g., capital expenditure). 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.

12. Intangible assets (continued)

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

- For Property Marketing and Data, the headroom would be removed if the pre-tax WACC increases by 1.1% and 1.5% respectively. Should the pre-tax WACC increase by 1.25%, Property Marketing will incur negative headroom of £19m whilst Property Data will retain a positive headroom of £14m.
- For Property Marketing and Data, the headroom would be removed if the EBITDA growth rate for the next five years reduced by 12.7% and 16.2% against forecast respectively. Should the EBITDA growth rate for the next five years reduce by 15% against forecast, Property Marketing will incur negative headroom of £31.9 whilst and Property Data will incur positive head room of £7.5m.

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

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 2020	2,195	383	3,392	6,200	35,446	47,616
Additions	23	-	148	17	58	246
Disposals	(1)	-	(9)	(3)	(490)	(503)
At 31 December 2020	2,217	383	3,531	6,214	35,014	47,359
Additions	109	-	886	59	95	1,149
Recognised on acquisition of subsidiaries	462	-	542	798	4,680	6,482
Disposals	(53)	-	-	-	(1,591)	(1,644)
Foreign exchange impact	-	-	-	-	(22)	(22)
At 31 December 2021	**2,735**	**383**	**4,959**	**7,071**	**38,176**	**53,324**
Accumulated depreciation						
As at 1 October 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	13,607
Charge for the year	470	4	1,208	453	3,830	5,965
Impairment	-	-	-	-	69	69
Disposals	(20)	-	-	-	(1,087)	(1,107)
Foreign exchange impact	-	-	-	-	(9)	(9)
At 31 December 2021	**1,875**	**198**	**3,860**	**2,078**	**10,514**	**18,525**
Net book value						
At 31 December 2021	**860**	**185**	**1,099**	**4,993**	**27,662**	**34,799**
At 31 December 2020	792	189	879	4,589	27,302	33,752

The carrying value of vehicle and property right-of-use assets at 31 December 2021 are £0.3 million (2020: £0.4 million) and £27.4 million (2020: £26.9 million) respectively.

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14. Investments held in unlisted securities

	31 December 2021 £000	31 December 2020 £000
At the beginning of the year/period	4,545	7,141
Additions	4	-
Fair value movements	1,669	(2,596)
At the end of the year/period	**6,218**	**4,545**

Investments held in unlisted securities 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 2021 £000	31 December 2020 £000
Trade receivables	30,240	19,866
Accrued income	34,547	46,163
Deposits	5,041	-
Prepayments	6,562	3,492
Other receivables	1,028	565
	77,418	**70,086**

All trade and other receivables are classified as current assets. Details of the Group's exposure to credit risk are given in Note 24. The deposits relate to cash amounts held within the Group's Spanish subsidiary Rastreator.com which are ring-fenced by a guarantee.

16. Trade and other payables

	31 December 2021 £000	31 December 2020 £000
Trade payables	22,586	18,669
Accruals	34,191	22,147
Other taxation and social security payments	17,007	19,168
Deferred income	5,389	2,602
Other payables	6,835	1,418
	86,008	**64,004**

The Directors consider that the carrying value of trade and other payables is approximate to their fair value. The trade payables, accruals, deferred income and other payables increased in the year due to the additional businesses acquired in the year. 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 2021 £000	31 December 2020 £000
Current	3,434	4,815
Non-current	26,779	25,593
	30,213	**30,408**

During the year, £6.2m (period to 31 December 2020: £2.8m) in financial liabilities were paid and £1.9m (period to 31 December 2020: £0.4m) of interest was charged to the income statement.

17. Deferred and contingent consideration

Consideration for the acquisition of Hometrack included a commercial earn-out agreement which is contingent upon the future performance of a ten-year license agreement entered at the point of acquisition. Judgement is therefore 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 1.21. A fair value movement of £0.3m (three months to 31 December 2020: £0.2 million) was recognised in respect of the Hometrack earn-out. If all possible scenarios were weighted equally, the contingent consideration on the agreement would be a reduction of £0.6 million (three months to 31 December 2020: an increase of £2.6 million).

All other contingent consideration has been settled in the year and the deferred consideration on the Yourkeys acquisition has been settled in March 2022.

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
At 1 January 2021	-	16,278	16,278
Deferred consideration on Yourkeys acquisition	4,999	-	4,999
Interest accrued	90	-	90
Changes in fair value	-	279	279
Money.co.uk payment	-	(1,912)	(1,912)
Hometrack payment	-	(1,301)	(1,301)
Calcasa payment	-	(6,670)	(6,670)
Gain on foreign currency translation	-	(435)	(435)
At 31 December 2021	**5,089**	**6,239**	**11,328**
Current	**5,089**	**1,301**	**6,390**
Non-current	**-**	**4,938**	**4,938**

	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**

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	-	6,239	6,239
YourKeys	5,089	-	5,089
At 31 December 2021	**5,089**	**6,239**	**11,328**

	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
At 31 December 2020	**-**	**16,278**	**16,278**

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18. Provisions

The movement in provisions can be analysed as follows:

	Dilapidation provisions £000	Other £000	Total £000
At 1 January 2021	2,028	-	2,028
Acquired in the year	-	539	539
Recognised in the period	-	84	84
Utilised in the period	(125)	-	(125)
At 31 December 2021	**1,903**	**623**	**2,526**
Current	**-**	**102**	**102**
Non-current	**1,903**	**521**	**2,424**

	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**

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. Other provisions relate to employee gratuity benefits within certain jurisdictions.

19. Loans and borrowings

The loans taken out by the Group as at 31 December 2021 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. The facility is £87m drawn (at the London Interbank Offered Rate (LIBOR) + 3.5%) as at 31 December 2021 (31 December 2020: undrawn);
- Term loans denominated in GBP totalling £714.5 million, being £534.5 million maturing in July 2025 at Libor + 4.75% and £180 million maturing in July 2026 at LIBOR + 7.5%; and
- Term loans denominated in Euro totalling €400 million maturing in July 2025 at the Euro Interbank Offer Rate (EURIBOR) + 3.75%.

Following the announcement of the discontinuation of LIBOR from 1 January 2022, the Group renegotiated the terms of its Senior Facilities Agreement. Following that renegotiation, the reference rate for the revolving credit facility and GBP term loans is Sterling Overnight Index Average (SONIA) from 1 January 2022. The Euro term loan remains indexed at EURIBOR.

	31 December 2021 £000	**31 December 2020 £000**
Opening gross borrowings	934,359	939,314
Issue of Unsecured Senior Loan Notes	139,500	-
Repayment of Revolving Credit Facility	(19,000)	-
Drawings on Revolving Credit Facility	106,000	-
Unrealised foreign exchange translation gain on external borrowings	(23,570)	(4,955)
Gross borrowings	**1,137,289**	**934,359**
Capitalised arrangement fees	**(16,490)**	**(16,613)**
Total loans and borrowings	**1,120,799**	**917,746**

The £139.5m issue of unsecured senior loan notes in 2021 was received net of £4.185m transaction fees, which are amortised over the life of the loan.
The Group has no other loans or borrowings. Further detail on borrowings is provided in Note 24.

19. Loans and borrowings (continued)

Analysis of Net Debt

	As at 1 Jan 2021 £000	Cash flows £000	Exchange differences £000	Other non-cash flows £000	As at 31 Dec 2021 £000
Cash and cash equivalents	50,728	24,394	(391)	-	74,731
Other short- term investments	20,000	(20,000)	-	-	-
Debt due after one year	(917,746)	(222,315)	23,570	(4,308)	(1,120,799)
	(847,018)	(217,921)	23,179	(4,308)	(1,046,068)

Other non-cash flows primarily relate to amortised debt-related fees.

Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 2021 £000	3 months to 31 December 2020 £000
Increase / (decrease) in cash in year/period	24,394	(44,211)
Issue of bank borrowings	(139,500)	-
Drawings on revolving credit facility	(106,000)	-
Repayment of borrowings	19,000	-
New debt issue related costs	4,185	-
Reclassification from other short-term investments	(20,000)	-
Change in net debt resulting from cash flows	(217,921)	(44,211)
Exchange differences on loans	23,570	4,955
Exchange differences on cash and cash equivalents	(391)	-
Amortisation of debt issue costs	(4,308)	(918)
Total non-cash flow movements	18,871	4,037
Movement in net debt in the financial year	(199,050)	(40,174)
Net debt at 1 January 2021/1 October 2020	(847,018)	(806,844)
Net debt at 31 December 2021/31 December 2020	**(1,046,068)**	**(847,018)**

Leases
As at 31 December 2021 the balance sheet contains the following amounts that relate to assets leased by the Group.

	31 December 2021 £000	31 December 2020 £000
Right-of-use assets		
Buildings	27,401	26,884
Vehicles	261	418
	27,662	**27,302**
Lease liabilities		
Current	3,434	4,815
Non-current	26,779	25,593
	30,213	**30,408**

The depreciation charge of the right-of-use assets is presented in Note 12. The interest expense of the lease liabilities and contractual maturity of the forecast interest payments are presented in Note 4 and Note 24, respectively.

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20. Deferred tax

	Property, plant and equipment and computer software £000	Intangible assets £000	Other £000	Total £000
Deferred tax (liability)/asset at 1 January 2021	(2,156)	(219,704)	1,810	(220,050)
Credit / (debit) to income statement – timing differences	116	19,759	(612)	19,263
Deferred tax recognised on acquisition	816	(56,352)	4,708	(50,828)
Net down for deferred tax within certain jurisdictions	(1,059)	4,580	(3,521)	-
Effect of change in tax rates	218	(69,652)	(127)	(69,561)
Prior year adjustment	2,561	(642)	(1,794)	125
Deferred tax asset/(liability) at 31 December 2021	**496**	**(322,011)**	**464**	**(321,051)**
Deferred tax (liability)/asset at 1 October 2020	(2,267)	(218,398)	626	(220,039)
Credit / (debit) to income statement – timing differences	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 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 2021 £000	**31 December 2020 £000**
Deferred tax liabilities	(322,011)	(221,860)
Deferred tax assets	960	1,810
Net deferred tax liabilities	**(321,051)**	**(220,050)**

Deferred tax assets have been offset against deferred tax liabilities to the extent that the tax is levied by the same tax authority on the same taxable entity.

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21. Equity

Share capital

	31 December 2021 £000	31 December 2020 £000
Shares classified as capital		
Authorised		
188,930,000,000 shares of £0.01 each	**1,889,300**	**1,719,800**
Called-up share capital – allotted and fully paid		
188,930,000,000 Ordinary Shares of £0.01 each	**1,889,300**	**1,719,800**

Ordinary shares

On 30 April 2021, the Company issued 16,950,000,000 £0.01 Ordinary shares for a total consideration of £271.2 million, which increased share capital by £169.5 million and created a share premium of £101.7 million.

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 £11.0 million (3 months to 31 December 2020: £2.5 million) in the year, with £2.5m (3 months to 31 December 2020: £0.5m) in relation to employee share schemes.

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. Subscription to these shares was on a cash or employee loan basis.

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.

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22. Warrants and Employee share schemes (continued)

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 43.1% (2020: 39.4%) is based on volatility in the shares of a comparable listed company. The inputs are as follows.

Property Metrics					**RVU Metrics**				
Grant Date	**Jan to Mar 21**	**Apr to Jun 21**	**Jul to Sept 21**	**Oct to Dec 21**	**Grant Date**	**Jan to Mar 21**	**Apr to Jun 21**	**Jul to Sept 21**	**Oct to Dec 21**
Risk free rate	2.5%	2.5%	2.5%	2.5%	Risk free rate	2.5%	2.5%	2.5%	2.5%
Volatility	43.1%	43.1%	43.1%	43.1%	Volatility	43.1%	43.1%	43.1%	43.1%
Dividend yield	0	0	0	0	Dividend yield	0	0	0	0
Stock price	11.33	14.23	15.27	18.06	Stock price	9.02	10.46	12.59	11.71
Exercise price	1.43	1.51	1.70	3.24	Exercise price	3.50	4.39	4.96	15.58
Term	2.84	2.59	2.33	2.08	Term	2.84	2.59	2.33	2.08

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	**575**	**1.25**	**122**	**1.31**	**215,233**	**0.01**
Granted	447	2.25	48	4.87	-	-
Exercised during the period	-	-	-	-	-	-
Forfeited during the period	(55)	1.28	(28)	1.08	-	-
Outstanding options at the end of the period	**967**	**1.71**	**142**	**2.56**	**215,233**	**0.01**

Warrants

The charge for the year amounted to £8.5 million (3 months to 31 December 2020: £2.0 million). The Group has granted nil warrants to third parties during the year ended 31 December 2021 (3 months to 31 December 2020: Nil). During the period, the Group paid £0.4m (3 months to 31 December 2020: Nil) for vested warrants to a counterparty.

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, and the Managing Directors of Property and RVU.

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 £15.1m (3 months to 31 December 2020: £3.8m) 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. £3.9 million (3 months to 31 December 2020: £4.5 million) of the investments held at fair value through OCI are measured using level 3 inputs, and £2.3 million (3 months to 31 December 2020: £nil 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 assets 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 potential UK and European recessions, and other geopolitical uncertainty such as the current situation from Eastern Europe with Ukraine and Russia.

24. Financial instruments (continued)

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 RVU division operates over a broad base of customers primarily in the UK and Europe and customers within this market are often large energy and telecommunications organisations with high credit ratings and access to significant funds, which overall reduces credit concentration. The Group’s largest customer contributed 3% 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, as well as forward looking information in relation to the macro-economic environment, as required by IFRS 9. 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 2021	
	Expected credit loss rate	**Estimated total gross carrying amount at default £000**	**Lifetime ECL £000**
0–30 days	**0.73%**	**23,477**	**(171)**
31–60 days	**1.99%**	**2,512**	**(50)**
61–90 days	**3.98%**	**1,809**	**(72)**
91+ days	**12.06%**	**3,110**	**(375)**
Total		**30,908**	**(668)**

		31 December 2020	
	Expected credit loss rate	**Estimated total gross carrying amount at default £000**	**Lifetime ECL £000**
0–30 days	**0.45%**	**13,389**	**(60)**
31–60 days	**3.83%**	**4,435**	**(170)**
61–90 days	**6.38%**	**2,052**	**(131)**
91+ days	**35.68%**	**546**	**(195)**
Total		**20,422**	**(556)**

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 2021 totalled £1.0m (3 months to 31 December 2020: £0.8m). As at 31 December 2021, receivables of £5.9m (As at 31 December 2020: £16.8m) 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.

24. Financial instruments (continued)

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 as well as the functional currency of certain subsidiaries being Euro denominated, which are translated to GBP for these financial statements.

	31 December 2021 Impact on post-tax profit £000	31 December 2020 Impact on post-tax profit £000
GBP/EUR exchange rate – increase 10%	**(34,376)**	**(35,935)**
GBP/EUR exchange rate – decrease 10%	**34,376**	**35,935**

As at 31 December 2021 the Group's borrowings are detailed in Note 19.

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 cash generative allowing it to effectively service working capital requirements and meet its interest payments. As at 31 December 2021 the Group held total cash and cash equivalents of £74.7million and total gross debt of £1,120.8 million, including access to a £150m RCF facility of which £87.0 million was drawn as at 31 December 2021.

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 2021						
Trade payables		22,586	-	-	-	22,586
Lease liabilities		3,234	3,260	8,592	14,084	29,170
Borrowings	6.37%	58,499	58,499	1,203,969	-	1,320,967
Total		**84,319**	**61,759**	**1,212,561**	**14,084**	**1,372,723**

24. Financial instruments (continued)

	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**

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 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 2021 £m	31 December 2020 £m
Equity attributable to owners of the parent	**1,711**	**1,565**
Loans and borrowings	**(1,121)**	**(918)**
Cash and cash equivalents and other short-term investments	**75**	**71**

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. The Group's policy has been reviewed and, due to the increased volatility in Euro, it was decided to enter into a further €175 million (2020: €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 31 December 2021						
Swap 1	40,000	34,064	EURIBOR + 3.50%	LIBOR + 3.944%	23 Jan 2023	**(601)**
Swap 2	40,000	33,252	EURIBOR + 3.50%	LIBOR + 3.86%	23 Jan 2023	**275**
Swap 3	80,000	69,688	EURIBOR + 3.50%	LIBOR + 3.841%	23 Jan 2024	**(2,898)**
Swap 4	40,000	34,556	EURIBOR + 3.50%	LIBOR + 3.957%	23 Jan 2024	**(1,214)**
Swap 5	55,000	47,157	EURIBOR + 3.50%	LIBOR + 3.95175%	23 Jan 2024	**(1,320)**

Following the announcement of the discontinuation of LIBOR from 1 January 2022, the Group renegotiated the terms of its hedging arrangements with all counterparties. Following that renegotiation, the reference for the rate paid for all cross-currency interest swaps is SONIA from 1 January 2022; the rate received remains EURIBOR.

25. Subsequent events

Following the announcement of the discontinuation of LIBOR from the FCA, the Group renegotiated the terms of its Senior Facilities Agreement and hedging arrangements. Following that renegotiation, the reference rate for the Revolving Credit Facility, all GBP term loans and the rate paid for all cross-currency interest swaps is SONIA from 1 January 2022.

On 24 February 2022, Russia initiated the invasion of the Ukraine. The event and ongoing conflict has limited direct impact on the Group and its customers, however the ongoing geo-political tensions continues to create volatility in the energy markets which is further discussed in the Risk management, internal control and principal risks section of the Strategic Report.

On 25 March 2022, it was announced that a Group subsidiary, Penguin Portals Limited, would acquire 100% of Tempcover Holdings Limited and its subsidiaries (Temporary Cover Limited and Tempcover Limited). The acquisition is subject to regulatory approval and customary closing conditions and is expected to be completed by the autumn of 2022. Tempcover will give the Group a foothold in the short-term motor insurance market. The consideration and fair values of assets and liabilities to be acquired are not complete at the time of sign-off and are therefore not disclosed.

25. Subsequent events (continued)

On 29 March 2022, a Group subsidiary, Zoopla Limited, settled its final deferred consideration payment amount of £5.0m for the acquisition of Yourkeys Technology Limited.

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

For the year ended 31 December 2021

	31 December 2021	31 December 2020
	£000	**£000**
Assets		
Non-current assets		
Investments in subsidiaries	1,991,000	1,719,800
Total assets	**1,991,000**	**1,719,800**
Liabilities		
Accruals	40	-
Total current liabilities	**40**	-
Net assets	**1,990,960**	**1,719,800**
Equity		
Share capital	1,889,300	1,719,800
Share premium	101,700	-
Retained earnings	(40)	-
Total equity	**1,990,960**	**1,719,800**

The Company reported a loss for the year ended 31 December 2021 of £40k (3 months to 31 December 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 19 April 2022 and were signed on its behalf by:

Charles Bryant
Charles Bryant (Apr 19, 2022 17:19 GMT+1)

Charles Bryant
Director

Company statement of changes in equity

For the year ended 31 December 2021

	Share capital £000	Share premium £'000	Retained earnings £000	Total equity £000
At 1 January 2021	1,719,800	-	-	1,719,800
Total comprehensive loss for the year	-	-	(40)	(40)
Share capital and premium issued	169,500	101,700	-	271,200
At 31 December 2021	**1,889,300**	**101,700**	**(40)**	**1,990,960**

	Share capital £000	Share premium £'000	Retained earnings £000	Total equity £000
At 1 October 2020	1,719,800	-	-	1,719,800
Total comprehensive loss for the year	-	-	-	-
At 31 December 2020	**1,719,800**	**-**	**-**	**1,719,800**

Notes to the Company financial statements

For the year ended 31 December 2021

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 the Company information towards the front of this report.

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. Loss for the year

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 loss 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 (3 months to 31 December 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. Refer to note 25 of the consolidated financial statements for the Group subsequent events.

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.