

Project Hive Midco 1 Limited

Annual Report and Financial Statements

Year Ended

30 April 2024

Company Number 13894219



Project Hive Midco 1 Limited

Company Information

Directors	V J Norrish A Moghaddam
Registered number	13894219
Registered office	Charnwood Edge Business Park Syston Road Cossington Leicester Leicestershire LE7 4UZ
Independent auditor	KPMG LLP EastWest Tollhouse Hill Nottingham United Kingdom NG1 5FS

Project Hive Midco 1 Limited

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Project Hive Midco 1 Limited

Strategic Report For the Year Ended 30 April 2024

Introduction

The Directors present their Strategic Report, together with the audited financial statements for the for the year ended 30 April 2024.

The comparative information is for the period from the date of incorporation on 4 February 2022 to 30 April 2023.

Principal activity

Project Hive Midco 1 Limited is a holding company, the groups principle activity relates to Blue Light Card Limited. Blue Light Card is a premier omnichannel consumer marketplace, offering exclusive top-tier discounts to verified members from the emergency services, NHS, social care, and armed forces communities.

Review of the business and future developments

Member savings

Our motto is "We're here for you, because you're here for all of us." Our mission is to help those who dedicate themselves to serving their community save money and manage the cost of living. Since its establishment in 2008, Blue Light Card has been dedicated to maximising member benefits, thereby creating a strong and loyal community."

In FY24, Blue Light Card achieved another milestone by saving its members over £375 million, representing a 7% increase from the previous year. Additionally, Blue Light Tickets saw remarkable growth, distributing over 217,000 free tickets, a 27% year-over-year increase vs FY23. We held 12 exclusive Member Day events, giving our members access to reduced priced entry to attractions across the UK. These events brought together over 65,000 members of our community at locations ranging from Alton Towers Resort to Legoland Windsor Resort.'

Retail partnerships

Blue Light Card is unique and vital marketing partner for retail partners, working collaboratively to build customer acquisition and loyalty, while delivering valuable savings to members. This year the marketplace has expanded significantly, introducing more offers across diverse categories, including eBay, Burger King, Pizza Express, Matalan, and British Gas. We also launched over 700 boost offers with our partners across the year during key trading periods such as Black Friday Weekend and Cyber Monday, and our own Big Blue Weekend.

To power our growth, investments were made in technology, data, and product to create more opportunities for our retail partners to serve more personalised offers to our growing member base.

Team BLC

Blue Light Card prides itself on its people-centric approach and unique culture. We were delighted to be re-certified as a Great Place to Work and achieved a ranking of 83rd in the Wellbeing category.

We continue to invest in our team across all areas to meet the growing needs of our members, colleagues, and retail partners. Our People team launched new initiatives including career progression, learning & development, and reward & recognition, with the aim of attracting, developing and retaining the best talent across our teams.

Technology and product

Our strategic focus on technology and product enhancement remains unwavering: FY24 saw significant improvements in platform performance and resilience, enabling Blue Light Card to scale more rapidly and reliably. Our bolstered Product Team is dedicated to delivering a seamless and personalised member experience on our websites and apps, as evidenced by our consistently strong Net Promoter Score (NPS) of 60+.

Project Hive Midco 1 Limited

Strategic Report (continued)
For the Year Ended 30 April 2024

Review of the business and future developments (continued)

Data insights and member experience

Blue Light Card's Member Services team continues to focus on providing our community with best-in-class support and customer service. In FY24 alone, we verified 1.4M new members, and reduced our time to verify eligibility by 40%. We responded to over 300K member queries, while improving our response times. These improvements continue to be reflected an increase in our Trustpilot score to a 4.8* Excellent rating, up from 4.6* in FY23.

Our ongoing investments in Data Insights have greatly enhanced our understanding of member needs, attitudes, and preferences towards brand partners and offers. These insights have enabled the broader business to innovate in product development and drive more personalised marketing campaigns. Furthermore, our Data Insights capabilities provide valuable information to better meet our partners' customer acquisition and loyalty objectives.

International

Our international expansion is gaining traction, with strong growth in the Australian member base and the successful onboarding of key partners like Woolworths and The Iconic. We have also made significant improvements to our product enabling a more seamless sign up and onboarding experience for our Australian members. Additionally, we are seeing strong interest from large first responder and emergency services organisations in partnering with us to deliver savings to their membership base. The Sydney office has established a strong foothold, and we are excited about the savings we can deliver to frontline and emergency service workers in Australia.

Future Developments in the Business

The Directors believe that Blue Light Card is poised for further success in FY25 as we continue to build the first-choice money saving destination for the Blue Light community.

With the addition of more retail partners, continued member base growth, and ongoing enhancements in member experience through product development and personalisation, Blue Light Card remains committed to delivering exceptional value to its community through unrivalled saving and unique member experiences.

Director's statement in accordance with Section 172 of the Companies Act 2006

The Directors, both individually and collectively, believe that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.

This is done through monthly board meetings, monthly senior leadership meetings, weekly operational team meetings, regular company wide updates, regular member surveys and regular colleague surveys as well as liaising with other stakeholders.

Key matters (amongst others) considered are:

Brand

We have clearly defined brand values that guide our relationships with our members and partners.

- "Community" is at the heart of everything we do.
- We do the right thing even when it isn't the easiest path.
- We're always humble.
- We're constantly going further to find new ways to save our members more.

Project Hive Midco 1 Limited

Strategic Report (continued)
For the Year Ended 30 April 2024

Director's statement in accordance with Section 172 of the Companies Act 2006 (continued)

Members

"We're here for you, because you're here for all of us".

We engage with our members through our member days, blue light ticket events and social channels to build that sense of community and partnership, and so that we can better understand the members we're here to serve.

We have a large member panel "Blue Light Card Voices" who help to provide us insight into how we're doing and what we can do better.

Retail partners

We build strong, long lasting relationships with our retail partners through working in collaboration with them to achieve their commercial and non-commercial objectives whilst providing market-leading benefits to our members.

We do this through providing flexibility in the way we work with our retail partners and the services we offer, supported by regular communication and reviews with our Partnerships team.

People

Our team are key to our success and we want them to be successful both individually and as a together.

We promote equal opportunities and do not tolerate discrimination of any kind, and we support, enable and inspire our colleagues to be their best selves. We provide access to onsite gym including weekly exercise classes, 5-a-side football, mental health support and services, mindfulness sessions, and numerous social events organised by our colleague-run Culture Club.

We also regularly undertake colleague engagement surveys so that we can continuously improve our colleagues' experience.

Community and charity

Blue Light Card is extremely proud to support Blue Light Card Foundation, which will go even further towards supporting its community through projects that benefit those in the emergency services, NHS, social care and armed forces. Blue Light Card has so far donated £1.2m to the Foundation.

Environment

Our objective is to reduce the Group's impact on the environment, namely through energy consumption. We are committed to continuous improvement and have included comments on how we monitor our impact, the initiatives we have taken in the period, and those initiatives we are planning in future periods.

Principal risks and uncertainties

Our ability to identify and manage risk is an important element of our continued success. Mitigating actions and strategies to reduce the impact of risk are agreed and in place where possible. The Directors have identified the following key business risks that could have a material impact on future performance of the Company and the controls in place to manage this risk:

Project Hive Midco 1 Limited

Strategic Report (continued)
For the Year Ended 30 April 2024

Principal risks and uncertainties (continued)

Competitor risk

Competition remains a risk, particularly with additional focus on the NHS staff base due to their efforts during the Coronavirus pandemic. We believe the Group has outperformed competitors due to its technology, membership size, brand awareness and vast range of retail partners, which also creates a barrier for those entering the market.

Liquidity risk

The Group's primary use of cash is to invest in growing the business for the benefit of our members.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group takes a prudent approach to maintaining sufficient cash to service foreseeable working capital requirements based on regularly reviewed forecasts.

Credit risk

The credit worthiness of our customers is regularly reviewed and actions taken to mitigate our financial exposure.

Economic climate risk

The current and future economic uncertainty presents a risk to levels of consumer spending, and whilst this represents a risk to the Group and Blue Light Card members, the Group and its management team are looking at all ways and means to save further money for its members.

People risk

As the Group continues to grow it will be needing to recruit and retain great talent. The Group has a strong culture and is very colleague centric, leading to strong retention and a high colleague NPS.

Cyber risk

As an online business the Group is exposed to an increasing prominence of cyber-attacks. The Group takes this seriously and ensures that it prioritises cyber security and continues to work to high standards to maintain its accreditations and have an approach of continuous improvement.

Going concern risk

The Directors periodically assess the Group's current performance and position, and the potential impact of the principal risks that may affect the future prospects, in order to manage the Group's going concern risk (see note 2.4).

Streamlined energy and carbon reporting

The Company has taken the exemption available to subsidiary companies not to disclose information in respect of greenhouse gas emissions, energy consumption and energy efficiency action given this is disclosed in the consolidated financial statements of the ultimate parent company, Project Hive Topco Limited.

Project Hive Midco 1 Limited

Strategic Report (continued) For the Year Ended 30 April 2024

Key performance indicators

The Directors consider member savings, size of the member base (both through growth and retention) and profitability to be key performance indicators of the business and these are closely monitored.

	2024 £000	2023 £000
Annual member savings	£375m	£350m
Members	4.3m	3.9m
Annual EBITDA	<u>£36.5m</u>	<u>£34.7m</u>

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is considered by the Directors to be the profit measure which best represents trading performance year on year of the Blue Light Card brand. It excludes any exceptional gains or losses incurred in the period which are not expected to be recurring.

This report was approved by the board on 6 January 2025

and signed on its behalf.



V J Norrish
Director

Project Hive Midco 1 Limited

Directors' Report For the Year Ended 30 April 2024

The Directors present their report together with the audited financial statements for the year 30 April 2024.

The comparative information is for the period from the date of incorporation on 4 February 2022 to 30 April 2023.

Results and dividends

The profit for the year, after taxation, amounted to £2,133k (2023 - £620k).

The Directors do not recommend payment of a dividend (2023 - £Nil).

Directors

The Directors who served during the year were:

T J Dalby (resigned 3 August 2023)
S C Denny (resigned 3 August 2023)
V J Norrish
A Moghaddam (appointed 3 August 2023)

Going concern

Project Hive Midco 1 Limited is an intermediate holding company with net assets of £2,753k (2023 - £620k) as at 30 April 2024 and a profit of £2,133k (2023 - £620k). The Company is a wholly owned subsidiary of Project Hive Topco Limited and holds the loan notes of the group.

The Directors have assessed the going concern of the group as a whole comprising of Project Hive Topco and all of its subsidiary undertakings (together "the group").

The financial statements have been prepared on a going concern basis, which the Directors consider appropriate having assessed the Group's current performance and position and potential impact of the principal risks that may affect the future prospects.

The group is funded as follows:

Shareholder loan notes with a repayment date of 22 February 2027 £237,284,000

Bank loan with a repayment date of 28 March 2029 £91,700,000

There is also an arranged RCF available to the Group of £2,950,000 which has not been drawn upon during the period. This facility is in place until 28 March 2028.

The Group has prepared cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements, based on the Board's forecast for FY25 and its 3-Year Plan, referred to as the "base case" scenario. In addition, a "downside case" has been prepared which applies considerable downside sensitivities to stress test the "base case". The "downside case" scenario considered a 10% (FY23 - 10%) reduction in revenue from FY24 with no corresponding reductions in additional controllable overhead spend.

The "downside case" forecast indicates that the Group will meet its minimum working capital requirements, comply with the financial covenants included in the bank loan agreement, and have sufficient funds to meet its liabilities as they fall due for that period without the need to utilise the revolving credit facility that the Group has in place.

On conclusion, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period at least 12 months from the date of this report and will be able to realise its assets and discharge its liabilities in the normal course of business. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Project Hive Midco 1 Limited

Directors' Report (continued) For the Year Ended 30 April 2024

Research and development

The Blue Light Card ethos is to provide its community with a first-class member experience and therefore the development of its product is key. Product Development allows Blue Light Card to provide its members with great deals, at the right time, through the right medium as well as providing additional capabilities for its retail partners.

Blue Light Card is committed to developing its omnichannel (web, app, in store) platform, to bring a more personalised offering to our members and add additional ways for them to save. It also recognises the needs of its retail partners, providing them with opportunities to put their savings out to the right members and to be able to verify members both online and in store with confidence and simplicity.

The Company has continued to invest in expanding its tech and product teams, concentrating on adding talented individuals to enhance the current teams and ensure together that the teams have the right skills to deliver for our members and retail partners.

The Group will continue to invest in R&D to ensure that as the member community and number of retail partners grow, that Blue Light Card remains a market leader and the service that we provide to both stakeholders remains first class.

Qualifying third party indemnity provisions

The Company held qualifying professional indemnity insurance during the year for the benefit of one or more Directors in a form and scope detailed within the Companies Act 2006.

Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report in accordance with S414C(11) as the Directors consider them to be of strategic importance to the Company.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Events after the reporting period

On 28 October 2024, the Company redeemed £20m of loan notes which was funded through an interim dividend for the year ended 30 April 2025 of the same value paid by Blue Light Card Limited and passed up through the Group.

Project Hive Midco 1 Limited

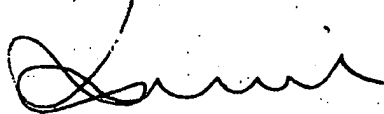
Directors' Report (continued)
For the Year Ended 30 April 2024

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6 January 2025

and signed on its behalf.



V J Norrish
Director

Project Hive Midco 1 Limited

Directors' Responsibilities Statement For the Year Ended 30 April 2024

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Project Hive Midco 1 Limited

Independent Auditor's Report to the Members of Project Hive Midco 1 Limited

Opinion

We have audited the financial statements of Project Hive Midco 1 Limited ("the Company") for the year ended 30 April 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Project Hive Midco 1 Limited

Independent Auditor's Report to the Members of Project Hive Midco 1 Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Project Hive Topco Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the Directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to either cash, borrowings or which impact EBITDA (as defined on page 5) with a corresponding unexpected account combination.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Project Hive Midco 1 Limited

Independent Auditor's Report to the Members of Project Hive Midco 1 Limited (continued)

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditors-responsibilities.

Project Hive Midco 1 Limited

Independent Auditor's Report to the Members of Project Hive Midco 1 Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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

Gareth Woods

Gareth Woods (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Eastwest
Tollhouse Hill
Nottingham
NG1 5FS

Date: 6 January 2025

Project Hive Midco 1 Limited

Statement of Comprehensive Income For the Year Ended 30 April 2024

		Year ended 30 April 2024 £000	Period ended 30 April 2023 £000
Administrative expenses		(10)	(26)
Total operating loss		(10)	(26)
Interest receivable and similar income	6	28,594	34,098
Interest payable and similar expenses	7	(26,451)	(33,452)
Profit before tax		2,133	620
Tax on profit	8	-	-
Profit for the financial year/period		2,133	620

There was no other comprehensive income for the year ended 30 April 2024 (period ended 30 April 2023 - £Nil).

The notes on pages 17 to 27 form part of these financial statements.

Project Hive Midco 1 Limited

Registered number:13894219

Statement of Financial Position As at 30 April 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Fixed assets					
Investments	99		-		-
Current assets					
Debtors	10	246,500		217,788	
Current liabilities					
Creditors: amounts falling due within one year	11	(7,824)		(7,380)	
Net current assets			238,676		210,408
Total assets less current liabilities			238,676		210,408
Non-current liabilities					
Creditors: amounts falling due after more than one year	12		(235,923)		(209,788)
Net assets			2,753		620
Capital and reserves					
Called up share capital	15		-		-
Profit and loss account	16		2,753		620
Shareholders' equity			2,753		620

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 January 2025.



V J Norrish
Director

The notes on pages 17 to 27 form part of these financial statements.

Project Hive Midco 1 Limited

Statement of Changes in Equity For the Year Ended 30 April 2024

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 May 2023	-	620	620
Comprehensive income for the year			
Profit for the year	-	2,133	2,133
Total comprehensive income for the year	-	2,133	2,133
At 30 April 2024	-	2,753	2,753

Statement of Changes in Equity For the Period Ended 30 April 2023

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 4 February 2022 (on incorporation)	-	-	-
Comprehensive income for the period			
Profit for the period	-	620	620
Total comprehensive income for the period	-	620	620
At 30 April 2023	-	620	620

The notes on pages 17 to 27 form part of these financial statements.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

1. General information

Project Hive Midco 1 Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities is disclosed in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's functional and presentational currency is GBP. Values are rounded to the nearest thousand.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Project Hive Topco Limited as at 30 April 2024 and these financial statements may be obtained from Companies House.

These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

2. Accounting policies (continued)

2.4 Going concern

Project Hive Midco 1 Limited is an intermediate holding company with net assets of £2,753k (2023 - £620k) as at 30 April 2024 and a profit of £2,133k (2023 - £620k). The Company is a wholly owned subsidiary of Project Hive Topco Limited and holds the loan notes of the group.

The Directors have assessed the going concern of the group as a whole comprising of Project Hive Topco and all of its subsidiary undertakings (together "the group").

The financial statements have been prepared on a going concern basis, which the Directors consider appropriate having assessed the Group's current performance and position and potential impact of the principal risks that may affect the future prospects.

The group is funded as follows:

Shareholder loan notes with a repayment date of 22 February 2027 £237,284,000

Bank loan with a repayment date of 28 March 2029 £91,700,000

There is also an arranged RCF available to the Group of £2,950,000 which has not been drawn upon during the period. This facility is in place until 28 March 2028.

The Group has prepared cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements, based on the Board's forecast for FY25 and its 3-Year Plan, referred to as the "base case" scenario. In addition, a "downside case" has been prepared which applies considerable downside sensitivities to stress test the "base case". The "downside case" scenario considered a 10% (FY23 - 10%) reduction in revenue from FY24 with no corresponding reductions in additional controllable overhead spend.

The "downside case" forecast indicates that the Group will meet its minimum working capital requirements, comply with the financial covenants included in the bank loan agreement, and have sufficient funds to meet its liabilities as they fall due for that period without the need to utilise the revolving credit facility that the Group has in place.

On conclusion, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period at least 12 months from the date of this report and will be able to realise its assets and discharge its liabilities in the normal course of business. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Investments in subsidiaries are accounted for in accordance with IFRS 9.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

2. Accounting policies (continued)

2.10 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

2. Accounting policies (continued)

2.10 Financial instruments (continued)

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables that do not contain a significant financing component are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

2. Accounting policies (continued)

2.10 Financial instruments (continued)

(iv) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Management believe that there is a low level of judgement and estimation uncertainty used in the preparation of these financial statements.

4. Auditor's remuneration

	Year ended 30 April 2024 £000	Period ended 30 April 2023 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	1	1

This is borne by another group entity.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

5. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (period ended 30 April 2023 - £Nil).

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

6. Interest receivable and similar income

	Year ended 30 April 2024 £000	Period ended 30 April 2023 £000
Interest receivable from group companies	28,594	34,098

7. Interest payable and similar expenses

	Year ended 30 April 2024 £000	Period ended 30 April 2023 £000
Loan note interest	25,794	32,155
Loans from group undertakings	164	194
Amortisation of prepaid borrowing costs	493	1,103
	<u>26,451</u>	<u>33,452</u>

8. Taxation

	Year ended 30 April 2024 £000	Period ended 30 April 2023 £000
Current tax		
Current tax on profits for the year/period	-	-
Total current tax	<u>-</u>	<u>-</u>
Tax on profit	<u>-</u>	<u>-</u>

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

8. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (period ended 30 April 2023 - lower than) the standard rate of corporation tax in the UK of 25% (period ended 30 April 2023 - 19.42%). The differences are explained below:

	Year ended 30 April 2024 £000	Period ended 30 April 2023 £000
Profit before tax	2,133	620
Profit multiplied by standard rate of corporation tax in the UK of 25% (period ended 30 April 2023 - 19.42%)	533	120
Effects of:		
Expenses not deductible for tax purposes	4,058	4,497
Group relief claimed	(4,591)	(4,617)
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at the year end has been calculated based on the rate as at the year end date when the timing differences reverse.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

9. Fixed asset investments

	2024 £000	2023 £000
Cost and net book value		
At 1 May 2023	-	-
Additions	-	-
At 30 April 2024	<u>-</u>	<u>-</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of Shares	Holding
Project Hive Midco 2 Limited	Ordinary	100%
Project Hive Bidco Limited*	Ordinary	100%
Blue Light Card Limited*	Ordinary	100%
Blue Light Card Pty Limited*	Ordinary	100%

*held indirectly

The registered office for Project Hive Midco 2 Limited, Project Hive Bidco Limited and Blue Light Card Limited is Charnwood Edge Business Park, Cossington, Leicestershire, LE7 4UZ.

The registered office address for Blue Light Card Pty Limited is 323 Castlereagh, Sydney, NSW2000, Australia.

10. Debtors: amounts falling due within one year

	2024 £000	2023 £000
Amounts owed by group undertakings	<u>246,500</u>	<u>217,788</u>

£237,629k (2023 - £183,809k) of the amounts owed by group undertakings is subject to 12% interest, unsecured and repayable on demand.

The remaining amounts owed by group undertakings is interest free unsecured and repayable on demand.

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

11. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Amounts owed to group undertakings	7,820	7,377
Accruals	4	3
	<u>7,824</u>	<u>7,380</u>

£2,625k (2023 - £2,625k) of the amounts owed by group undertakings is subject to 12% interest, unsecured and repayable on demand.

The remaining amounts owed by group undertakings is interest free unsecured and repayable on demand.

12. Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Loan notes	<u>235,923</u>	<u>209,788</u>

The loan notes are subject to 12% interest, unsecured and mature on 30 April 2027.

13. Loans

Analysis of the maturity of loans is given below:

	2024 £000	2023 £000
Amounts falling due 2-5 years		
Other loans	<u>235,923</u>	<u>209,788</u>

14. Contingent Liabilities

The Company is a member of a VAT group with fellow UK group companies and as such companies are jointly and severally liable for each others VAT liabilities. At the year end the VAT group is a net creditor of £1,441k (2023 - £1,310k).

Project Hive Midco 1 Limited

Notes to the Financial Statements For the Year Ended 30 April 2024

15. Share capital

	2024 £000	2023 £000
Allotted, called up and fully paid		
1 (2023 - 1) Ordinary share of £1.00	-	-

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

16. Reserves

The Company's capital and reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

17. Related party transactions

The Company has taken advantage of the exemption available under FRS 101 paragraph 8(k) whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the Group.

18. Controlling party

The Company's immediate parent undertaking is Project Hive Topco Limited, a company incorporated in England and Wales and registered at Charnwood Edge Business Park, Syston Road, Cossington, Leicester, Leicestershire, United Kingdom, LE7 4UZ.

The smallest and largest group in which the results of the Company are consolidated is that headed by Project Hive Topco Limited, a company incorporated in England and Wales and registered at Charnwood Edge Business Park Syston Road, Cossington, Leicester, Leicestershire, United Kingdom, LE7 4UZ. Copies of these financial statement can be obtained from the registered office.

The Company is a subsidiary undertaking of Inflexion Master GP. Guernsey Ltd which is the ultimate parent company and is incorporated in Guernsey. No other group financial statements include the results of the Company.

The directors consider there to be no ultimate controlling party.

19. Events after the reporting period

On 28 October 2024, the Company redeemed £20m of loan notes which was funded through an interim dividend for the year ended 30 April 2025 of the same value paid by Blue Light Card Limited and passed up through the Group.