National World plc

Results for the year ended 31 December 2020

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National World plc

("National World," or the "Company")

Results for the year ended 31 December 2020

Notice of Annual General Meeting

National World, (LSE: NWOR.L), the investment business established to create a modern platform for news publishing through acquisition and transformation, announces its results for the year ended 31 December 2020, together with details of its forthcoming Annual General Meeting, ("AGM").

During the year, the Company continued to evaluate a number of acquisition opportunities. Following a three month due diligence process, it completed the acquisition of JPIMedia Publishing Limited and its subsidiaries, (the "JPI Group") on 2 January 2021 ("the Acquisition). As the Acquisition was completed after the 2020 financial year end, the National World results for the year ended 31 December 2020 do not consolidate the results of JPI Group.

JPI Group was acquired for £10.2 million, on a debt free, cash free basis with a normalised level of working capital, with £5.2 million paid in cash on completion of the Acquisition on 2 January 2021 ("Completion") (£500,000 for equity and £4.7 million repayment of debt due to the previous vendors, JPIMedia Limited ("JPIMedia")) and two deferred payments of £2.5 million each on 31 March 2022 and 31 March 2023. Following Completion, a further payment of £1.7 million to JPIMedia was made on 31 March 2021 representing the cash left in the business on Completion (£0.5 million) and working capital in the JPI Group on Completion being higher than the normalised level of working capital. The initial consideration was funded by the issue of £8.4 million convertible secured loan notes and the Company's existing cash resources. Following Completion, the Company issued a further £11.6 million convertible secured loan notes and £1 million interest only unsecured loan notes to provide working capital facilities and headroom to explore further acquisitions and investments.

David Montgomery, Executive Chairman, said:
"We are pleased to have commenced the implementation of our strategy with the acquisition of JPI Group. We have already made progress with our *Localise, Energise, Digitise, Monetise* programme, empowering local news teams and reenergising titles.

"In addition, we have launched NationalWorld.com, a website serving the whole of the UK, edited outside London and drawing on the quality of our regional publishing strength.

"We have exciting plans for the future and look forward to continuing the development of the business on a UK wide footprint and securing new acquisition opportunities as they become available."

Since the acquisition of JPI Group, management has:

- Streamlined the head office function, reorganising operations into seven regional media divisions and providing commercial teams with new digital marketing skills;
- United P&L responsibility with regional editorial and commercial resources;
- Enhanced existing news websites and developed launch plans in contiguous markets to strengthen market share and grow

audience;

- Increased unique local content to enhance the quality and appeal of newspapers and websites;
- Begun trialling a new subscription platform to drive daily engagement with premium content; and
- Management is confident that annualised savings of £5.0 million (£4.0 million annualised already secured) will be delivered during 2021 with restructuring costs of £4.0 million.

Results for period ended 31 December 2020

The 2020 Annual Report is available on our website: https://www.nationalworldplc.com/investors/reports-presentations-and-publications/year/2021.

The consolidated financial statements of JPIMedia Publishing Limited will be made available on our website (https://www.nationalworldplc.com) until such time as they are available at Companies House.

Excerpts of the consolidated report and audited financial statements of the Company for the year ended 31 December 2020 are set out below.

Notice of AGM

A notice of the AGM of the Company, together with a form of proxy, will be posted to shareholders in the coming days. The AGM is to be held on 30 June 2021 at 11.00 am.

In light of efforts to prevent a new wave of COVID-19 infections, the Company will hold the AGM as a virtual meeting in accordance with the provisions of its articles of association.

All voting at the resolutions at the AGM will be conducted on a poll which means that shareholders should submit their proxy (by post or online voting) as soon as possible. We ask that all questions which shareholders wish to raise be submitted to ir@nationalworld.com in advance.

Full details will be contained in the AGM documents to be sent to shareholders and made available on the Company's website: https://www.nationalworldplc.com/investors/reports-presentations-and-publications/year/2021.

This announcement contains inside information for the purposes of Article 7 of Regulation 2014/596/EU (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018 ("UK MAR"). Upon the publication of this announcement, this inside information (as defined in UK MAR) is now considered to be in the public domain. For the purposes of UK MAR, the person responsible for arranging for the release of this announcement on behalf of National World is Vijay Vaghela, Chief Operating Officer.

- Ends -

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National World plc

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Excerpts from the consolidated report and audited financial statements of National World plc for the year ended 31 December 2020.

Chairman's statement

National World Plc was launched to create a modern platform for news publishing through acquisition and transformation.

On 2 January 2021 the Company completed its first acquisition, JPIMedia Publishing Limited and its subsidiaries, (the "JPI Group") owner of 13 regional and city daily newspapers and over one hundred other franchises in print and online. The historic titles purchased include the Yorkshire Post, The Scotsman, The Portsmouth News and The Sheffield Star stretch from the south of England to the north of Scotland. In addition, the Northern Ireland titles include The Newsletter, the oldest English language newspaper in the world, and The Derry Journal.

In the last four months the JPI Group has been undergoing a comprehensive overhaul in line with the Company's policy of Localise, Energise, Digitise, Monetise in pursuit of a sustainable news platform.

The centralised structure is in the process of being dismantled, transferring resources to the local franchises to bring journalists and sales staff closer to the communities and the advertisers they serve. Content and commercial responsibility have been transferred to the individual franchises, grouped in seven regions.

Many titles, print and online, are in the process of being upgraded with richer and exclusive content. This accords with National World's strategy to introduce payment for premium online content at an early stage which recognises that original and unique local content is highly prized by social media platforms. Those platforms are now making payment for such content, including to JPI Group, and this trend is likely to increase either through voluntary arrangements or as seems possible through legislative intervention.

The Company is also planning to leverage the JPI Group's market position and talent to launch new online products and exploit its UK wide footprint. The Company has liberated itself from the traditional geographical restrictions of regional publishing by launching nationalworld.com as a website serving the whole of the UK. This has been facilitated by an expansion of high quality content generated by our existing editorial team and exploiting specialist knowledge in a number of key consumer areas. NationalWorld.com is edited outside London but with the authority and stance of a national newspaper and featuring an illustration of the front page on the website each day. In parallel with this, National World is expanding e-commerce operations across its regional and national estate to take account of the attractive demographics of its quality audience that some other publishers lack.

Since inception, National World has been forging partnerships with technology businesses in order to match content to audiences, optimising sales and subscription revenue. The Company expects to announce further launches and technology partnerships in the near future. These will be accompanied by a rolling programme of product enhancements and relaunches.

Since the completion of the acquisition, the pace of change has been swift with a focus on preparing the business to deliver on the revenue potential of the country emerging from lockdown in the second quarter of 2021. National World's management team has previous experience of many of the franchises and the regions in which the JPI Group operates. This has been of assistance as the acquisition and transformation to date has been conducted remotely in accordance with COVID-19 pandemic restrictions.

Whilst trading in the first quarter of 2021 has been adversely impacted by the lockdown arising from COVID-19, management has taken appropriate steps to mitigate the impact to support profits and cash flow.

On behalf of the Board, I thank the JPI Group's staff for the enthusiasm with which they have supported the restructure and the commitment shown to the publications and the communities served.

National World expects to issue an update on trading after its shares return to trading on the London Stock Exchange.

David Montgomery
Executive Chairman
22 April 2021

Strategic report

The Directors present the Strategic Report of National World Plc for the year ended 31 December 2020.

Review of Business in the Period

Operational Review
The Company was set up by David Montgomery to pursue opportunities in the news publishing and digital media sector and/or in associated complementary technologies. Vijay Vaghela joined the Company in July 2019 following his retirement from Reach plc.

Upon admission on 19 September 2019, ("Admission") the Company issued 50,000,000 ordinary shares at 10 pence per share and all ordinary shares were admitted to Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules of the FCA and to trading on the Main Market of the London Stock Exchange.

Since September 2019, when the Company's shares started trading on the London Stock Exchange, the Company evaluated several potential acquisitions, a number of which were deemed unsuitable due to either the outlook and/or valuation. Following a three month due diligence process supported by our investment banking advisers, brokers, lawyers and external accounting support, the Company completed the acquisition of JPIMedia Publishing Limited and its subsidiaries (the "JPI Group") on 2 January 2021. JPI Group was acquired for £10.2 million, on a debt free, cash free basis with a normalised level of working capital, with £5.2 million paid in cash on

Completion (£500,000 for equity and £4.7 million repayment of debt due to the previous vendors, JPIMedia Limited) and two deferred payments of £2.5 million each on 31 March 2022 and 31 March 2023. Following Completion, a further payment of £1.7 million to the previous vendors was made on 31 March 2021 representing the cash left in the business on Completion (£0.5 million) and working capital in the JPI Group on Completion being higher than the normalised level of working capital.

The acquisition was funded by the issue of £8.4 million convertible secured loan notes issued on 31 December 2020 and cash resources of £4.2 million held by the Company at that time. During January and February 2021, the Group issued a further £11.6 million convertible secured loan notes and £1.0 million of interest only unsecured loan notes to provide working capital facilities and headroom to explore further acquisitions and investments. The convertible secured loan notes have a right to elect to convert into new ordinary shares in the Company when its shares are readmitted to trading on the London Stock Exchange. The Company has received irrevocable elections from the holders of all the convertible secured loan notes to convert their loan notes into new ordinary shares at admission.

The JPI Group is the UK's third largest local news publisher and its iconic titles and websites include: The Scotsman, The Yorkshire Post, Belfast Newsletter, Sheffield Star, Edinburgh Evening News, Portsmouth News and Lancashire Evening Post.

In the 52 week period ended 2 January 2021 the JPI Group had revenue of £88.2 million and EBITDA (before non-recurring costs) of £7.7 million.

The Board will continue to evaluate acquisitions and will update the market on progress once exclusivity has been granted and/or there is a high probability that a transaction can be completed.

Since December 2019, the Company's ordinary shares have been suspended from trading on the London Stock Exchange as it was considering a potential acquisition. The Company anticipates the publication of a prospectus by no later than May 2021 to seek re-admission to a Standard Listing and trading on the Main Market of the London Stock Exchange.

Business Strategy
The Company's objective is:

"To create a modern platform for news publishing through the implementation of a new operating model across multiple brands and platforms by acquiring a number of media and digital technology assets and leveraging its portfolio to launch new media brands across the UK."

Key pillars of transformation
In a world of media commoditisation and increasing domination by a handful of tech behemoths, National World's strategy is to create a new publishing business model that enables us to "localise, energise, digitise and monetise" relevant and unique content:

- **Localise** - Our publishing assets provide compelling content for local communities; both consumers and businesses. A greater sense of community awareness has also been generated during the COVID-19 pandemic as more consumers have lived their lives in a smaller locale. With this new spirit of localism, we will ensure our journalists and commercial teams are more connected with the local communities they serve.
- **Energise** - Enhance users' experience of our products and services to increase engagement and provide a strong platform to leverage our unique quality content to launch new products and services across multiple platforms. While our print news-brands will be managed creatively and profitably, our strategic focus is on growing local, regional and national online audiences who are deeply engaged with our content.
- **Digitise** - Enhance our digital infrastructure to improve responsiveness, engagement, data analytics, AI content generation and user insights.
- **Monetise** - Create enhanced first party data and use the latest available digital technology to more effectively define audiences to drive multiple digital revenue streams: digital display advertising - targeting growth in higher yielding video content and local digital advertising, digital subscription - targeting both consumers and businesses and e-commerce -focusing on specific categories of content.

National World will retain, recruit and develop talented people, appropriately incentivised and motivated, and provide them with the pre-requisite digital skills that will aid the execution of it's strategy.

The Company's strategy will involve consolidation and change by combining acquired digital technology innovation and traditional print assets in a new industry model designed to grow revenue by aggregation of audiences and maximising efficiencies.

As the operating model can be applied to many territories, the Company will not be limited to particular geographic regions. However, the initial focus will be to invest in the UK.

Implementation plans
National World will deliver its vision through a clear set of strategic initiatives:

- **Materially reduce the size of the central infrastructure** - Minimise central infrastructure for the key functions of editorial and commercial to ensure all parts of the organisation have full clarity and responsibility for the delivery of product and performance enhancements. The central function will provide efficient back office functions (IT, Finance, HR, etc) and will have editorial and commercial expertise to support local management to drive engagement and revenue;

- **Significantly strengthen local management** to prioritise the generation of unique local content and building revenue supported by a focused central expertise;
- **Focused portfolio management** to ensure the right titles on the appropriate platforms are serving the right local communities and businesses. The titles in both print and digital need to be energised through relaunch with enhancements to content, layout and commercial appeal increasing engagement with consumers and providing advertisers with an improved response on their marketing spend;
- **Capitalise on opportunities to launch new products and services** by , leveraging the strong base of editorial and commercial expertise initially across the UK; and
- **Continue to evaluate acquisitions, investments and strategic partnerships** to build scale, accelerate digitisation, product enhancement and drive efficiencies.

Key deliverables

To monitor progress, the Board will assess the appropriate KPIs which will be actively monitored and reported and will cover:

- **Digital audience**. Including unique users, page views and registrations;
- **Digital revenue.** Build through display, subscriptions, video and e-commerce;
- **Revenue trends.** Improve revenue trends with KPIs that monitor a transition from dependency on print sales to an accelerating digital performance; and
- **Cash generation and financial flexibility**. Provide headroom for investment and the return of capital to shareholders through either dividends and/or share buy backs. Management are keen to ensure financial flexibility will be a key KPI.

During the first half of 2021 the Board has and will focus on stabilising the JPI Group and establishing the appropriate organisation structure. It will present detailed KPIs for monitoring performance in the 2021 interim results.

Acquisition strategy

In selecting acquisition opportunities, the Board will focus on:

- media assets where opportunities exist to implement its new strategy and add value; and
- new technologies to enable and accelerate implementation of the change strategy.

The acquisition of the JPI Group provides a strong base from which to build the strategy. As the acquisition of the JPI Group is a reverse takeover, the Company anticipates the publication of a prospectus by no later than May 2021 to seek re-admission to a Standard Listing and trading on the Main Market of the London Stock Exchange.

The Company's investments or acquisitions may be in companies, partnerships, special purpose vehicles, joint ventures or direct interests in new digital applications or traditional publishing media assets where the Directors believe the opportunity exists to apply the strategy and achieve improved financial returns. The Company will be focused on those acquisitions that offer either a material shareholding and/or management control.

Events since the year end

- The acquisition of JPI Group announced on 31 December 2020, completed on 2 January 2021.
- On 1 January 2021, Mark Hollinshead was appointed Chief Commercial Officer and Daniel Cammiade was appointed as a non-executive director.
- On 4 January 2021, the Company paid £4,717,000 to JPI Media Limited representing the outstanding borrowing due at Completion.
- On 21 January 2021, the Company issued a further £5.7 million convertible secured loan notes.
- On 8 February 2021, the Company issued a further £5.9 million secured convertible loan notes, bringing the total convertible secured loan notes issued to £20 million.
- On 12 February 2021, the Company issued £1 million interest only unsecured loan notes.
- On 31 March 2021, the Company paid £1,686,000 (including £472,000 cash retained in the business on Completion) to JPI Media Limited representing the amount by which the working capital in the JPI Group on Completion was greater than normalised working capital.
- On 20 April 2021, Steve Barber was appointed as Senior Independent Director.

Loan notes of £21 million, (£20 million convertible secured and £1 million interest only unsecured) have been issued to fund the acquisition of the JPI Group, future investment and ongoing working capital requirements. As at 22April 2021 the Company had received irrevocable elections to convert all £20 million of convertible secured loan notes into new ordinary shares conditional upon the Company's shares being admitted to trading on the London Stock Exchange.

From the beginning of 2021, the Company has commenced the transformation process for the JPI Group and has made good progress on:

- streamlining a large head office function and transformation of the operating structure with the creation of seven regional media divisions covering commercially homogeneous geographical markets;

- realigning local and regional editorial and commercial resource, with P&L responsibility vested with local management;
- enhancement of existing news websites and development of launch plans in contiguous markets to strengthen market share and grow audience;
- enhancing the quality and appeal of newspapers and websites with increased unique local content;
- development and launch of a new national news website which will have a particular emphasis on promoting life outside London;
- trialling of a new subscription platform to engage on our website for premium content on a daily basis;
- training and development of commercial teams in digital marketing skills; and
- the delayering and flattening of the management structures and other efficiencies is expected to deliver annualised savings of £5.0 million (£4.0 million annualised already secured) during 2021 with restructuring costs of £4.0 million.

The reorganisation of the operations will provide a strong base to drive shareholder value.

Financial review

Results for the year ended 31 December 2020

The Company incurred a loss for the year ended 31 December 2020 of £1.1 million (2019: £0.3 million loss). The loss for the year results from: the on-going administrative expenses of £0.2 million (2019: £0.2 million) required to operate the Company; and non-recurring costs related to the acquisition of the JPI Group of £0.8 million.

Cash flow

Net cash inflow for 2020 was £8.3 million (2019: inflow £4.4 million). This represents the £8.4 million raised through the issue of convertible secured loan notes partially offset by net cash outflows of £0.1 million in relation to ongoing administration costs, working capital and interest receipts.

As at 31 December 2020, the Company held £12.7 million (2019: £4.4 million) of cash.

Key Performance Indicators

Other than continued monitoring and minimisation of all operating costs expenditure, there are no key performance indicators for the year ended 31 December 2020 as the Company had not completed an acquisition.

During the first half of 2021 the Board has and will focus on stabilising and establishing the appropriate organisation structure of the JPI Group and will present detailed KPIs for monitoring performance in the 2021 interim results.

Position of Company's Business

As at 31 December 2020 the Company's Statement of Financial Position shows net assets totalling £3.3 million (2019: £4.4 million). The Company has minimal liabilities apart from the convertible secured loan notes and is considered to have a strong cash position of £12.7 million at 31 December 2020.

The Board contains personnel with a good history of running businesses that have been compliant with all relevant laws and regulations and there have been no instances of non-compliance in respect of environmental matters.

The Company endeavours to ensure that its employment practices consider the necessary diversity requirements and compliance with all employment laws. The Board has experience in dealing with such issues and sufficient training and qualifications to ensure they meet all requirements.

The government of the United Kingdom has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010. The Company has conducted a review into its operational procedures to consider the impact of the UK Bribery Act 2010 and the Board has adopted an anti-corruption and anti-bribery policy.

Statement of Comprehensive Income

	Note	31 Dec 20 £'000	29 May 19 to 31 Dec 19 £'000
Continuing operations			
Non-recurring costs to establish National World		-	(88)
Listing expenses	6	-	(81)
Acquisition costs	7	(839)	-
Administrative expenses	8	(244)	(167)
Operating loss		(1,083)	(336)

Finance income	9	12	1
Finance expense	10	(2)	-
Loss before tax		(1,073)	(335)
Taxation	11	-	-
Total comprehensive loss for the period attributable to the equity owners		(1,073)	(335)
Loss per share			
Basic and diluted (pence per share)	12	(2.0)	(1.2)

The notes form part of these financial statements.

Statement of Financial Position

	Note	As at 31 Dec 20 £'000	As at 31 Dec 19 £'000
ASSETS			
Current assets			
Trade and other receivables	13	8	128
Cash and cash equivalents	14	12,693	4,383
Total current assets		12,701	4,511
Total assets		12,701	4,511
LIABILITIES			
Current liabilities			
Trade and other payables	15	904	68
Total current liabilities		904	68
Non-Current Liabilities			
Borrowings	16	8,427	-
Total liabilities		9,331	68
NET ASSETS		3,370	4,443
EQUITY			
Share capital	17	54	54
Share premium	18	4,724	4,724
Accumulated losses	18	(1,408)	(335)
Total equity		3,370	4,443

The financial statements were approved by the Board of Directors and authorised for issue on 22April 2021.

David Montgomery
Executive Chairman

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Accumulated Losses £'000	Total Equity £'000

As at 29 May 2019	-	-	-	-
Comprehensive income				
Loss for the period	-	-	(335)	(335)
Transactions with owners				
Issue of ordinary shares	54	5,046	-	5,100
Cost to issue shares	-	(322)	-	(322)
As at 31 December 2019	54	4,724	(335)	4,443
As at 1 January 2020	54	4,724	(335)	4,443
Comprehensive income				
Loss for the period	-	-	(1,073)	(1,073)
As at 31 December 2020	54	4,724	(1,408)	3,370

Statement of Cash Flows

	Note	31 Dec 20 £'000	31 Dec 19 £'000
Cash flow from operating activities			
Operating loss		(1,073)	(335)
Adjustments for non-cash/non-operating items:			
Finance income	9	(12)	(1)
Finance expense	10	2	-
Cash outflow from operating activities		(1,083)	(336)
Changes in working capital			
Decrease/(Increase) in trade and other receivables	13	121	(128)
Increase in trade and other payables	15	897	68
Net cash used in operating activities		(125)	(396)
Cash flows from investing activities			
Interest received	9	12	1
Net cash generated from investing activities		12	1
Cash flows from financing activities			
Proceeds from issue of shares, net of issue costs		-	4,778
Issue of convertible loan notes	16	8,423	-
Net cash generated from financing activities		8,423	4,778
Net increase in cash and cash equivalents		8,310	4,383
Cash and cash equivalents at the beginning of the period		4,383	-
Cash and cash equivalents at the end of the period		12,693	4,383

Notes

1 Company information

National World Plc (the "Company" or "National World") is a public company listed on the London Stock Exchange in England and Wales. The Company is domiciled in England and its registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, United Kingdom, EC4Y 0DT.

The principal activity of the Company is to operate in the news publishing sector.

The prior period was from incorporation on 29 May 2019 to 31 December 2019. Therefore, the comparative figures are not directly comparable.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in accordance with the Companies Act 2006.

Measurement bases

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in note 3.

2.2 Going concern

The Company had £12.7 million cash as at 31 December 2020 and raised a further £11.6 million through the issue of convertible secured loan notes and £1.0 million through the issue of interest only unsecured loan notes during January and February 2021 providing significant headroom to fund operating expenses and costs associated with evaluating acquisitions and investments, including due diligence. On this basis, the Board considers the Company to have sufficient resources to remain in operational existence for the foreseeable future.

2.3 Functional and presentation currency

The financial information is presented in the functional currency, pounds sterling ("£") except where otherwise indicated.

2.4 New standards, amendments and interpretations

New standards, interpretations and amendments

The following standards have been endorsed by the EU and are effective in the Company's accounting year beginning 1 January 2020:

- Definition of Material (Amendments to IAS 1 and IAS 8); and
- Definition of a Business (Amendments to IFRS 3).
- These standards have no material impact on the Company.

Standards, interpretations and amendments in issue but not yet effective and not early adopted

- There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2022:
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

National World is currently assessing the impact of these new accounting standards and amendments; however, they are not expected to have a material impact on the Company.

2.5 Segment reporting

Identifying and acquiring investment projects was the only activity the Company was involved in during 2020 and is therefore considered as the only operating segment.

The financial information therefore of the single segment is the same as that set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows.

2.6 Net finance costs

Finance income

Finance income comprises interest receivable on funds invested and other interest receivable. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance expense

Finance expense comprises interest on convertible debt.

2.7 Financial assets

Classification

The Company classifies all its financial assets at amortised cost. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

Amortised cost

The Company's financial assets held at amortised cost comprise solely of cash and cash equivalents in the statement of financial position.

The cash and cash equivalents in the statement of financial position is entirely made up of deposits held with Barclays Bank Plc, a counterparty with independent credit ratings of a minimum of A-.

2.8 Financial Liabilities

The Company classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provision of the instrument. Trade and other payables and borrowings are included in this category.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert.

Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and are recognised in other reserves.

2.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

2.10 Income tax

Income tax for the period presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred income tax is recognised on temporary differences arsing between the tax bases of assets and liabilities and their carrying amounts only to the extent that it is likely that they will be recovered in the foreseeable future.

2.11 Share-based payments

Where share options are awarded to directors or employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition. No charge was made for the Value Creation Plan as the Company had not completed an acquisition in the reporting period.

2.12 Non-recurring costs

Non-recurring costs are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are items that are material, either because of their size or their nature and are presented within the line items to which they best relate.

3 Significant judgements and estimates

The preparation of the Company's financial statements under IFRS as endorsed by the EU requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, amounts reported for revenues and expenses during the period, and the disclosure of contingent liabilities, at the reporting date.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors consider that there are no critical accounting judgements or estimates relating to the financial information of the Company.

4 Directors and employees

Average monthly number of people (including all directors) employed by activity:

	31 Dec 20 No.	31 Dec 19 No.
Directors	5	5
Management and administration	-	-
	5	5

Directors' emoluments:

	31 Dec 20 £'000	31 Dec 19 £'000
Directors' emoluments:		
Salaries and fees	19	5
Other pension costs	-	-
	19	5

	31 Dec 20 £'000	31 Dec 19 £'000
Highest paid director:		
Salaries and fees	5	1
Other pension costs	-	-
	5	1

There are no other employees other than the directors of the Company.

5 Loss before income tax

The loss before income tax is stated after charging:

	31 Dec 20 £'000	31 Dec 19 £'000
Fees payable to the Company's auditors - audit of the Company's annual accounts	18	18
Fees payable to the Company's auditors - non-statutory audit in relation to the Company's re-registration as a plc.	-	3
Fees payable to the Company's auditors - Reporting Accountant fees	-	15

6 Listing Expenses

During the year ended 31 December 2020, the Company incurred £nil (2019: £81,268) in IPO costs and other fees.

7 Acquisition costs

The Company incurred costs of £839,038 which were considered to be one-off in relation to the acquisition of the JPI Group that completed on 2 January 2021, therefore these costs have been disclosed separately in the Statement of Comprehensive Income.

8 Analysis of expenses by nature

The breakdown by nature of administrative expenses is as follows:

	31 Dec 20 £'000	31 Dec 19 £'000
Staff costs	19	5
Accounting fees	29	8

Audit fees	18	18
Tax fees	2	-
Professional fees	17	97
Other costs, including financial PR, insurance and other fees	159	39
Total administrative expenses	244	167

9 Finance income

	31 Dec 20 £'000	31 Dec 19 £'000
Bank interest	12	1
Total finance income	12	1

10 Finance expense

	31 Dec 20 £'000	31 Dec 19 £'000
Interest on convertible loan notes	2	-
Total finance expense	2	-

11 Taxation

	31 Dec 20 £	31 Dec 19 £
Analysis of charge in period		
Loss before tax on continuing operations	(1,073)	(335)
Tax at the UK corporation tax rate of 19%	(204)	(64)
Effects of:		
Expenses not allowable	159	32
Deferred tax asset not recognised for tax losses	45	32
Tax charge for the period	-	-

The standard rate of corporation tax applicable for the period was 19 per cent.

The Company has tax losses carried forward of £400,139 (2019 £166,184). The unutilised tax losses have not been recognised as a deferred tax asset due to the uncertainty over the timing of future profits and gains.

12 Loss per share

The loss per share has been calculated using the loss for the period and the weighted average number of ordinary shares entitled to dividend rights which were outstanding during the period, as follows:

	31 Dec 20	31 Dec 19
Loss for the period attributable to equity holders of the Company (£'000)	(1,073)	(335)
Weighted average number of ordinary shares ('000)	54,000	26,813
Loss per share (pence)	(2.0)	(1.2)

13 Trade and other receivables

	31 Dec 20 £'000	31 Dec 19 £'000
Amounts falling due within one year:		
Prepayments	4	42
Other receivables	4	86
	8	128

It is the Company's policy to assess receivables for recoverability based on historical data available to management in addition to forward looking information utilising management's knowledge. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their value.

14 Cash and cash equivalents

	31 Dec 20 £'000	31 Dec 19 £'000
Cash at bank	6,693	4,383
Cash held in escrow by Lawyers	6,000	-
	12,693	4,383

£6.0 million of cash was held in escrow by the Company's lawyers at year end in advance of the completion of the acquisition of the JPI Group on 2 January 2021. On 4 January 2021 and 5 January 2021, the Company advanced £7.9 million and £2.6 million respectively to the JPI Group for working capital purposes and to fund the repayment of £4.7 million of debt payable to the former vendors.

All bank balances are denominated in pounds sterling with £4.2 million held on a term deposit with Barclays Bank plc which requires 30 days' notice for any withdrawal. Notice was given on 24 December 2020 to withdraw the funds from this account, and it was received by the Company on 23 January 2021.

15 Trade and other payables

	31 Dec 20 £'000	31 Dec 19 £'000
Amounts falling due in one year:		
Other taxation and social security	-	1
Trade payables	4	32
Other payables	-	1
Accruals	900	34
	904	68

16 Borrowings

	31 Dec 20 £'000	31 Dec 19 £'000
Non-current		
Convertible secured loan notes	8,427	-
	8,427	-

On 31 December 2020, the Company issued 8,425,000 convertible secured loan notes at a face value of £1 each with interest of 10%. The loans are repayable in 3 years from the issue date on 31 December 2023 at the total face value of £8,425,000 or can be converted into shares when the Company relists on the London Stock Exchange at a rate of 1 share per £0.11 of loan. Under the terms of the convertible secured loan, circumstances can arise where a variable number of shares are issued, on this basis the instrument fails the fixed for fixed criteria under IAS 32 and therefore the instrument is recorded as a liability. A fair value exercise was performed on the conversion option but has not been disclosed separately as it is not material to the financial statements. One day's interest of £2,308 has been accrued on the loan balance of £8,425,000 at year end.

A maturity analysis of the Company's borrowings is shown below:

	31 Dec 20 £'000	31 Dec 19 £'000
Less than one year	-	-
One to two years	-	-
Two to five years	8,427	-
Total including interest cash flows	8,427	-
Less: interest cash flows	(2)	-
Total principal cash flows	8,425	-

17 Share capital

	2020		2019	
	Number	£'000	Number	£'000
Issued and fully paid Ordinary shares of 0.1p each				
At 31 December	54,000,000	54	54,000,000	54

No Ordinary shares were issued by the Company during the year ended 31 December 2020.

Voting rights

The holders of ordinary shares are entitled to one voting right per share.

Dividends

The holders of ordinary shares are entitled to dividends out of the profits of the Company available for distribution.

18 Reserves

Share premium

Includes all premiums in excess of the nominal value of shares received on issue of share capital.

Accumulated losses

Includes all losses incurred in the period.

19 Financial instruments

Financial assets

Financial assets measured at amortised cost comprise cash and cash equivalents, as follows:

	31 Dec 20	31 Dec 19
	£'000	£'000
Cash at bank	6,693	4,383
Cash held in escrow by lawyers	6,000	-
	12,693	4,383

Financial liabilities

Financial liabilities measured at amortised cost comprise trade and other payables and borrowings, as follows:

	31 Dec 20	31 Dec 19
	£'000	£'000
Trade payables	4	32
Other payables	-	1
Accruals	900	34
Convertible secured loan notes	8,427	-
	9,331	67

The Company's major financial instruments include bank balances and amounts payables to suppliers. The risks associated with these financial instruments, and the policies on how to mitigate these risks are set out below. Risk management is carried out by the Board. The Company uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

Liquidity risk

Liquidity risk arises from the Company's management of working capital.

The Company regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Directors have considered the liquidity risk as part of their going concern assessment (note 2). Controls over expenditure are carefully managed in order to maintain its cash reserves whilst it targets a suitable transaction. Trade and other payables are all due within one year, a maturity analysis of borrowings is shown in note 16.

The COVID-19 pandemic resulted in a significant fall in the value of global stock markets during March 2020. The pandemic has created a unique environment, which adds additional challenges for any companies seeking future funding from the capital markets.

Credit risk

The Company's credit risk is wholly attributable to its cash balance. The credit risk from its cash and cash equivalents is limited because the counter parties are banks with high credit ratings and have not experienced any losses in such accounts.

Interest risk

The Company's exposure to interest rate risk is the interest received on the cash held, which is immaterial.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Currency risk

The Company is not exposed to any currency risk at present.

20 Related party transactions

The related parties are considered to be the Directors who each have shares in the Company. Their remuneration is as follows:

	31 Dec 20 £'000	31 Dec 19 £'000
Directors' emoluments, including salary and fees:		
D Montgomery	5	1
V Vaghela	5	1
M Hollinshead	3	1
J Rowe	3	1
S Barber	3	1
	19	5

Of this amount, £Nil was payable at 31 December 2020. (2019: £1,000).

21 Ultimate controlling party

The Company has no ultimate controlling party.

22 Subsequent events

The acquisition of JPIMedia Publishing Limited and its subsidiaries announced on 31 December 2020 completed on 2 January 2021. The principal reason for this acquisition is that the JPI Group's portfolio of iconic brands provides a strong base from which to implement the Company's strategy of creating a modern platform for news publishing with a new operational model supporting local sites across the entire UK. The Company obtained control of the JPI Group by acquiring 100% of the share capital. The acquisition was a reverse takeover. However, as the Company was incorporated as a special purpose acquisition vehicle, the acquisition meets the definition of a business combination and will be accounted for using the acquisition accounting method in accordance with the Company's accounting policies.

Details of the provisional fair value of identifiable assets and liabilities acquired purchase consideration and goodwill are as follows:

	Provisional fair values £'000
Publishing and Digital Intangible assets - provisional	10,968
Property, plant and equipment	4,614
Trade and other receivables	13,251
Inventory	16
Cash	472
Trade and other payables	(13,772)
Provisions	(500)
Lease obligations	(3,179)
Borrowings due to JPIMedia Limited	(4,717)

Net assets	7,153
Goodwill - provisional	33
Total purchase consideration	7,186

	£'000
Initial cash consideration for equity	500
Working capital in excess of normalised working capital on Completion	1,686
Deferred cash consideration*	5,000
Total purchase consideration	7,186

Initial cash consideration for equity	500
Working capital in excess of normalised working capital on Completion	1,686
Cash acquired	(472)
Cash outflow on acquisition (net of cash acquired)	1,714

*Deferred consideration of £5.0 million payable in two instalments, £2.5m on 31 March 2022 and £2.5m on 31 March 2023.

The goodwill represents the potential growth opportunities and synergy effects from the acquisition. The goodwill is not deductible for tax purposes. The initial accounting for the business combination is incomplete as the identifiable intangible assets, expected to be publishing titles and digital assets and have not yet been measured. During the measurement period in 2021, the Company will identify and measure the identifiable intangible assets and adjust the provisional amounts recognised at the acquisition date.

On 1 January 2021, Mark Hollinshead was appointed Chief Commercial Officer and Daniel Cammiade was appointed as a Non-Executive director.

On 4 January 2021, the Company paid £4,717,000 to JPIMedia Limited representing the outstanding borrowing due at Completion.

On 21 January 2021, the Company issued a further £5.7 million convertible secured loan notes.

On 8 February 2021, the Company issued a further £5.9 million convertible secured loan notes, bringing the total convertible secured loan notes issued to £20 million.

On 12 February 2021, the Company issued £1 million interest only unsecured loan notes.

On 31 March 2021, the Company paid £1,686,000 (including £472,000 cash retained in the business on Completion) to JPIMedia Limited representing the amount by which the working capital in JPI Group on Completion was greater than normalised working capital.

On 20 April 2021, Steve Barber was appointed as Senior Independent Director.