Half-year Report

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National World plc

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

Half-yearly Financial Report
Results for the 26 weeks ended 1 July 2023

- **Continued investment in acquisitions and launches signals return to revenue growth**
- **9% growth in digital revenues as business pivots to new operating model**
- **21% year-on-year increase in page views; 49% increase in video views**
- **First Half 2023 Adjusted EBITDA of £3.1 million in line with expectations**
- **Half year strong cash balance of £22.1 million**
- **0.5p per share maiden dividend paid on 5 July, commencing a progressive policy**
- **Full year expectation unchanged with projected revenue increase on 2022**

	Adjusted results*^		Statutory results	
	H1 2023	H1 2022	H1 2023	H1 2022
	£m	£m	£m	£m
Revenue	41.6	43.5	41.6	43.5
EBITDA	3.1	5.9	2.1	4.9
Operating profit	2.9	5.7	1.4	4.1
Profit before tax	3.2	5.6	1.7	3.9
Earnings per share (pence)	0.9p	1.7p	0.5p	1.2p

* Adjusted results are before non-recurring items, amortisation of intangible assets and impact of IFRS 16. Note 20 provides a reconciliation between Statutory and Adjusted results.

^ Unaudited

Commenting on the results, Chairman, David Montgomery, said

*"*The company has successfully commenced the journey to revenue growth in the first half. Measures to deliver a sustainable multi-platform business continued apace despite the downturn in the advertising market. Five acquisitions

in the period and improvements in newly launched online brands are replacing lost revenue from heritage assets and we now expect overall revenues for 2023 to exceed last year. Strong growth, particularly in video revenue, as well as the accelerated implementation of an innovative operating model will contribute to the delivery of full year profits in line with expectations."

Total revenue down 4%, digital revenue up 9%, cash balance of £22.1 million

- **Revenue improvement seen in the second quarter despite challenging trading environment and against tough comparators**. Total Revenue was down 4% to £41.6 million, with a flat year-on-year performance in quarter two, following an 8% decline in quarter one.

- **Robust digital revenue growth**, up 9% year-on-year to £8.9 million. The Group has delivered average monthly page views of 141 million in the first half, a 21% year-on-year improvement. Video advertising continues to be an area of growth, with revenues up 67% and total video views of 275 million in the first half, a 49% year-on-year improvement.

- **Adjusted EBITDA** of £3.1 million, down 47% and adjusted operating profit is £2.9 million, contributing factors being the downturn in advertising and investment in new brands. In the first half, the Group accelerated plans to implement the new operating model, which will deliver £1.1 million of savings in the second half with c.£2.5 million of annualised cost savings and restructuring costs of £0.9 million. However, the new model primarily focuses on sustaining our news brands in local markets by increasing reach and customer engagement. Investment in technology and platforms is well advanced and the first relaunches of fully automated and integrated print, online and video brands is expected this quarter.

- **Acquisitions**. For the five acquisitions completed in the period, the Group paid a total consideration of £3.0 million, (£1.9 million consideration net of cash acquired) funded from its existing cash resources. Revenue of £2.0 million and EBITDA contribution of £0.3 million are reported in the first half, with the bulk of this flowing from 1 May. For the full year, revenues of approximately £7.0 million are expected with an EBITDA contribution of c.£1.0 million.

- **Investment**. The Group has relaunched some of its key brands in both print and digital products in the first half including The Scotsman app relaunch and four of our daily print titles between April and June. Two more relaunches have been delivered in July and a final two will be complete in September. We continue to invest in automation technology and video with 250 of our journalists retrained in all aspects of TV journalism and operating new equipment. Our first Freeview TV channel *Shots!* (Channel 276) was launched on 19 July.

- **Strong balance sheet with significant financial flexibility**, closing cash balance of £22.1 million at 1 July 2023, with outstanding debt of £1.0 million. On 31 March 2023, National World made the final deferred instalment of £2.5 million in respect of the purchase of JPIMedia Group acquired in 2021.

- **Dividend.** On 24 May 2023, shareholders approved the payment of a 0.5 pence per share maiden dividend payable on 5 July. The dividend recognises the Company's significant progress over the last two years, during which time it has generated Adjusted EBITDA of £19.8 million on the assets acquired at the start of 2021 for £10.2 million.

Outlook

The Company's primary focus is to build a sustainable and monetisable content business, embracing its news provision tradition but with a wider agenda across all platforms. This pivoting of the business has continued unabated despite the economic headwinds in the first half. In July revenues have increased by 2% year on year and the Company is poised to benefit in the second half from at least three of its key elements - the acquired businesses, new launches and relaunches of heritage brands and video and TV expansion. Therefore the Board confirms its view that the business will perform in line with expectation for the full year.

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Forward looking statements

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the Company's markets. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this announcement are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by applicable law or regulation, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this announcement.

Chairman's Statement

The Group delivered a robust performance in line with expectation for the period. The investment to support new launches and organic development was maintained despite an advertising downturn and a decline in revenue. The reliance on heritage print assets has begun to reduce as the business pivots towards a more diverse and dependable model through both acquisitions and continued growth in specific digital activities. Currently trends are more encouraging and the company is now well positioned to benefit from its investment in developing areas like video, subscriptions, apps and its new brands.

Overall revenue was £41.6 million, a decline of 4%. Following an 8% decline in the first quarter against strong comparators, revenue was flat in the second quarter and has begun the third quarter a little ahead of last year.

The thrust of group strategy is to grow sustainable revenues through a wider content and commercial agenda operating across all platforms.

Three components are constantly at play - acquisitions, consolidation and innovation. A mixture of the first two is expected to increase revenues overall for the full year. The net effect of launches and acquisitions this year means a projected stabilisation of revenue for the first time in many years.

The innovation involves a change to the operating model that is focused on automation including the immediate exploitation of artificial intelligence in production across both print and digital platforms.

Significant investment in sustaining newly launched online brands and deploying staff resources to manage the implementation of the new model contributed to the reduction in operating profit in the period.

The Group delivered an adjusted EBITDA of £3.1 million and adjusted operating profit of £2.9 million. Contributing factors included the general advertising downturn, and the support for the new brands that give National World a full UK footprint which are expected to turn profitable in late 2024.

The Group delivered a statutory operating profit of £1.4 million. Statutory earnings per share were 0.5 pence per share (2022: 1.2 pence per share) for the period. Adjusted earnings per share for the period were 0.9 pence per share (2022: 1.7 pence per share).

Since acquiring JPIMedia in January 2021, overall staff numbers have come down from approximately 1,500 to 1,100 and productivity has increased as this reduced number now service around twenty new brands and five newly acquired businesses.

Both the investments in launches and acquisitions have had limited effect on the group's cash which is £22.1 million at the end of the period, which is after the £2.5 million final deferred payment, made in March, for JPIMedia Group.

The five acquisitions bring in around £7 million of additional revenue and are expected to contribute £1 million of EBITDA this year.

The company has introduced multiple measures to create a long-term sustainable business across all platforms to stem long term revenue decline that has been previously addressed solely by cost cutting.

The content agenda has been widened, something best demonstrated by both the acquisition of Business Insider (Insider Media Limited) and the specialist content focus of our premium heritage assets, the Yorkshire Post, Scotsman and Belfast Newsletter.

Monetisable expert content is critical to the development of the group and our talent base is being reformed and re-skilled to deliver this approach in video, podcasts, events and now mainstream television.

Three hundred, almost half our journalists, have been trained in all aspects of video, including presenting and editing, and the company has invested in equipping them with the latest kit.

This and other measures to accelerate the new operating model have been the focus of management while also coping with inflationary cost challenges and a depressed advertising market impacting yields.

Key initiatives, both in acquisition and innovation, so far this year include:

- The rapid increase in video production, including training and equipping 250 journalists, with a resultant 49% rise in video views and 12% rise in engagement minutes. The year-on-year revenue has doubled;
- The launch of Freeview Channel 276, fully programmed and automated with mainly original, home produced content;
- The acquisition of four weekly newspapers, including the Rotherham Advertiser, and Business Insider magazine, online and events company with a combined total revenue of £7.0 million and expected £1.0 million of EBITDA in 2023;
- The development of Nationalworld.com, our national online newspaper, and the wider City World portfolio in every major UK city including London, that together should reach profitability in the second half of 2024;
- Overall increase in audience of 21% in the period and online revenue growth of 9%;
- The development of automation in print publishing that will be rolled out for the weekly titles during the remainder of the year with purely local content, thereby increasing value to the consumer and advertiser;
- The consolidation of a daily press unit to centrally relaunch eight titles in a modern format;

- The launch of The Scotsman subscriber app with an upgrade in quality comparable to The Times and The Daily Telegraph. New apps will be launched for the Yorkshire Post and the News Letter, also for paying subscribers, and Nationalworld.com will offer a free app as it develops its middle market wider audience; and
- The resumption in growth of paid digital subscriptions on our premium brands, with subscriber numbers up by 5% since December 2022 and the resumption of growth in registrations across our network, up 2% year on year.

All these initiatives help to pivot the company towards a premium content business, based on expert journalism and targeting key topics. A number of potential further acquisitions have also been identified.

Despite unfavourable economic conditions and an advertising downturn, National World's transition has gained momentum and it is poised to benefit across print, digital and video platforms in a recovery.

This, and recent trends towards a modest improvement, gives confidence that the company can meet its expectations for the full year.

David Montgomery
Executive Chairman
31 July 2023

Financial review

Income statement

The statutory and adjusted results have been prepared for the 26 weeks ended 1 July 2023 (2023) and the comparative period is for the 26 weeks ended 2 July 2022 (2022).

Note 20 sets out the reconciliation between the statutory and adjusted results.

	Adjusted results		Statutory results	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Revenue	**41.6**	**43.5**	**41.6**	**43.5**
Operating Costs	(38.5)	(37.6)	(38.3)	(37.3)
Depreciation and Amortisation	(0.2)	(0.2)	(0.7)	(0.8)
Operating profit pre non-recurring items	**2.9**	**5.7**	**2.6**	**5.4**
Non-recurring items:				
Restructuring costs	-	-	(1.0)	(1.3)
Transaction costs	-	-	(0.2)	-
Operating profit	**2.9**	**5.7**	**1.4**	**4.1**
Net finance income/(expense)	0.3	(0.1)	0.3	(0.2)
Profit before tax	**3.2**	**5.6**	**1.7**	**3.9**
Tax (charge)/credit	(0.8)	(1.1)	(0.4)	(0.8)
Profit after tax	**2.4**	**4.5**	**1.3**	**3.1**
Earnings per share - basic (pence)	**0.9p**	**1.7p**	**0.5p**	**1.2p**
Earnings per share - diluted (pence)	**0.9p**	**1.6p**	**0.5p**	**1.1p**
EBITDA	**3.1**	**5.9**	**2.1**	**4.9**
Operating profit margin %	**7%**	**13%**	**3%**	**9%**
EBITDA margin %	**7%**	**14%**	**5%**	**11%**

The Group delivered a solid performance considering the challenging market conditions in the period with revenue decreasing 4% to £41.6 million (2022: £43.5 million), and adjusted operating profit decreasing to £2.9 million (2022: £5.7 million). Adjusted EBITDA in the period was £3.1 million (2022: £5.9 million) with the EBITDA margin reducing by seven percentage points to 7% (2022: 14%).

Adjusted finance income was £0.3 million (2022: £0.1 million cost). Statutory financing income was £0.3 million (2022: £0.2 million cost) including IFRS16 lease finance costs.

Adjusted profit before tax decreased by £2.4 million to £3.2 million (2022: £5.6 million), while Statutory profit before tax was £1.7 million, as a result of lower operating profit in the period. Non-recurring costs decreased by £0.1 million to £1.2 million (2022: £1.3 million).

Statutory profit per share for the period was 0.5 pence per share (2022: 1.2 pence per share). Adjusted earnings per share for the period was 0.9 pence per share (2022: 1.7 pence per share).

Revenue

The table below provides a summary of revenue for the 26 weeks ended 1 July 2023 with the comparative for the 26 weeks ended 2 July 2022.

	2023 £m	2022 £m	Change £m	Change %
Print Publishing Revenue	**31.7**	**34.6**	**(2.9)**	**(8)%**
Advertising	14.6	16.7	(2.1)	(13)%
Circulation	14.9	16.5	(1.6)	(10)%
Other	2.2	1.4	0.8	57%
Digital Publishing Revenue	**8.9**	**8.2**	**0.7**	**9%**
Advertising	5.6	5.0	0.6	12%
Subscriptions	0.8	0.8	-	0%
Other	2.5	2.4	0.1	4%
Other revenue	**1.0**	**0.7**	**0.3**	**43%**
Total Revenue	**41.6**	**43.5**	**(1.9)**	**(4)%**

The revenue environment has remained challenging with a significant slowdown in the UK economy impacting consumer confidence, driven by rising inflation and interest rates. Revenue decline of 4% year-on-year reflects an 8% fall in the first quarter and flat growth in the second quarter with revenue earned through acquisitions mitigating against further declines.

Print revenue

Print revenue comprises all revenue driven by the local newspaper titles, including all digital revenue packaged with print.

Advertising revenue decreased by 13% period-on-period with a fall of 16% in the first quarter and a decline of 9% in the second quarter. The weakening of the UK economy has impacted all National, Local and MSC categories.

Circulation revenue fell by 10% during the period with a decline of 11% in the first quarter and a decline of 7% in the second quarter. Average monthly circulation volumes in the period were 1.5 million for the daily newspapers and 0.8 million for the weekly newspapers representing an annual decline of 18% and 12% respectively. The second quarter circulation volumes for daily newspapers fell compared to the first quarter by 5% and weekly newspapers increased by 2%. The impact of falling volumes was partially mitigated by cover price increases in the first quarter, in addition to titles acquired in the period which contributed £0.2 million revenue in the first half.

The Group continues to have a strong print subscriber base with print subscription revenue of £1.5 million in the period, a decline of 4% year-on-year which is lower than the overall circulation revenue decline of 10%.

Other print revenue, which includes syndication, leaflets, events ticket sales and other sundry revenues grew by 57% bolstered by the acquisition of Insider Media Ltd.

Digital revenue

Digital revenue comprises all revenue sold programmatically, digital-led direct sales, subscriptions, syndication and revenue generated from the Google and Meta initiatives.

Digital revenue increased by 9% in the period, delivering a strong first quarter with a growth of 11% and slowed in the second quarter to 4%. The macroeconomic uncertainty has resulted in softer advertising yields, and there is continued volatility in audience numbers during the period. Video advertising continues to increase with 67% growth year-on-year.

Digital Advertising revenue increased by 12%, with a strong first quarter performance recording growth of 14% slowing to 9% in the second quarter as we saw some softening of yields. Advertising revenue is predominantly driven by audience and the Group had average monthly Pages Views (PVs) 141 million, representing year-on-year growth of 21%.

Digital Subscription revenue remained flat year-on-year despite an 11% reduction in subscribers. Premium brand subscribers to the Scotsman, the Yorkshire Post, and the Newsletter increased by 5% since the year-end, with total subscribers for our websites and apps decreasing by 3% to 19k since the year-end driven by price rises in H2 2022 and moving from a subscriber to audience (page views) led focus across a number of titles.

Other digital revenue grew by 4% and includes contracts for both Meta and Google content.

Other revenue
Other revenue increased by 43% reflecting grants from the BBC for local democracy reporters and from Meta for the funding of 60 journalists (2022: 45 journalists).

Operating Costs

Operating costs comprise:

	Adjusted results		Statutory results	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Labour	21.3	21.1	21.3	21.1
Newsprint and production costs	6.4	6.4	6.4	6.4
Depreciation and amortisation	0.2	0.2	0.7	0.8
Other	10.8	10.1	10.6	9.8
Total operating cost before non-recurring costs	**38.7**	**37.8**	**39.0**	**38.1**
Non-recurring costs	-	-	1.2	1.3
Total operating costs	**38.7**	**37.8**	**40.2**	**39.4**

Statutory operating costs increased by £0.8 million to £40.2 million (2022: £39.4 million) and increased by £0.9 million on an adjusted basis to £38.7 million (2022: £37.8 million). Adjusted costs are before non-recurring costs, amortisation of intangible assets of £0.5 million, and impact of IFRS16.

Labour
The Group employed an average of 1,110 employees during the period (2022: 1,179).

Newsprint and Production costs
Newsprint and production costs remained flat during the period. Reductions in newsprint volumes (-18%) were primarily due to decreased circulation and reduced pagination offset by increasing pricing in newsprint (+16%) and printing (+7%). A reduction in newsprint costs has been confirmed for the third quarter, with the benefit expected to continue into the second half.

Depreciation and amortisation
Adjusted depreciation and amortisation, which excludes amortisation of intangible assets and depreciation on Right of Use assets, has remained at £0.2 million (2022: £0.2 million) as capital expenditure continues to be tightly managed. Excluding acquisitions, capital expenditure of £0.7 million in the period related to IT equipment and digital development projects. We expect capital expenditure of c.£1.5 million for the full year. Statutory depreciation and amortisation fell by £0.1 million to £0.7 million (2022: £0.8 million) due to lower Right of Use assets depreciation

charges across both property and motor vehicles.

Other

Other costs comprise property, IT, digital product and engineering, administration and other operating costs. Adjusted other costs increased by £0.7 million to £10.8 million reflecting costs associated with acquired businesses, digital and IT investment, other inflationary increases as a result of the current economic climate offset by lower IFRS16 lease costs as a result of the 2022 property rationalisation.

Adjusted other costs of £10.8 million are £0.2 million higher than Statutory other costs as they are before IFRS16 impact (2022: £0.3 million of IFRS16 lease costs).

Non-recurring cost

Total non-recurring costs of £1.2 million (2022: £1.3 million) were expensed in the period, which includes:

- £1.0 million Restructuring costs (2022: £1.3 million) for the delivery of cost reduction measures, which will generate in-year savings of £1.1 million and annualised savings of £2.5 million. For the full year, total restructuring costs of c.£2.0 million are expected, delivering combined annualised costs savings of c.£4 million.
- £0.2 million on transaction costs, including £0.1 million to acquire Insider Media Limited and its subsidiaries, and £0.1 million on other speculative transactions.

Finance income and charges

Financing (income) and charges on a statutory and adjusted basis are:

	Adjusted results		**Statutory results**	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Interest income	(0.4)	-	(0.4)	-
Interest on unsecured loan notes	0.1	0.1	0.1	0.1
Interest on lease liabilities	-	-	-	0.1
Total financing (income)/charge	**(0.3)**	**0.1**	**(0.3)**	**0.2**

Net adjusted financing costs include £0.4 million interest income earned from cash held on deposit with Barclays Bank, attracting interest at the BOE base rate less 5 basis points (2022: £nil), and interest expense of £0.1 million on the interest only unsecured loan notes (2022: £0.1 million).

The £1.0 million interest only unsecured loan notes will continue to accrue interest at 15% per annum. Interest is payable in June and December each year until maturity and repayment on 31 December 2023.

Statutory finance expense includes £nil interest charge on IFRS16 lease liabilities (2022: £0.1 million).

Profit before tax

Statutory profit before tax of £1.7 million (2022: £3.9 million) is after £1.2 million (2022: £1.3 million) non-recurring costs.

Adjusted profit before tax of £3.2 million (2022: £5.6 million) is before non-recurring items, the impact of IFRS16 and amortisation of intangible assets. The decline in profit before tax reflects the challenging trading conditions and inflationary pressures, with 4% revenue shortfall, and operating costs 2% higher than the comparative.

Statutory tax charge and effective tax rate

The statutory tax rate for the period is a blended rate of 23.5%. A statutory tax charge of £0.4 million is recognised in the period (25.9% effective tax rate). No tax payments have been made in the period and no payments will be made for the remainder of 2023, as the Group utilises brought forward tax losses against taxable profits.

The adjusted profit before tax is £3.2 million, and the adjusted tax rate is 24.0% with an adjusted tax charge in the period of £0.8 million (2022: £1.1 million). The adjusted tax charge provides a more meaningful and comparable financial result.

Earnings per share

Statutory earnings per share for the period were 0.5 pence per share (2022: 1.2 pence per share).

Adjusted earnings per share for the period were 0.9 pence per share (2022: 1.7 pence per share).

Balance sheet

	1 Jul 2023	31 Dec 2022
	£m	£m
Non-current assets	20.3	16.9
Current assets	35.2	38.4
Total assets	**55.5**	**55.3**
Current liabilities	(20.9)	(20.5)
Non-current liabilities	(0.6)	(0.8)
Total liabilities	**(21.5)**	**(21.3)**
Net assets	**34.0**	**34.0**

Net assets of £34.0 million is consistent with the net assets reported at the year-end with the £1.3m statutory profit after tax for the period, offset by the dividend declared in the period of £1.4 million relating to the prior year performance and the £0.1m long term incentive share based payment charge.

Non-current assets

Goodwill has increased by £2.7 million to £7.9 million due to the acquisition of Insider Media Limited in April 2023 (£2.6 million) and deferred tax liability recognised on acquired publishing titles (£0.1 million). Intangible assets have increased by £0.6 million to £5.7 million due to the acquisition of the Rotherham publishing titles, and capitalisation of digital development projects.

The net deferred tax asset decreased by £0.2 million to £4.0 million, with tax losses utilised against taxable profits in the period offset by the acquisition of Insider Media Limited deferred tax assets. Gross brought forward losses of £17.8 million (31 December 2022: £18.8 million) are recognised as a deferred tax asset at the period-end, calculated using a blended corporate tax rate of 25%. £2.2 million of tax losses remain unrecognised (31 December 2022: £2.2 million).

Current assets

Cash and cash equivalents of £22.1 million decreased by £4.9 million in the period. There were a number of significant one-off cash outflows in the period, including the final deferred consideration payment of £2.5 million for the 2021 acquisition of JPIMedia Publishing Limited (renamed National World Publishing Limited), £1.9 million net cash consideration for the five acquisitions completed in the first half and £1.3 million payment of 2022 restructuring costs accrued at year-end.

Current liabilities

Trade and other payables of £18.8 million (2022: £15.9 million) increased by £2.9 million in the period driven by £1.4 million dividend payable due to shareholders on 5 July 2023, £1.0 million increase in payables relating to Cloud and production costs and increase in deferred revenue due to acquiring Insider Media Limited.

Deferred Consideration has reduced to nil as the final payment of £2.5 million was paid on 31 March 2023 to JPIMedia Limited.

Current provisions fell by £0.1 million to £0.5 million as £0.1 million was utilised in the period for onerous IT contracts.

Non-current liabilities

Right of Use lease liabilities have reduced by £0.1 million to £0.2 million as the majority of property leases expiring are replaced by serviced office space on short term contracts.

Non-current provisions decreased by £0.1 million to £0.4 million due to £0.2 million dilapidation provisions becoming due in the next 12 months, offset by Insider Media Limited £0.1 million of dilapidations provision acquired relating to occupied offices.

Key Performance Indicators

To monitor progress against the Group's strategy the Board set four Key Performance Indicators ("KPIs"), for 2023, and performance against these for the first half is set out below:

- *Digital audience.* Grow digital audience (page views) with a target of c.200 million average monthly page views by the end of 2023.

  21% year-on-year improvement in average monthly page views reported in the first half, with the Group achieving average monthly page views of 141 million, compared to 117 million in the prior period.

- *Revenue trends.* Improve revenue trends with KPIs that monitor a transition from dependency on print sales to an increasing percentage of Group revenue from digital beyond the 15% achieved in 2022.

  Strong growth in digital revenue of 9% and other revenue growth of 43% was offset by an 8% decline in print revenue. The growth in digital revenue was achieved despite lower yields, with growth seen in audience and video revenue. Digital revenue represented 21% of Group revenue, representing an improvement on the 2% on the first half of 2022.

- *EBITDA* margin of at least 10%. Adjusted EBITDA margin of 7%, is below the target and 2022 comparative of 14%. The Group expects to report a c10% EBITDA margin in the full year results.

- *Strong cash generation* to provide financial flexibility and headroom for investment. The Group's cash balance reduced by £4.9 million from £27.0 million to £22.1 million after paying the final £2.5 million deferred consideration on the acquisition of JPI Media Publishing Limited (renamed National World Publishing Limited) and £1.9 million on acquisitions. Net of the £1.0 million outstanding loan note due in December, and the £1.4 million dividend payable on 5 July to shareholders net cash of £19.7 million provides significantly financial flexibility and headroom for investment.

Cash flow

	Adjusted		Statutory	
	H1 2023	**H1 2022**	**H1 2023**	**H1 2022**
	£m	**£m**	**£m**	**£m**
Operating profit for the period	**2.9**	**5.7**	**1.4**	**4.1**
Depreciation and amortisation charges	0.2	0.2	0.7	0.8
Restructuring costs paid	(1.4)	(0.9)	-	-
Long term incentive plan expense	0.1	-	0.1	-
Changes in provisions	-	-	(0.3)	(0.6)
Changes in working capital	(1.8)	0.5	(1.6)	2.0
Net cash inflow from operating activities	**0.0**	**5.5**	**0.3**	**6.3**
Net cash outflow from investing activities	**(4.8)**	**(2.7)**	**(4.8)**	**(2.7)**
Financing activities				
Interest paid	(0.1)	(0.1)	(0.1)	(0.1)
Principal repayment of leases	-	-	(0.3)	(0.8)
Net cash generated from financing activities	**(0.1)**	**(0.1)**	**(0.4)**	**(0.9)**
Net decrease in cash and cash equivalents	(4.9)	2.7	(4.9)	2.7

Cash and cash equivalents at the beginning of the period	27.0	23.0	27.0	23.0
Cash and cash equivalents at the end of the period	**22.1**	**25.7**	**22.1**	**25.7**

Cash inflow from operating activities of £0.3m is after £1.4 million of restructuring costs paid of which £1.3 million were expensed to the 2022 Income Statement.

The conversion of adjusted operating profit of £2.9 million into cash is 39% (£1.1 million comprising cash inflow from operating activities before restructuring cost paid, and after purchases of tangible assets).

At the period-end the Group maintains a substantial cash balance and retains financial flexibility. As at 1 July 2023, the Company held £22.1 million (2022: £25.7 million) of cash. The Group had some notable cash outflows in the first half, with cash decreasing by £4.9 million since the year-end including the final deferred consideration payment of £2.5 million for the 2021 acquisition of JPIMedia Publishing Limited (renamed National World Publishing Limited), £1.9 million net cash consideration for the five acquisitions completed in the first half, capital expenditure (£0.7 million), loan note interest (£0.1 million) and capital payments on IFRS16 leases (£0.3 million) and supplier payments made in advance to access discounts.

Capital Expenditure

Capital expenditure during the period includes £0.5 million of digital development project costs and £0.2 million expenditure on IT equipment, predominantly laptops and video equipment. For 2023, capital expenditure is expected to be c.£1.5 million including digital development costs and certain systems and remaining IT equipment requiring replacement as it approaches the end of its useful life. Beyond 2023, capital expenditure is expected to be limited to c.£1.0 million per annum.

Dividends

Shareholders approved the Group's maiden dividend at the 24 May 2023 AGM of 0.5 pence per share. This was paid on 5 July 2023 to shareholders on the register at 2 June 2023, and is held as a liability at the period-end. The maiden dividend reflects the Board's confidence in the ongoing strong cash generation of the business, the future prospects of the Group and its strong balance sheet. The Board continues to adopt a progressive dividend policy.

The Board is committed to provide strong returns to shareholders through a combination of share price growth and income. To ensure the Group maintains financial flexibility and an appropriate level of financial headroom for investment and working capital, dividend payments will be aligned to the free cash generation of the business. The free cash generation for the purposes of assessing the dividend will be the net cash flow generated by the Group before the repayment of debt, dividend payments and other capital returns to shareholders.

Outlook

The company's primary focus is to build a sustainable and monetisable content business, embracing its news provision tradition but with a wider agenda across all platforms. This pivoting of the business has continued unabated despite the economic headwinds in the first half. In July revenues have increased by 2% year on year and the company is poised to benefit in the second half from at least three of its key elements - the acquired businesses, new launches and relaunches of heritage brands and video and TV expansion. Therefore the Board confirms its view that the business will perform in line with expectation for the full year.

Other items

Principal risks and uncertainties

The Group's principal risks and uncertainties, which could impact the Group, are identified on pages 29 to 31 of National World plc's Annual Report for the period ended 31 December 2022 which is available on the Company's website. These risks are as follows: strategy, cyber security and data migration, infrastructure and operations, and data protection.

The Directors have reviewed these principal risks and uncertainties, and do not consider that the principal risk and uncertainties have changed since the publication of the annual report for the period ended 31 December 2022. However, the Board notes that the increased economic uncertainty and inflationary pressures are being considered to ensure the Group can meet its strategic objectives.

Going concern statement

The Directors assessed the Group's prospects, both as a going concern and its long-term viability, at the time of the approval of National World plc's Annual Report for the period ended 31 December 2022 and again when approving National World plc's Half-yearly Financial Report for the 26 week period ended 1 July 2023. Further information is set out in the 2022 Annual Report of National World plc.

The Directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the Group's interim consolidated financial accounts. The assessment was based on review of the remaining term of the three year projections for the business which are considered by the Board when approving the budget, and reforecast, for 2023. Management believe that a longer term assessment is not appropriate given the ongoing structural challenges facing print media and changing landscape for digital. Key considerations in the assessment were:

- The ongoing impact of the macroeconomic conditions on revenue;
- Management's ongoing mitigating actions in place to manage costs and cash flow;
- Capital expenditure requirements, including ongoing maintenance capital expenditure requirements; and
- Investment in digital resource and development.

Sensitivity analysis was applied to the projections to determine the potential effects should the principal risks and uncertainties occur, individually or in combination. The Board also assessed the likely effectiveness of any proposed mitigating actions.

Whilst the Group strategy is to grow through acquisition and organic development, no acquisitions have been assumed in the projections as there is no certainty that acquisition/s will be concluded. Prior to proceeding with any acquisition, the three year projections will be updated to ensure there is no adverse impact on the Group prospects or going concern resulting from an acquisition.

Having considered the factors impacting the Group's businesses, including downside sensitivities, the £22.1 million cash held as at 1 July 2023, the Directors are satisfied that the Group will be able to operate with sufficient financial flexibility and headroom for the 12 months from the date of signing the interim report.

Viability statement

The Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. The Directors assessed the prospects of the Group over a three year period which reflects actual trading for the first six months of 2023 and projections for the remainder of 2023, 2024 and 2025 in line with the planning cycle adopted by the Group. A three year period is adopted as it enables the Directors to consider the impact of declining print revenues, investment to drive growth in digital and ongoing restructuring costs required to support profits and cash flow. The assessment considers the Group's current financial position and the principal risks and uncertainties facing the Group including those that would threaten the business model, future performance, solvency or liquidity.
Sensitivity analysis is applied to the projections to determine the potential effects should the principal risks and uncertainties occur, individually or in combination. The Board also assessed the likely effectiveness of any proposed mitigating actions.

Whilst the Group strategy is to grow through acquisition and organic development, aside from the acquisition completed in the first half of 2023, no other acquisitions have been assumed in the projections as there is no certainty that acquisitions will be concluded. Prior to proceeding with any material acquisition, the three year projections will be updated to ensure there is no adverse impact on the Group prospects or going concern resulting from an acquisition.

It is understood that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty. Also, this assessment was made recognising the principal risks and uncertainties that could have an impact on the future performance of the Group and the financial risks described in the notes to the Group's annual consolidated financial statements.

Board changes

David Lindsay was appointed to the Board, as a Non-Executive Director, on 14 September 2022.

John Rowe was appointed to the Board, as an Executive Director, on 24 February 2023.

Statement of Directors' responsibilities

The Directors are responsible for preparing the half-yearly financial report in accordance with applicable laws and regulations.

The Directors confirm to the best of their knowledge:

a) The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the United Kingdom; and
b) The Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

On behalf of the Board

David Montgomery
Executive Chairman
31 July 2023

Condensed consolidated income statement

for the 26 weeks ended 1 July 2023 (26 weeks ended 2 July 2022 and the 52 weeks ended 31 December 2022)

	Notes	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Continuing operations				
Revenue	5	41.6	43.5	84.1
Cost of sales		(31.5)	(32.0)	(63.5)
Gross profit		**10.1**	**11.5**	**20.6**
Operating expenses before non-recurring items		(7.5)	(6.1)	(11.7)
Non-recurring items:	6			
Restructuring and redundancy costs		(1.0)	(1.3)	(3.3)
Transaction costs		(0.2)	-	(0.3)
ROUA impairment		-	-	(0.1)
Total operating expenses		**(8.7)**	**(7.4)**	**(15.4)**
Operating profit		**1.4**	**4.1**	**5.2**
Financing				
Finance costs	7	(0.1)	(0.2)	(0.3)
Interest income	8	0.4	-	0.2
Net finance income/(expense)		**0.3**	**(0.2)**	**(0.1)**

Profit before tax		**1.7**	**3.9**	**5.1**
Tax credit/(charge)	9	(0.4)	(0.8)	0.1
Profit after tax from continuing operations		**1.3**	**3.1**	**5.2**

Earnings per share	10			
Earnings per share - basic		0.5p	1.2p	2.0p
Earnings per share - diluted		0.5p	1.1p	1.9p

Note 10 sets out the calculation of adjusted earnings per share and Note 20 presents a reconciliation between the statutory and adjusted results.

Condensed consolidated statement of comprehensive income

for the 26 weeks ended 1 July 2023 (26 weeks ended 2 July 2022 and the 52 weeks ended 31 December 2022)

	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Profit for the period	**1.3**	**3.1**	**5.2**
Total other comprehensive profit for the period	**-**	**-**	**-**
Total comprehensive profit for the period	**1.3**	**3.1**	**5.2**

Condensed consolidated statement of financial position

At 1 July 2023

	Notes	As at 1 Jul 23 (unaudited) £m	As at 2 Jul 22 (unaudited) £m	As at 31 Dec 22 (audited) £m
Non-current assets				
Goodwill		7.9	5.2	5.2
Intangible assets	11	5.7	5.0	5.1
Tangible assets	12	1.0	0.8	0.9
Investments		1.1	-	1.1
Right of use assets	13	0.6	0.8	0.4
Deferred tax		4.0	3.3	4.2
		20.3	15.1	16.9
Current assets				
Inventory		0.1	-	0.1
Trade and other receivables		13.0	13.1	11.3
Cash and cash equivalents		22.1	25.7	27.0
		35.2	38.8	38.4
Total assets		55.5	53.9	55.3
Current liabilities				
Trade and other payables		(18.8)	(15.8)	(15.9)
Borrowings	14	(1.0)	-	(1.0)
Lease liabilities	13	(0.6)	(0.8)	(0.5)
Deferred consideration		-	(2.5)	(2.5)

Provisions	15	(0.5)	(0.9)	(0.6)
		(20.9)	(20.0)	(20.5)
Non-current liabilities				
Borrowings	14	-	(1.0)	-
Lease liabilities	13	(0.2)	(0.4)	(0.3)
Provisions	15	(0.4)	(0.6)	(0.5)
		(0.6)	(2.0)	(0.8)
Total liabilities		(21.5)	(22.0)	(21.3)
Net assets		**34.0**	**31.9**	**34.0**
Equity				
Share capital	17	0.3	0.3	0.3
Share premium	17	27.4	24.6	24.6
Retained earnings and other reserves	17	6.3	7.0	9.1
Total equity		**34.0**	**31.9**	**34.0**

Condensed consolidated statement of changes in equity

for the 26 weeks ended 1 July 2023 (26 weeks ended 2 July 2022 and the 52 weeks ended 31 December 2022)

	Notes	Share capital £m	Share premium £m	Retained earnings and Other reserves £m	Total equity £m
Equity as at 31 December 2022 (audited)		**0.3**	**24.6**	**9.1**	**34.0**
Issue of new ordinary shares	17	-	2.8	(2.8)	**-**
Long-term incentive share based payments charge	18	-	-	0.1	**0.1**
Dividend payable to shareholders on 5 July 2023		-	-	(1.4)	**(1.4)**
Profit for the period		-	-	1.3	**1.3**
Total comprehensive profit / (loss) for the period		**-**	**2.8**	**(2.8)**	**-**
Equity as at 1 July 2023 (unaudited)		**0.3**	**27.4**	**6.3**	**34.0**

Equity as at 1 January 2022 (audited)	**0.3**	**24.6**	**3.9**	**28.8**
Profit for the period	-	-	3.1	3.1
Total comprehensive profit for the period	**-**	**-**	**3.1**	**3.1**
Equity as at 2 July 2022 (unaudited)	**0.3**	**24.6**	**7.0**	**31.9**

Equity as at 1 January 2022 (audited)	**0.3**	**24.6**	**3.9**	**28.8**
Profit for the period	-	-	5.2	5.2
Total comprehensive profit for the period	**-**	**-**	**5.2**	**5.2**
Equity as at 31 December 2022 (audited)	**0.3**	**24.6**	**9.1**	**34.0**

Condensed consolidated cash flow statement

for the 26 weeks ended 1 July 2023 (26 weeks ended 2 July 2022 and the 52 weeks ended 31 December 2022)

	26 weeks	26 weeks

	Notes	ended 1 Jul 23 (unaudited) £m	ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Cash flow from operating activities	16	0.3	6.3	9.5
Net cash inflow from operating activities		**0.3**	**6.3**	**9.5**
Investing activities				
Deferred consideration	19	(2.5)	(2.5)	(2.5)
Acquisition of subsidiaries	19	(1.4)	-	(0.1)
Investment in The News Movement		-	-	(1.1)
Interest earned	8	0.4	-	0.2
Intangible assets purchases and acquisition	11	(1.0)	-	(0.2)
Tangible assets purchases and acquisition	12	(0.3)	(0.2)	(0.4)
Net cash outflow from investing activities		**(4.8)**	**(2.7)**	**(4.1)**
Financing activities				
Interest paid	7	(0.1)	(0.1)	(0.2)
Capital repayments of lease payments	13	(0.3)	(0.7)	(1.1)
Interest element of lease rental payments	7	-	(0.1)	(0.1)
Net cash generated from financing activities		**(0.4)**	**(0.9)**	**(1.4)**
Net (decrease)/increase in cash and cash equivalents		(4.9)	2.7	4.0
Cash and cash equivalents at the beginning of the period		27.0	23.0	23.0
Cash and cash equivalents at the end of the period		**22.1**	**25.7**	**27.0**

Notes to the consolidated financial statements

1. General 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 No 1 Leeds 4th Floor, 26 Whitehall Road, Leeds, England, United Kingdom, LS12 1BE.

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

The condensed consolidated Interim Financial Statements of the Company and its subsidiaries for the 26-week period ended 1 July 2023 comprise the Company and its subsidiaries (together referred to as the 'Group').

These Interim Financial Statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 52 weeks ended 31 December 2022 were approved by the Board of Directors on 16 March 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The auditors, Crowe U.K. LLP, have carried out a review of the Interim Financial Statements and their report is set out at the end of this document.

The financial information for the 52 weeks ended 31 December 2022 is extracted from National World plc's financial statements for that year. These Interim Financial Statements have been prepared in accordance with the Disclosure and

Transparency Rules of the Financial Conduct Authority and with International Accounting Standard, as adopted by the United Kingdom.

The half-yearly financial report was approved by the Directors on 31 July 2023. This announcement is available at the Company's registered office at No 1 Leeds 4th Floor, 26 Whitehall Road, Leeds, England, United Kingdom, LS12 1BE and on the Company's website at www.nationalworldplc.com.

2. Basis of preparation

These Interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the United Kingdom. The consolidated Interim Financial Statements were authorised for issue by the Board of Directors on 31 July 2023.

These Interim Financial Statements are presented in British pounds, which is the functional currency of all entities in the Group. All financial information has been rounded to the nearest million except when otherwise indicated.

These Interim Financial Statements have been prepared under the historical cost basis.

Going concern

These consolidated financial statements have been prepared on a going concern basis as set out in the Financial Review in this half-yearly financial report.

Changes in accounting policies and disclosures

The standards that became applicable in the period did not materially impact the Group's accounting policies and did not require retrospective adjustments.

3. Significant accounting policies

The accounting policies adopted are consistent with those of National World plc for the previous year. National World plc's annual report is available at www.nationalworldplc.com.

Taxes on income in the interim periods are accrued using tax rates that would be applicable to expected total annual profit or loss.

New and revised IFRS Standards in issue but not yet effective

None of the standards which have been issued by the UK Endorsement Board but are not yet effective are expected to have a material impact on the Group.

Basis of consolidation

The Group Interim Financial Statements consolidate the Interim Financial Statements of National World plc and all its subsidiary undertakings owned during the 26 week period ended 1 July 2023.

Subsidiaries are included in the Group's Interim Financial Statements using the acquisition method of accounting. The results of subsidiaries acquired or disposed of during the period are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. Purchase consideration is allocated to the assets and liabilities on the basis of their fair value at the date of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Where necessary, adjustments are made to the Interim Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the Income Statement as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, including publishing titles, are recognised at their fair value at the acquisition date.

Alternative performance measures

The Company presents the results on a statutory and adjusted basis. The Company believes that the adjusted basis will provide investors with useful supplemental information about the financial performance of the Group, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key performance indicators used by management in operating the Group and making decisions. Although management believes the adjusted basis is important in evaluating the Group, they are not intended to be considered in isolation or as a substitute for, or as superior to, financial information on a statutory basis. The alternative performance measures are not recognised measures under IFRS and do not have standardised meanings prescribed by IFRS and may be different to those used by other companies, limiting the usefulness for comparison purposes. Note 20 sets out the reconciliation between the statutory and adjusted results.

Adjusting items

Adjusting items relate to costs or incomes that derive from events or transactions that fall within the normal activities of the Group, but are excluded from the Group's adjusted profit measures, individually or, if of a similar type in aggregate, due to their size and/or nature in order to better reflect management's view of the performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies. Details of adjusting items are set out in Note 20.

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The Directors have identified the following critical accounting judgements or estimates relating to the financial information of the Group.

Key sources of estimation uncertainty
Valuation judgements

Acquisitions

On 7 February 2023 the Group acquired Bann Media Limited and on 28 April 2023 the Company acquired Insider Media Limited and its subsidiary. Both acquisitions have been treated as a business combination under IFRS 3, refer to Note 19.

Impairment of publishing titles

The Group is required to test whether intangible and tangible assets have suffered any impairment based on the recoverable amount of its CGUs, when there are indicators for impairment. Determining whether the regional business is impaired requires an estimation of the value in use of the CGU to which these assets are allocated. Key sources of estimation uncertainty in the value in use calculation include the estimation of future cash flows of the CGU affected by expected changes in underlying revenues and direct costs as well as corporate and central cost allocations through the forecast period, the long-term growth rates and a suitable discount rate to apply to the aforementioned cash flows in order to calculate the net present value.

5. Revenue

The analysis of the Group's contracted revenue for the period from continuing operations is as follows:

	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Print revenue	31.7	34.6	66.3
Digital revenue	8.9	8.2	16.3
Other[1]	1.0	0.7	1.5
Total revenue	**41.6**	**43.5**	**84.1**

[1] Includes Local Democracy Reporting Service funding from the BBC and Meta to support news coverage of top-tier local authorities and other public service organisations.

6. Non-recurring costs

Profit for the period is after the following items that are unusual because of their nature, size or incidence:

		26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec22 (audited) £m
Non-recurring costs				
Restructuring	a	1.0	1.3	3.3
Transaction costs	b	0.2	-	0.3
Property rationalisation	c	-	-	0.1
Total non-recurring costs		**1.2**	**1.3**	**3.7**

a) Restructuring costs

Restructuring costs of £1.0 million have been expensed in the period and relate predominantly to severance (H1 2022: £1.3 million, FY2022: £3.3 million).

b) Transaction costs

In the period, £0.1 million professional advisory fees were incurred in relation to the successful acquisition of Insider Media Limited and its subsidiary Newsco Insider Limited. A further £0.1 million was incurred in the period in relation to other speculative transactions. In the prior year, £0.3 million of professional advisory fees were incurred in relation to the aborted acquisition of Reach plc.

c) Property rationalisation

The prior year charge relates to the right of use asset impairment of the Preston office which was exited as the business continued to adopt a flexible working policy.

7. Finance costs

	26 weeks ended 1 Jul 23 (unaudited) £'m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Interest on interest only unsecured loan notes	0.1	0.1	0.2
Interest on lease liabilities	-	0.1	0.1
Total finance costs	**0.1**	**0.2**	**0.3**

Interest is being accrued at 15% on £1.0 million of interest only unsecured loan notes, which are repayable on 31

December 2023.

8. Interest Income

	26 weeks ended 1 Jul 23 (unaudited) £'m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Interest Income	0.4	-	0.2
Total Interest Income	**0.4**	**-**	**0.2**

9. Tax

Income tax credit/(charge) is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average tax rate used for 2023 is 23.5%, a blended rate due to change in corporation tax rate on 1 April 2023 increasing from 19% to 25%.

The change to the standard rate of corporation tax rate to 25%, substantively enacted by parliament in May 2021, has been accounted for in the calculation of the deferred tax.

	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Profit before tax	1.7	3.9	5.1
Tax at the UK corporation tax rate of 23.5% (2022: 19%)	(0.4)	(0.7)	(1.0)
Effects of:			
Expenses not allowable	-	(0.1)	-
Deferred tax asset recognised for tax losses	-	-	0.9
Effect of increase in deferred tax rate to 25%	-	-	0.2
Adjustment relating to acquired balance	-	-	-
Total tax credit / (charge) for the period	**(0.4)**	**(0.8)**	**0.1**
Effective tax rate	**26%**	**21%**	**2%**

At the period-end the Group has total tax losses carried forward of £20.0 million of which £17.8 million are recognised as a deferred tax asset at the period-end (31 December 2022: £18.8 million, 2 July 2022: £15.8 million), calculated using a blended corporate tax rate of 25% (31 December 2022: 25%, 2 July 2022: 24%). The Group expects the losses will be utilised over the next three years.

The remaining tax losses of £2.2 million have not been recognised as a deferred tax asset due to uncertainty over the timing of future profits and gains. (31 December 2022: £2.2 million, 2 July 2022: £22.3 million).

The deferred tax balance has decreased by £0.2 million to £4.0 million at the period end. The movement reflects £0.3 million of deferred tax assets acquired on the Insider Media business combination (Note 19) offset by £0.1 million deferred tax liability arising on acquired publishing title assets, and £0.4 million of tax losses utilised in the period against taxable profits.

10. Earnings per share

Basic earnings per share is calculated by dividing earnings for the period attributable to equity holders of the parent by the weighted average number of ordinary shares during the period and diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares.

	26 weeks ended 1 Jul 23 (unaudited)[1] m	26 weeks ended 2 Jul 22 (unaudited) m	52 weeks ended 31 Dec 22 (audited) m
Weighted average number of ordinary shares for basic earnings per share	262	259	259
Effect of dilutive ordinary shares in respect of unexercised / potential share awards under the value creation plan	4	16	16
Weighted average number of ordinary shares for diluted earnings per share	**266**	**275**	**275**

	Pence	Pence	Pence
Statutory earnings per share			
Earnings per share - basic	0.5	1.2	2.0
Earnings per share - diluted	0.5	1.1	1.9
Adjusted earnings per share			
Earnings per share - basic	0.9	1.7	2.9
Earnings per share - diluted	0.9	1.6	2.7

[1] 12.7m new ordinary shares were issued on 3 May 2023 to satisfy the value creation plan award, of which 4.3m share options remain unexercised at the period end (Note 17).

11. Intangible Assets

	Note	Publishing titles - Regional £m	Digital intangible assets £m	Total Intangible assets £m
Cost				
At 31 December 2022 (audited)		5.3	0.8	6.1
Acquisitions / Acquisitions of subsidiaries	19	0.5	-	0.5
Additions		-	0.5	0.5
At 1 July 2023		5.8	1.3	7.1
Accumulated impairment losses and depreciation				
At 31 December 2022 (audited)		(0.8)	(0.2)	(1.0)
Charge for the period		(0.2)	(0.2)	(0.4)
At 1 July 2023		(1.0)	(0.4)	(1.4)
Carrying amount				
At 31 December 2022 (audited)		4.5	0.6	5.1
At 1 July 2023		**4.8**	**0.9**	**5.7**

Acquisitions in the period, totalling £0.5m include:

- Newry Reporter (acquired January 2023);
- Banbridge Chronicle (acquired February 2023) (Note 19);
- the Rotherham Advertiser, Dearne Valley Weekend and The Chase titles (acquired on 28 April 2023).

These acquisitions will complement and expand the reach of the Group in Northern Ireland and Yorkshire, respectively.

Digital intangible asset additions include the capitalisation of external development costs which form part of the core platform for the Group's Editorial and Sales functions.

12. Tangible assets

	Note	Tangible assets £m
Cost		
At 31 December 2022 (audited)		1.7
Acquisitions of subsidiary	19	0.1
Additions		0.2
Disposals		(0.1)
At 1 July 2023		1.9
Accumulated depreciation		
At 31 December 2022 (audited)		(0.8)
Charge for the period		(0.2)
Disposals		0.1
At 1 July 2023		(0.9)
Carrying amount		
At 31 December 2022 (audited)		0.9
At 1 July 2023		**1.0**

The tangible assets are depreciated over their useful lives. The additions in the period relate to IT hardware including video equipment purchased for the Group's Editorial function.

13. Leases

The Group leases office buildings and motor vehicles for use in its business operations. Leases of offices generally have terms of between two and 10 years, with longer period leases having a break clause after year five. Motor vehicles generally have a term of four years and are principally utilised by the sales, editorial and IT departments. With the exception of short term leases and leases of low value underlying assets, each lease is reflected on the Statement of Financial Position as a right of use asset and a corresponding lease liability. Rights of use assets are depreciated over the term of associated lease.

Right of use assets

	Note	Property £m	Motor Vehicles £m	Total £m
Carrying amount at 31 December 2022 (audited)		0.2	0.2	0.4
Acquisition of subsidiaries	19	0.2	0.1	0.3
Depreciation charge for the period		(0.1)	-	(0.1)
Carrying amount at 1 July 2023 (unaudited)		**0.3**	**0.3**	**0.6**

Right of use liabilities

The carrying amounts of lease liabilities and the movements during the period are set out below:

	Note	Property £m	Motor Vehicles £m	Total £m
Carrying amount at 31 December 2022 (audited)		0.7	0.1	0.8
Acquisition of subsidiaries	19	0.2	0.1	0.3
Lease payments		(0.3)	-	(0.3)
Carrying amount at 1 July 2023 (unaudited)		**0.6**	**0.2**	**0.8**

The carrying amounts of lease liabilities at the period end is set out below:

	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Current liabilities	(0.6)	(0.8)	(0.5)
Non-current liabilities	(0.2)	(0.4)	(0.3)
Total	**(0.8)**	**(1.2)**	**(0.8)**

14. Borrowings

	Notes	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Balance at the beginning of the period		1.0	1.0	1.0
Net book amount at the end of the period		**1.0**	**1.0**	**1.0**

Borrowings at 1 July 2023 comprises £1.0 million 15% interest only unsecured loan notes, repayable on 31 December 2023.

15. Provisions

	Onerous IT contracts £m	Property rationalisation £m	Dilapidations £m	Total £m
At 31 December 2022 (audited)	**0.1**	**0.4**	**0.6**	**1.1**
Utilised in the period	(0.1)	(0.2)	-	(0.3)
Acquisition of subsidiaries (Note 19)	-	-	0.1	0.1
At 1 July 2023 (unaudited)	**-**	**0.2**	**0.7**	**0.9**
Current provision	-	0.2	0.3	0.5
Non-current provision	-	-	0.4	0.4
Total provision at 1 July 2023	**-**	**0.2**	**0.7**	**0.9**

Onerous IT contracts

The Onerous IT contracts provision was fully utilised in the period. The £0.7m provision that was charged in 2021 in relation to the remaining obligations over the unexpired term of remaining contract obligations on IT Infrastructure which overlaps with the transition to Cloud computing.

Property rationalisation

The Property rationalisation provision was first charged in 2021 when certain office locations were vacated as the Group continued to adopt a flexible working policy.

Leasehold property dilapidations provision

The acquisition of Insider Media Limited included £0.1m of leasehold property dilapidation provisions in relation to various occupied offices.

The provision for leasehold dilapidations relates to the contractual obligations to reinstate leasehold properties to their original state at the lease expiry date. The Group has assessed the entire portfolio and made provisions depending on the state of the property and the duration of the lease and likely rectification requirements.

16. Notes to the Cash Flow Statement

	Notes	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Operating profit		**1.4**	**4.1**	**5.2**
Adjustments for non-cash/non-operating items:				
Amortisation of intangible assets	11	0.4	0.3	0.5
ROUA and tangible assets depreciation expense	12,13	0.3	0.5	1.0
Long term incentive plan expense	18	0.1	-	-
ROUA impairment		-	-	0.1
Operating cash flow before working capital changes		2.2	4.9	6.8
Net (decrease)/increase in provisions	15	(0.3)	(0.6)	(1.0)
		1.9	**4.3**	**5.8**
Changes in working capital:				
(Increase)/decrease in receivables		(1.1)	(0.2)	1.6
Increase/(decrease) in payables		(0.5)	2.2	2.1
Cash generated from operations		**0.3**	**6.3**	**9.5**

17. Share capital and reserves

	26 weeks ended 1 Jul (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Share capital	0.3	0.3	0.3
Share premium	27.4	24.6	24.6
Retained earnings and other reserves	6.3	7.0	9.1
	34.0	**31.9**	**34.0**

On 3 May 2023, a block listing for 12,663,363 new Ordinary Shares was completed to satisfy the allotment of shares pursuant to the Company's 2019 Value Creation Plan ("VCP"). The new Ordinary shares issued rank pari passu with the Company's existing issued ordinary shares.

At 1 July 2023, 8,231,186 of new Ordinary share options have been exercised, and are included in the share capital at the period end. The remaining 4,432,177 of the new Ordinary share options have not been exercised however are entitled to dividend equivalents payable on 5 July 2023, in accordance with the rules of the VCP.

All 267,663,987 shares in issue rank equally for voting purposes, on any dividend declared and distributions made on winding up of the Company (2022: 259,432,801).

Value creation plan ("VCP")

The VCP was put in place on Admission in September 2019. The overall effect of the VCP is that the three founding Executive directors together were able to earn Ordinary Shares equivalent in value to 10% of any equity value created above an 8% compound annual growth rate based on the measurement of absolute total shareholder return generated over the VCP performance period commencing on listing (September 2019) and ending on the date of publication of the Company's results for the financial year ending 31 December 2022.

On 17 April 2023, 12,663,363 awards in the form of nominal cost options over new ordinary shares vested pursuant to the terms of the 2019 VCP. The VCP award was calculated using the average share price of 22.12p determined over the 20 day testing period ending on 17 April 2023.

The Group recognised a £2.8 million increase in share premium in the period ended 1 July 2023 in relation to the

VCP, and a corresponding decrease in reserves of £2.8 million in the same period.

The founding directors vested shares and values on the 17 April 2023, which they were entitled to, were as follows:

	Shares options	Value £
D Montgomery	4,432,177	980,242
V Vaghela	4,432,177	980,242
M Hollinshead	3,799,009	840,208
Total	12,663,363	2,800,692

At 1 July 2023, 8,231,186 of new Ordinary share options have been exercised. The remaining 4,432,177 of new Ordinary share options remain unexercised however were entitled to dividend equivalents payable on 5 July 2023, in accordance with the rules of the VCP.

18. Share Based Payments

Long term incentive plan 2022 & 2023

On 12 December 2022, the Company granted 1,848,718 Long Term Incentive Shares ("LTIP 2022") option awards to two Executive Directors. The awards vest after three years if certain performance criteria are met during that period and are subject to the continued employment of each participant. Full details of the LTIP 2022 scheme can be found in the Remuneration Report included within the 2022 Annual Report. The Group recognised a charge of £40k in the period ended 1 July 2023 in relation to LTIP 2022 (2022: £nil).

On 30 March 2023, the Company made 3,050,672 share option awards in the form of nominal cost options under the Long Term Incentive Plan ("LTIP 2023") to the two founding Executive Directors and certain senior managers. John Rowe has a separate long term conditional bonus arrangement, payable in cash, that mirrors the LTIP 2023 scheme, for the equivalent of 389,527 share awards. The LTIP 2023 Performance Share options vest on 30 March 2026 and is conditional on meeting performance conditions measured over a three-year period and is subject to continued employment of each participant. Performance conditions include compound annual growth in adjusted earnings per share ("EPS"), and compound annual growth in total shareholder return ("TSR") as approved by the Remuneration Committee.

The Group recognised a charge of £0.1m in the period ended 1 July 2023 in relation to LTIP 2023 (including the conditional bonus arrangement).

19. Business Combinations

In 2023, the Group has acquired 100% of the issued share capital of the following Companies:

	Country of incorporation and operation	Fair value of net assets at acquisition date £m	Acquisition Date	Nature of business	Acquiring entity
Bann Media Limited (a)	Northern Ireland	0.0	7 February 2023	Newspaper publishers	National World Publishing Limited
Insider Media Limited and Newsco Insider Limited (b)	England	(0.1)	28 April 2023	B2B Media	National World plc

Each acquisition meets the definition of a business combination and has been accounted for using the acquisition accounting method in accordance with the Group's accounting policies.

(a) Bann Media Limited was acquired on 7 February 2023, and owns and operates Banbridge Chronicle newspaper title and website. The fair value of acquired net assets (intangible assets - publishing title, Note 11), totalling £40k, is the same as the acquisition price paid.

(b) Insider Media Limited and its subsidiary Newsco Insider Limited were acquired on the 28 April 2023. All the assets and liabilities of the company were acquired. Insider is the UK's leading regional B2B media company that has built up, over 33 years, a loyal following of its business-orientated magazines and events, daily business newsletters and business information. Cash consideration of £2.5 million was paid on completion, with £1.1m cash acquired on acquisition, before advisory and legal fees of £0.1 million incurred relating to the Insider Media Limited acquisition.

The acquisitions represent a growth opportunity for National World, with synergies realised across the combined Group with opportunities for audience expansion.

The provisional fair value of the assets and liabilities recognised as a result of the acquisitions are as follows:

	Notes	Insider Media Limited & subsidiary £m	Bann Media Limited £m	Total acquisitions £m
Working capital		(0.4)	-	(0.4)
Tangible assets	12	0.1	-	0.1
Right of use assets	13	0.3	-	0.3
Right of use liabilities	13	(0.3)	-	(0.3)
Dilapidation provision	15	(0.1)	-	(0.1)
Deferred tax asset	9	0.3	-	0.3
Fair value of assets and liabilities acquired - provisional		(0.1)	0.0	(0.1)
Goodwill		2.6	0.0	2.6
Total initial consideration		2.5	0.0	2.5

Total cash consideration of £2.5 million was paid for the Insider Media Limited and Bann Media Limited acquisitions, with no deferred or conditional consideration applicable.

For the period of ownership during the six month period ended 1 July 2023, Insider Media and the Banbridge Chronicle contributed Revenue of £1.6 million and Adjusted EBITDA of £0.3 million.

Other acquisitions completed in H1 2023

The Group completed three asset purchase acquisitions in H1 2023 which do not meet the criteria of business combinations. The Group acquired Newry Reporter, Farm Week and Rotherham Advertiser titles for combined cash consideration of £0.4m (Note 11), with the assets disclosed as acquired intangible asset - publishing titles in the period.

Total cash consideration paid for all five acquisitions completed in H1 2023 (share and asset purchases) totalled £3.0 million, excluding £1.1 million cash acquired from the Insider Media acquisition. Total legal and advisory costs incurred in respect of all acquisitions completed in H1 was £0.1 million (Note 6). For the period of ownership during the six month period ended 1 July 2023, the revenue included in the Income Statement for all acquisitions was £2.0 million Revenue and Adjusted EBITDA of £0.3 million.

JPIMedia Group acquisition - Deferred consideration

The £2.5m million deferred consideration was paid to the former owners JPIMedia Limited on 31 March 2023, representing the second and final tranche due and there are no further amounts payable relating to the JPIMedia Group acquisition.

20. Alternative performance measures

To provide clarity of the underlying trading performance of the Group, the operating results are presented on an adjusted basis. Adjusted results are before non-recurring restructuring and organisational charges, IFRS16 adoption, transaction costs, amortisation of intangible assets and impairment charges. The Directors believe that it is appropriate to additionally present the alternative performance measures used by management in running the business, and that it will present a more meaningful and comparable financial result. The adjusted results provide supplementary analysis of the 'underlying' trading of the Group.

Operating profit as determined under IFRS reconciles to adjusted operating profit:

	Notes	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Operating profit as determined under IFRS		**1.4**	**4.1**	**5.2**
Adjustments:				
Lease costs		(0.2)	(0.3)	(0.7)
Depreciation on right of use assets	13	0.1	0.3	0.6
Amortisation of intangible assets	11	0.4	0.3	0.5
Restructuring costs	6	1.0	1.3	3.3
ROUA Impairment	6	-	-	0.1
Transaction costs	6	0.2	-	0.3
Adjusted operating profit		**2.9**	**5.7**	**9.3**

Reconciliation of EBITDA to adjusted EBITDA:

	Notes	26 weeks ended 1 Jul 23 (unaudited) £m	26 weeks ended 2 Jul 22 (unaudited) £m	52 weeks ended 31 Dec 22 (audited) £m
Operating profit as determined under IFRS		**1.4**	**4.1**	**5.2**
Depreciation and amortisation	11,12,13	0.7	0.8	1.5
ROUA Impairment		-	-	0.1
EBITDA		**2.1**	**4.9**	**6.8**
Adjusted operating profit		**2.9**	**5.7**	**9.3**
Depreciation	12	0.2	0.2	0.4
Adjusted EBITDA		**3.1**	**5.9**	**9.7**

21. Post balance sheet events

On 5 July 2023, the 0.5 pence per share maiden dividend was paid to shareholders. The dividend recognises the Company's significant progress over the last two years, during which time it has generated Adjusted EBITDA of £19.8 million on the assets acquired at the start of 2021 for £10.2 million.

INDEPENDENT AUDITOR'S REVIEW REPORT TO NATIONAL WORLD PLC
On the interim financial information for the six months ended 1 July 2023

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the 26 weeks period ended 1 July 2023 which comprises the Condensed Consolidated Income Statement and the Statement of Comprehensive income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash flow Statement of National World plc and the related notes 1 to 20.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the 26 weeks period ended 1 July 2023 is not prepared in all material aspects, in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagement 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily or persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half yearly report has been prepared in accordance with UK-adopted International Accounting Standard 34 "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance ISRE 2410 (UK), however future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our conclusion relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Leo Malkin

Statutory Auditor

Crowe U.K. LLP

London

EC4M 7JW

31 July 2023