

2 April 2020

**Digitalbox plc**  
**("Digitalbox" or "the Company")**

**Full year results for the year ended 31 December 2019**

Digitalbox plc (AIM: DBOX), the mobile-first digital media business, which owns Entertainment Daily and The Daily Mash, today releases its audited results for the year ended 31 December 2019.

The Company is pleased to announce that on a pro forma basis (being a full 12 months of the Entertainment Daily and 10 months of the Daily Mash) Group revenue was £2.49m, and EBITDA was at £845k before performance related payments, significantly ahead of the original market expectations for the business.

All of the reported revenue and gross profit in the 2019 statutory accounts was generated in the ten months since completion of the reverse takeover of Polemos plc in February 2019.

**Financial Highlights:**

- Revenue £2.24 million
- Adjusted EBITDA £0.5 million
- Adjusted EBITDA margin 23.4%

*Adjusted EBITDA is Operating Profit before the deduction of depreciation, amortisation, share based payments and acquisition and listing costs.*

**Operating Highlights:**

- Entertainment Daily exceeded 7 million unique visitors in December 2019 for the first time.
- Completed the successful integration of The Daily Mash with a 12% growth in traffic.
- Another successful series of the BAFTA-nominated The Mash Report on the BBC during the period. New series starting on 3 April 2020.
- Daily Mash announced partnership with the UK's leading comedy video platform, NextUp.

**Post-period Highlights:**

- Strong first quarter of trading in 2020 which was ahead of expectations.
- Record Daily Mash traffic during UK lockdown with 1.9m visits in first week.
- £1m of cash in the business at the date of this statement.

**Operating KPIs:**

	<b>2019</b>	<b>2018</b>
Online Users	38 million	24.5 million
Online Sessions	225 million	158 million
Page views	326 million	225 million
Mobile users	35 million	23 million
UK Audience	37 million	20 million
Social followers	3.5 million	2.5 million

*2018 figures exclude the Daily Mash. 2019 figures include full year of both Entertainment Daily and the Daily Mash. Social Followers shows total Facebook followers as at end 2019.*

**James Carter, CEO, Digitalbox plc, said:** "2019 was a fantastic year for Digitalbox with our financial performance ahead of analyst expectations, reflecting a normal World. Following our admission to trading on AIM and the successful acquisition of the Daily Mash, we have enhanced our operational practices. There is little doubt that our 'mobile first buy and build' strategy for growth remains as relevant now as it ever was. The margins we are generating are at the leading edge of the industry. Running a business that remains fluid and able to quickly adapt to fresh challenges gives us a distinct advantage over legacy media businesses.

"We continue to explore acquisition opportunities to enhance our growth while we endeavour to be at the forefront of the industry and engineering further growth in 2020 from our existing products.

"As with all businesses we will face challenges due to the Coronavirus pandemic. Alongside other home-based digital media businesses we expect our audience to have more time to engage with our content although the advertising market has already experienced a downturn and seems likely to get much tougher. There has been an incredible appetite for humour during the early part of this period and the Daily Mash is seeing record traffic levels. With the biggest stories like '[Five smug middle-class social isolation activities](#)' and '[Waitrose limits food sales to people with detached houses](#)', combined with the Mash Report screening again on BBC2 this Friday, we hope to offer some humour during this very serious situation.

"With £1 million of cash in the bank, and a strong first quarter of trading in 2020 which was ahead of our expectations the Company is in a good position to deal with the current challenges."

**A conference call for investors will be held on 2 April at 12.30 pm (UK). Details below:**

United Kingdom: 0800 640 6441 or 020 3936 2999  
Participant Access Code - 317835

Please use the link: <http://www.incommuk.com/customers/digitalbox> to see the presentation (Access Code: 317835)

*Google Chrome and Mozilla Firefox are the optimum browsers for the presentation, so please access the link above using one of these browsers where possible*

**ENDS**

**Digitalbox** c/o Newgate Communications  
James Carter, CEO

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### **About Digitalbox plc**

Based in Bath, UK, Digitalbox is a 'pure-play' digital media business with the aim of profitable publishing at scale on mobile platforms. The company's operating model has been developed and refined since publishing operations began in December 2015.

Digitalbox operates two trading brands, "Entertainment Daily" and "The Daily Mash". Entertainment Daily produces and publishes online UK entertainment news covering TV, showbiz and celebrity news. Entertainment Daily has averaged c. 3.8 million unique users per month over 2019, with over 14 million monthly UK sessions. In March 2019, Digitalbox acquired leading online satirical website, The Daily Mash. The Daily Mash averaged 4 million visits per month from 1.7m unique users in 2019.

Digitalbox generates revenue from the sale of advertising in and around the content it publishes. The Company's optimisation for mobile enables it to achieve revenues per session significantly ahead of market norms for publishers on mobile.

### **CHAIRMAN'S STATEMENT**

It is gratifying to be able to report on Digitalbox as a pure-play digital media company which is profitable (after adjusting for the one-off costs of listing on AIM and transaction costs), growing, debt-free and with a clear strategy. The past year has demonstrated the ability of our management and its team to deliver what was promised in a volatile and unpredictable market.

The continued growth of Entertainment Daily and the successful bedding in of the Daily Mash demonstrates the Group's ability to buy and build and having established a solid base we are keen to accelerate the process.

Of course, the Coronavirus pandemic cannot be ignored. It is already having a marked effect on how people run their lives and on consumer spending. While we see it having minimal impact on audience numbers, indeed we may see increased traffic, advertising has experienced a downturn. Nevertheless, we are well placed to withstand any downturn with flexible staff location and a strong balance sheet.

We are certainly going to continue investing in our current channels - there is more to come - and we are combing the marketplace for further acquisition targets. Extraordinary growth comes from preparedness meeting opportunity.

There are, of course, constraints; one being the identification and execution of acquisition opportunities. Finding the right opportunity (ideally, underperforming assets where our expertise can add value) at the right price is not easy but we believe they are there.

Digitalbox is a mobile-first business and it is mobile where advertising revenues continue to grow faster than on any other media. As advertisers seek to reach consumers via their device of choice, our highly engaging content created by efficient, expert teams, optimised for mobile and delivered via cutting edge technology enables us to attract valuable audiences at scale.

We remain confident of performing ahead of our peers in the year ahead. Our nimbleness has served us well in markets which, although unpredictable, are growing and continue to provide opportunity.

**Sir Robin Miller**  
**Chairman**  
**2 April 2020**

### **CHIEF EXECUTIVE'S STATEMENT**

#### **Overview**

The Board is pleased to report the Group's first set of annual results following its transformation from a cash shell into a digital media group following its acquisitions of Digitalbox Publishing Holdings Limited ("DBPH") and Mashed Productions Limited (together the "Acquisitions"). To reflect the Group's new direction the Group's name was changed from Polemos plc to Digitalbox plc on 27 February 2019.

The Group's two current trading brands are Entertainment Daily (acquired as part of the DBPH acquisition) and the Daily Mash (acquired as part of the Mashed Productions Limited acquisition). Entertainment Daily produces and publishes online UK entertainment news covering TV, showbiz and celebrity news. The Daily Mash produces and publishes online satirical news articles in its own distinctive style. Both brands generate revenue from the sale of advertising in and around the content they publish.

The year being reported on reflects approximately two months of trading as Polemos plc, the cash shell, and ten months of trading as Digitalbox plc.

The Board is pleased to be able to report that performance of the Group, since completion of the Acquisitions, in terms of traffic, revenue generation and EBITDA have all been in line or ahead of original expectations.

#### **Financial review**

For the ten months since the Acquisitions reported on the year, the Group traded well. Revenue was in line and EBITDA ahead of management expectations as direct costs were lower than anticipated.

All of the reported revenue and gross profit in the year was generated in the ten months since completion of the Acquisitions. Revenue for this ten-month period was £2.2m. Gross profit was £1.8m.

The adjusted EBITDA for the year was £525k and our adjusted EBITDA margin was 23.4%. At the end of the year the Company had £477k of cash and no debt. Adjusted EBITDA per share for the year was 0.7p.

Digitalbox remains a low capital intensity business with capital expenditure representing 2.5% of adjusted EBITDA.

The two media assets of the business, Entertainment Daily and the Daily Mash, operate through a Group subsidiary, Digitalbox Publishing Limited (DPL). The performance of DPL has been encouraging; it saw strong year on year revenue growth with revenues for the year of £2.5m, up 19% on 2018. Profitability increased with operating profit up 96% to £0.4m, which was driven by a mixture of strong organic audience growth on Entertainment Daily and an advertising market increasingly seeking out higher quality inventory, together with the acquisition of the Daily Mash in March 2019.

### **Operating review**

Content is at the core of the Digitalbox offering. Every article is crafted to maximise its impact for its specific user journey and as a mobile-first publisher we believe we are firmly ahead of our competitors in execution.

Organic sessions have grown 36% year-on-year on Entertainment Daily and the number of users has increased by 10% as frequency of engagement has grown.

Our organic growth reflects the fact that, unlike many media companies, we are not distracted by the need to manage declining print assets and instead are able to look forwards towards both existing and future consumer habits. We know that mobile is the device of choice and we know how to engage audiences and monetise them better than much of the market through this channel.

Proprietary technology continues to evolve within Digitalbox and our super-fast Graphene front end now powers both Entertainment Daily and the Daily Mash, ensuring the fastest experience for users and advertisers alike.

Our interest in making acquisitions remains strong with the Daily Mash having proved a great success. As the market continues to offer significant opportunities, we will maintain our focus on seeking out businesses with the potential to flourish on mobile - we firmly believe this is where significant shareholder value can be delivered as the advertising market rebalances towards the mobile audience segment.

The expansion of our team and infrastructure to deliver the reverse takeover of Polemos in February has provided us with headroom to deliver significant further growth while operational efficiencies remain strong.

### **A mobile-first platform for media consumption at scale**

Our strategy to establish a mobile-first platform business with diversified brands that engage consumers at scale is reinforced by the performance of Entertainment Daily and the Daily Mash during this financial year. We continue to strengthen our revenues with mobile ad spending worldwide growing well ahead of the wider digital market and programmatic spend also increasing.

We have seen particularly strong growth in mobile video formats which are forecast to continue to out-pace the market whilst new 'premium' mobile formats gather pace and header bidding on mobile becomes the norm.

Our focus on mobile optimisation and the continued development of our mobile-first Graphene front end gives us the ability to benefit from these market trends and grow efficiently at scale.

### **Expanding the portfolio**

In March 2019, Digitalbox acquired the leading online satirical website, the Daily Mash. Following its acquisition, the intention was to integrate the Daily Mash onto the same technology platform as Entertainment Daily. This integration has gone well and shifting the brand to Digitalbox's 100% programmatic ad stack has improved the margin on its revenue generation.

As well as growing the Group's revenues, the acquisition has enabled Digitalbox to explore other channels, in particular, television. The Daily Mash's associated show, The Mash Report, which airs on BBC2 and provides a revenue stream through royalty payments, received two BAFTA nominations and has spun off a strong archive of short form pieces of video content that is benefitting our social media presence. The TV show audience rose to 800,000 weekly viewers in 2019 and it returns for a new series in April 2020.

### **Growth of existing assets**

During the period Entertainment Daily saw continued growth of its user-base, averaging 3.4m unique users per month and approximately 500k daily sessions. Pleasingly there has been an increase in the diversification of traffic to the site as a result of a 50% increase in Google-sourced traffic via the Discover feed; Google's system that presents relevant content to users based on their behaviour prior to them performing a search on a mobile device.

Our audience insights and content analysis have led to the expansion of our content offering; the introduction of a food channel on Entertainment Daily in 2019 alongside the core entertainment news content is a demonstration of how we can serve our audience in more depth. We will continue to explore new content opportunities over the next year as we look to broaden our dialogue with 25-55-year-old UK women.

### **Business culture and people**

The digital media landscape is one of constant change and opportunity which is why we encourage flexibility in our business and our people. We work in the ways that deliver the best results most efficiently. Rather than harbouring traditional views of office culture or adopting a one-size-fits-all approach, we mix office-based roles and home working arrangements, full-time and part-time positions, staff and freelance contributor agreements to marry the needs of the business with those of our people.

As a result of operating a fluid culture we are able to quickly adapt our systems and processes to the challenges faced by the hour - after all, the servers, algorithms, platforms and audience are engaged around the clock.

This all filters back to the technology used to make the most of our team's impact. Our approach allows us to reach over eight million people every month with a staff of 15 and a network of freelancers.

Recruiting and retaining the best people whatever the role is crucial to our success and Digitalbox focuses on ensuring our employees are rewarded fairly, have opportunities to progress and share in the success of the business, with the company operating a share option scheme for senior staff.

Further, we are committed to developing young talent with a successful apprentice scheme now in its third year.

I would like to thank all staff for their continued hard work during the year and their valuable contribution to these results.

### **Outlook**

Digitalbox has established a profitable UK platform business positioned directly in the mobile space.

The Group's strategy remains unchanged, being to build a market-leading, mobile-first digital media business for the 21st century through a buy and build strategy. The successful integration of the Daily Mash proves the potential of our model and gives us confidence in our ability to build a portfolio of successful, profitable digital brands. We therefore remain focused on delivering our acquisition strategy and firmly believe the market is rich with opportunity as many publishers are struggling to keep pace with the shift in consumer and advertiser behaviour towards mobile.

2020 has started well with trading ahead of the Board's expectations for the first quarter. With the COVID 19 pandemic now affecting us all, it is clear we will face many more challenges than we anticipated at the turn of the year. The extent to which COVID 19 will impact us is not yet clear. On the one hand the changes in peoples' lifestyles may provide more opportunity for audience engagement but on the other hand we recognise that the advertising market is going to become much tougher. We believe Digitalbox is well positioned to navigate its COVID 19 journey and with the seismic change it brings may also come opportunity that with £1 million of cash in the bank at the time of reporting we will be well placed to exploit. Our business is naturally second half weighted and this may become more pronounced given the likely impact of COVID19 on H1. We nevertheless remain confident that the Group can perform well in the year ahead.

**James Carter**  
**Chief Executive**  
**2 April 2020**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Revenue</b>	7	2,240
<b>Cost of sales</b>	(394)	-
<b>Gross profit</b>	1,846	-
Administrative expenses	(2,303)	(354)
Realised profit on available for sale assets	-	65
Impairment reversal	-	39
<b>Operating loss</b>	8	(457)

<b>Memorandum:</b>		
<b>Adjusted EBITDA<sup>1</sup></b>	<b>525</b>	<b>(354)</b>
Depreciation	(11)	-
Amortisation	(133)	-
Share based payments	(149)	-
Acquisition & listing costs	(689)	-
Realised profit on available for sale assets	-	65
Impairment reversal	-	39
<b>Loss from Operations</b>	<b>(457)</b>	<b>(250)</b>

Finance costs	(3)	-
<b>Loss before taxation and attributable to equity holders of the parent</b>	<b>(460)</b>	<b>(250)</b>
Taxation	23	-
<b>Loss after tax</b>	<b>(437)</b>	<b>(250)</b>

All losses after taxation arise from continuing operations.

There was no other comprehensive income for 2019 (2018: £NIL).

<sup>1</sup>Adjusted EBITDA is after deducting depreciation, amortisation, share based payments, acquisition and listing costs, profit on disposal of available for sale assets and impairments.

	£	£
<b>Loss per share</b>		
Basic (continuing)	9	(0.00571)
	=====	=====
<b>Earnings/(Loss) per share</b>		
Diluted (continuing)	9	(0.00571)
	=====	=====

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital £'000	Share premium £'000	Share based payment £'000	Retained (deficit)/ earnings £'000	Total equity £'000
<b>Balance at 1 January 2018</b>	<b>19,823</b>	<b>19,181</b>	<b>62</b>	<b>(39,179)</b>	<b>(113)</b>
Shares issued	665	25	-	-	690
Share issue costs	-	(42)	-	-	(42)
Share options cancelled	-	-	(30)	30	-
Loss after tax	-	-	-	(250)	(250)
<b>Balance at 31 December 2018</b>	<b>20,488</b>	<b>19,164</b>	<b>32</b>	<b>(39,399)</b>	<b>285</b>
Shares issued	843	10,710	-	-	11,553
Share issue costs	-	(117)	-	-	(117)
Loss after tax	-	-	-	(437)	(437)
Equity settled share-based payments	-	-	149	-	149
<b>Balance at 31 December 2019</b>	<b>21,331</b>	<b>29,757</b>	<b>181</b>	<b>(39,836)</b>	<b>11,433</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	Note	31 December 2019 £'000	31 December 2018 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		49	-
Intangible fixed assets	11	10,248	-
<b>Total non-current assets</b>		10,297	-
<b>Current assets</b>			
Trade and other receivables	12	1,407	437
Cash and cash equivalents	13	477	231
<b>Total current assets</b>		1,884	668
<b>Total assets</b>		12,181	668
		=====	=====
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		(488)	(163)
Lease liabilities		(24)	-
Corporation tax		(98)	-
Bank overdraft and loans		-	(220)
<b>Total current liabilities</b>		(610)	(383)
<b>Non-current liabilities</b>			
Other payables		(8)	-
Lease liabilities		(2)	-
Deferred tax liability		(128)	-
		(138)	-
<b>Total liabilities</b>		(748)	(383)
<b>Total net current assets</b>		1,274	305
<b>Total net assets</b>		11,433	285

	=====	=====
<b>Capital and reserves attributable to owners of the parent</b>		
Share capital	15 21,331	20,488
Share premium	15 29,757	19,164
Share based payment reserve	181	32
Retained (deficit)	(39,836)	(39,399)
<b>Total equity</b>	<u>11,433</u>	<u>285</u>
	=====	=====

The financial statements were approved by the Board and authorised for issue on 1st April 2020

**James Carter (CEO)**

**David Joseph (CFO)**

#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Cash flows from operating activities</b>		
Loss from ordinary activities	(437)	(250)
Adjustments for:		
Realised profit on available for sale assets	-	(65)
Impairment reversal	-	(39)
Share based payments	149	-
Depreciation on property plant and equipment	11	-
Amortisation of intangible assets	133	-
Finance costs	22	-
<b>Cash flows from operating activities before changes in working capital</b>	<u>(122)</u>	<u>(354)</u>
(Increase) in trade and other receivables	(86)	(163)
(Decrease) in trade and other payables	(100)	4
<b>Cash (used)/generated in operations</b>	<u>(186)</u>	<u>(159)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(13)	-
Disposals of available-for-sale financial assets	-	50
Acquisition of subsidiary	(993)	-
Cash on acquisition	433	-
<b>Net cash (used in)/generated from investing activities</b>	<u>(573)</u>	<u>50</u>
<b>Financing activities</b>		
Finance costs	(22)	-
New loans and finance leases	33	-
Loan repayments	(7)	-
Issue of new share capital	1,240	690
Costs on issue of shares	(117)	(42)
<b>Net cash from financing activities</b>	<u>1,127</u>	<u>648</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>246</u>	<u>185</u>
<b>Cash and cash equivalents at beginning of the period</b>	231	46
<b>Cash and cash equivalents at end of the period</b>	<u>477</u>	<u>231</u>
	=====	=====

**Reconciliation of net cashflow to movement in net debt:**

	Year ended 31 December	Year ended 31 December
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	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Net (decrease)/increase in cash and cash equivalents	246	185
New loans and finance leases	(33)	-
Repayment of loans	7	-
	<hr/>	<hr/>
Movement in net funds in the year	220	185
Net funds at 1 January	231	46
	<hr/>	<hr/>
<b>Net funds at 31 December</b>	<b>451</b>	<b>231</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Breakdown of net funds</b>		
Cash and cash equivalents	477	231
Lease liabilities	(26)	-
	<hr/>	<hr/>
<b>Net funds at 31 December</b>	<b>451</b>	<b>231</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standards ("IAS") and IFRS Interpretations Committee ("IFRS IC") interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under accounting standards as adopted for use in the EU.

The information in this preliminary statement has been extracted from the audited financial statements for the years ended 31 December 2019 and 2018 and as such, does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. A full annual report for the year ended 31 December 2018 on which the auditor has issued an unqualified audit report, has been delivered to the Registrar of Companies. The Group's annual report for 2019, on which the auditors have issued an unqualified audit report, will be delivered to the Registrar of Companies in due course. No statement has been made by the auditor under Section 498(2) or (3) of the Companies Act 2006 in respect of either of these sets of accounts.

### 2. SEGMENTAL INFORMATION

A segmental analysis of revenue and expenditure for the period is:

	<b>Entertainment Daily £'000</b>	<b>Mashed Productions £'000</b>	<b>Head Office £'000</b>	<b>Total 2019 £'000</b>
Revenue	1,864	358	18	2,240
Cost of sales	(263)	(131)	-	(394)
Administrative expenses*	(288)	(60)	(973)	(1,321)
Operating profit/(loss)	<hr/> 1,313	<hr/> 167	<hr/> (955)	<hr/> 525
Amortisation	-	-	(133)	(133)
Depreciation	-	-	(11)	(11)
Acquisition and listing costs	-	-	(689)	(689)
Share based payments	-	-	(149)	(149)
Finance costs	-	-	(3)	(3)
Tax	-	-	23	23
	<hr/>	<hr/>	<hr/>	<hr/>
<b>(Loss)/Profit for the year</b>	<b>1,313</b>	<b>167</b>	<b>(1,917)</b>	<b>(437)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

\*Administrative expenses exclude depreciation, amortisation, share based payments and acquisition and listing costs.

For the period to 31 December 2018, all costs were head office costs.

### 3. REVENUE

	2019 £'000	2018 £'000
<b>Revenue by stream is split:</b>		
Advertising space	2,240	-
	<u>2,240</u>	<u>-</u>
<b>Revenue by location is split:</b>		
United Kingdom	1,434	-
Europe	612	-
Rest of world	194	-
	<u>2,240</u>	<u>-</u>
	=====	=====

The Group had four customers whose revenue individually represented 10% or more of the Group's total revenue, being 20%, 18%, 17% and 10% respectively.

### 4. LOSS FROM OPERATIONS

	2019 £'000	2018 £'000
<b>This is arrived at after charging:</b>		
<b>Continuing operations</b>		
Staff costs (see note 9)	953	67
Acquisition and listing costs	689	-
Depreciation of property, plant & equipment	11	-
Amortisation of intangible fixed assets	133	-
Operating lease expense - property	17	-
Foreign exchange differences	19	(1)
	=====	=====
Auditors' remuneration in respect of the Company	13	14
Audit of the Group and subsidiary undertakings	23	-
Auditors' remuneration - non-audit services - accounting service fees	9	-
Auditors' remuneration - non-audit services - taxation fees	5	1
Auditors' remuneration - corporate finance fees	124	-
	<u>174</u>	<u>15</u>
	=====	=====

The average number of employees of the group during the year was as follows:

	2019 Number	2018 Number
Directors	6	2
Management and administration	4	-
Content	9	-
	<u>19</u>	<u>2</u>
	=====	=====

### 5. EARNINGS PER SHARE

	2019 £'000	2018 £'000
<b>The earnings per share is based on the following:</b>		
Continuing earnings post tax loss attributable to shareholders	(437)	(250)
	=====	=====
Basic weighted average number of shares	76,597,859	95,458,229
Diluted weighted average number of shares	76,597,859	95,458,229
	=====	=====
Basic earnings per share	(0.00571)	(0.00262)
Diluted earnings per share	(0.00571)	(0.00262)
	=====	=====

Earnings/(Loss) per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. The exercise price of the outstanding share options is significantly



more than the average and closing share price. Therefore, as per IAS33 the potential ordinary shares are disregarded in the calculation of diluted EPS.

Underlying loss is the loss after taxation, adjusted for share based payments, acquisition and listing costs, and impairment of intangible assets relating to discontinuing operations.

## 6. BUSINESS COMBINATIONS

On 28 February 2019 the Group acquired 100% of the ordinary shares in Digitalbox Publishing ( Holdings) Ltd for a consideration of £9,999,048. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

	Book value £'000	Fair value adjustment £'000	Fair value to Group £'000
Intangible fixed assets	36	100	136
Tangible fixed assets	14	-	14
Receivables	735	-	735
Cash and cash equivalents	245	-	245
Payables	(285)	-	(285)
Deferred tax	-	(17)	(17)
Net assets on acquisition	745	83	828
Goodwill on acquisition			9,171
Total consideration			9,999
Discharged by:			
Shares in Digitalbox plc			9,999

The revenue and loss included in the Consolidated Statement of Comprehensive Income for the 10 months to 31 December 2019 was £2,240k and £394k pre-tax respectively.

The intangible fixed asset fair value adjustment is in relation to brand asset.

On 5 March 2019, the Group acquired 100% of the ordinary shares Mashed Productions Limited for a consideration of £1,193,237. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

	Book value £'000	Fair value adjustment £'000	Fair value to Group £'000
Intangible fixed assets	-	754	754
Tangible fixed assets	3	-	3
Receivables	149	-	149
Cash and cash equivalents	188	-	188
Payables	(94)	-	(94)
Deferred tax	-	(128)	(128)
Net assets on acquisition	246	626	872
Goodwill on acquisition			321
Total consideration			1,193
Discharged by:			
Cash			993
Shares in Digitalbox plc			200

The trade and assets of Mashed Productions Limited have been hived up to Digitalbox Publishing Ltd from 5 March 2019.

The intangible fixed asset fair value adjustment is in relation to brand asset.

## 7. INTANGIBLE ASSETS

Goodwill	Other	Development	Total
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<b>GROUP</b>	<b>Arising on Consolidation £'000</b>	<b>Intangible Assets £'000</b>	<b>costs £'000</b>	<b>£'000</b>
<b>Cost</b>				
Balance at 1 January 2018	-	-	-	-
Balance at 1 January 2019	-	-	-	-
Additions on acquisition of subsidiary	-	-	35	35
Additions	9,492	854	-	10,346
Balance at 31 December 2019	9,492	854	35	10,381
<b>Accumulated amortisation</b>				
Balance at 1 January 2018	-	-	-	-
Balance at 1 January 2019	-	-	-	-
Amortisation	-	102	31	133
Impairment	-	-	-	-
Balance at 31 December 2019	-	102	31	133
<b>Net Book Value</b>				
At 31 December 2019	9,492	752	4	10,248
At 31 December 2018	-	-	-	-
At 31 December 2017	-	-	-	-

The cost of other intangible assets comprises the net present value of £854k of brand value at the date of acquisition. The other intangible assets are being amortised over a period of 7 years. Amortisation is charged to administrative costs in the Statement of Comprehensive Income.

## GOODWILL AND IMPAIRMENT

The carrying value of goodwill in respect of each cash generating unit is as follows:

	<b>31 December 2019 £'000</b>	<b>31 December 2018 £'000</b>
Digitalbox Publishing (Holdings) Limited	9,171	-
Mashed Productions Limited	321	-
	9,492	-

The Group is obliged to test goodwill annually for impairment, or more frequently if there are indications that goodwill and indefinite life intangibles might be impaired, due to the goodwill deemed to have an indefinite useful life. In order to perform this test, management is required to compare the carrying value of the relevant cash generating unit ("CGU") including the goodwill with its recoverable amount. The recoverable amount of the CGU is determined from a value in use calculation. It is considered that any reasonably possible changes in the key assumptions would not result in an impairment of the present carrying value of the goodwill.

### Digitalbox Publishing (Holdings) Limited

The recoverable amount of Digitalbox Publishing (Holdings) Limited has been determined from a review of the current and anticipated performance of this unit. In preparing this projection, a discount rate of 7% has been used based on the weighted average cost of capital and a future growth rate of 3% has been assumed. It has been assumed investment in capital equipment will equate to depreciation over the year. The discount rate was based on the Company's cost of capital as estimated by management.

### Mashed Productions Limited

The recoverable amount of Mashed Productions Limited has been determined through the trade and assets being hived up to Digitalbox Publishing Limited and will continue to benefit from cash inflows through Mashed Productions.

	<b>December 2019 £'000</b>	<b>2018 £'000</b>
<b>Due after more than one year</b>		
Prepayments and accrued income	18	-
	<u>18</u>	<u>-</u>
Trade receivables	1,037	-
Prepayments and accrued income	77	203
Other receivables	275	14
Convertible loan note	-	220
	<u>1,407</u>	<u>437</u>
	=====	=====

## 9. CASH AND CASH EQUIVALENTS

	<b>31 December 2019 £'000</b>	<b>31 December 2018 £'000</b>
Cash at bank and in hand	477	231
	<u>477</u>	<u>231</u>
	=====	=====

## 10. BUSINESS COMBINATIONS

On 28 February 2019 the Group acquired 100% of the ordinary shares in Digitalbox Publishing (Holdings) Ltd for a consideration of £9,999,048. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

	Book value £'000	Fair value adjustment £'000	Fair value to Group £'000
Intangible fixed assets	36	100	136
Tangible fixed assets	14	-	14
Receivables	735	-	735
Cash and cash equivalents	245	-	245
Payables	(285)	-	(285)
Deferred tax	-	(17)	(17)
	<u>745</u>	<u>83</u>	<u>828</u>
Net assets on acquisition			
Goodwill on acquisition			9,171
Total consideration			<u>9,999</u>
			=====
Discharged by:			
Shares in Digitalbox plc			£'000 9,999
			<u>9,999</u>
			=====

The revenue and loss included in the Consolidated Statement of Comprehensive Income for the 10 months to 31 December 2019 was £2,240k and £394k pre-tax respectively.

The intangible fixed asset fair value adjustment is in relation to brand asset.

On 5 March 2019, the Group acquired 100% of the ordinary shares Mashed Productions Limited for a consideration of £1,193,237. This investment is included in the Parent company's balance sheet at its fair value at the date of acquisition.

The completion accounts show a breakdown of the assets and liabilities of the acquired company to be as follows:

	Book value £'000	Fair value adjustment £'000	Fair value to Group £'000
Intangible fixed assets	-	754	754
Tangible fixed assets	3	-	3
Receivables	149	-	149
Cash and cash equivalents	188	-	188
Payables	(94)	-	(94)
Deferred tax	-	(128)	(128)
	<u>246</u>	<u>626</u>	<u>872</u>
Net assets on acquisition			
Goodwill on acquisition			321
Total consideration			<u>1,193</u>
			=====

Discharged by:	
	£'000
Cash	993
Shares in Digitalbox plc	200
	-----
	1,193
	=====

The trade and assets of Mashed Productions Limited have been hived up to Digitalbox Publishing Ltd from 5 March 2019.

The intangible fixed asset fair value adjustment is in relation to brand asset.

## 11. ANNUAL REPORT AND ACCOUNTS

The Annual Report and Accounts will be sent to shareholders shortly and will be available to download on the Company's website [www.digitalbox.com](http://www.digitalbox.com).

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