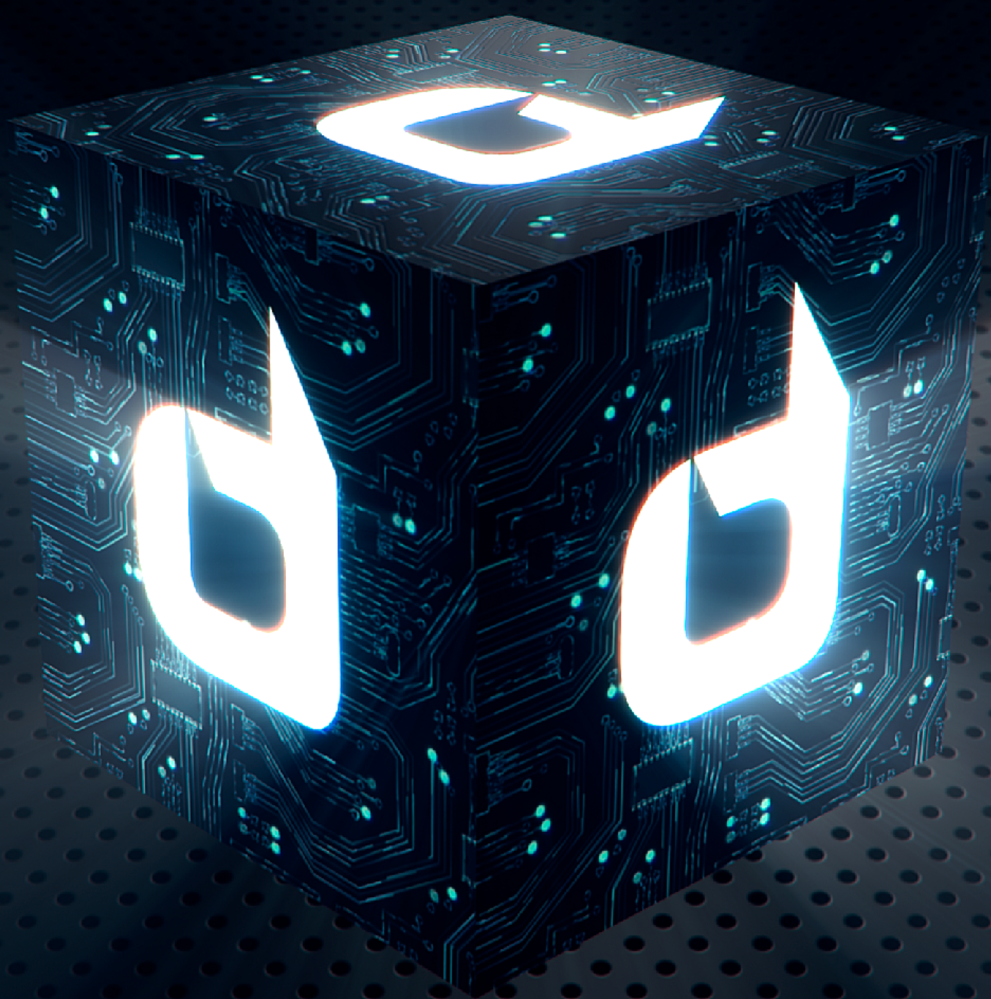
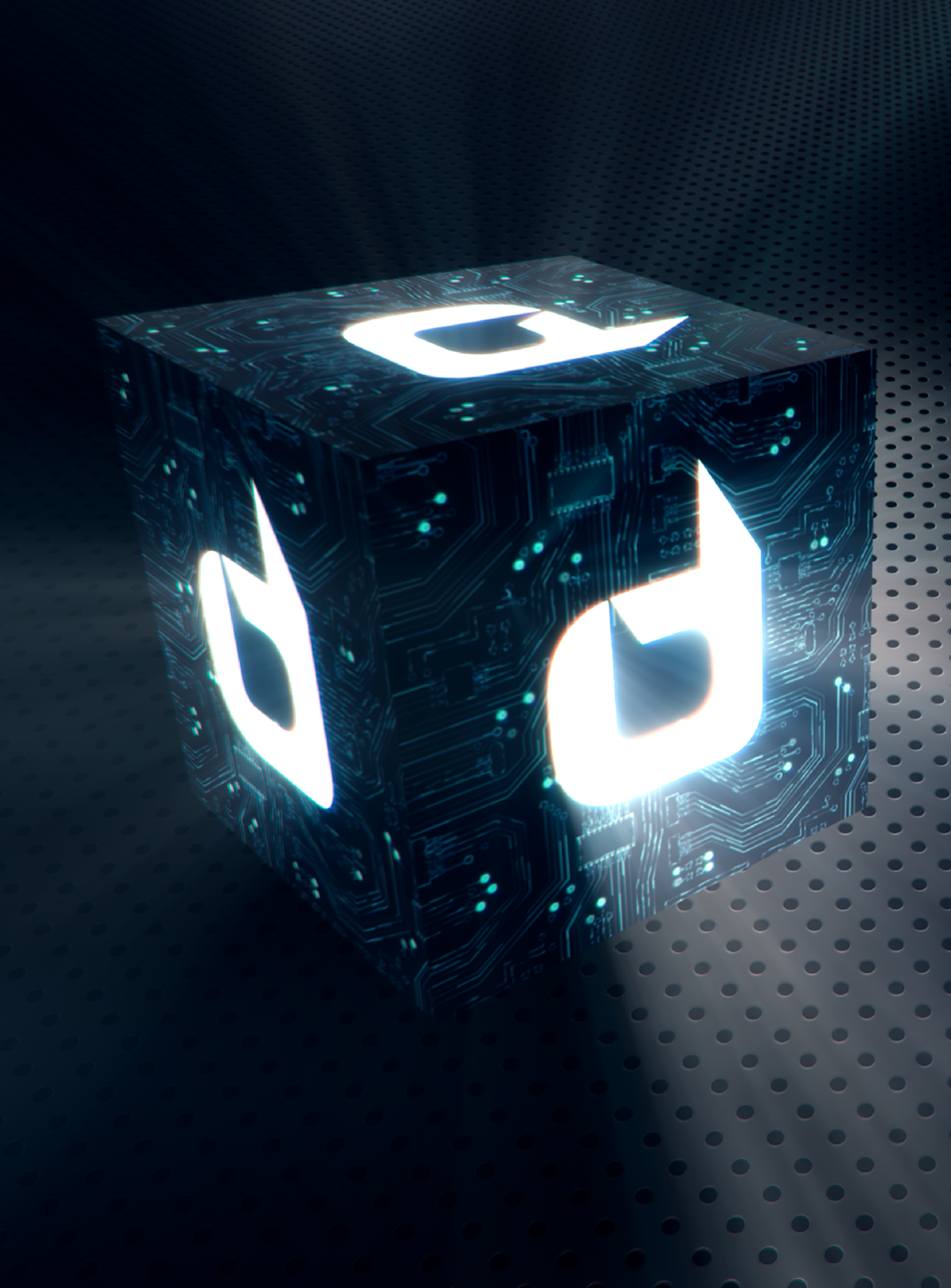
DIGITALBOX PLC

ANNUAL REPORT
AND ACCOUNTS
2019





Chairman's Statement

FOR THE YEAR ENDED 31 DECEMBER 2019

"Digitalbox has had an impressive year. Focused delivery of a clear strategy has created a strong platform for future growth."

It is gratifying to be able to report on Digitalbox as a pure-play digital media company which is profitable (after adjusting for 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 live their lives and on consumer spending. While we see it having minimum 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 market place 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
Non Executive Chairman
1 April 2020

Corporate Highlights

REVENUE

£2.2m

ADJUSTED EBITDA

£0.5m

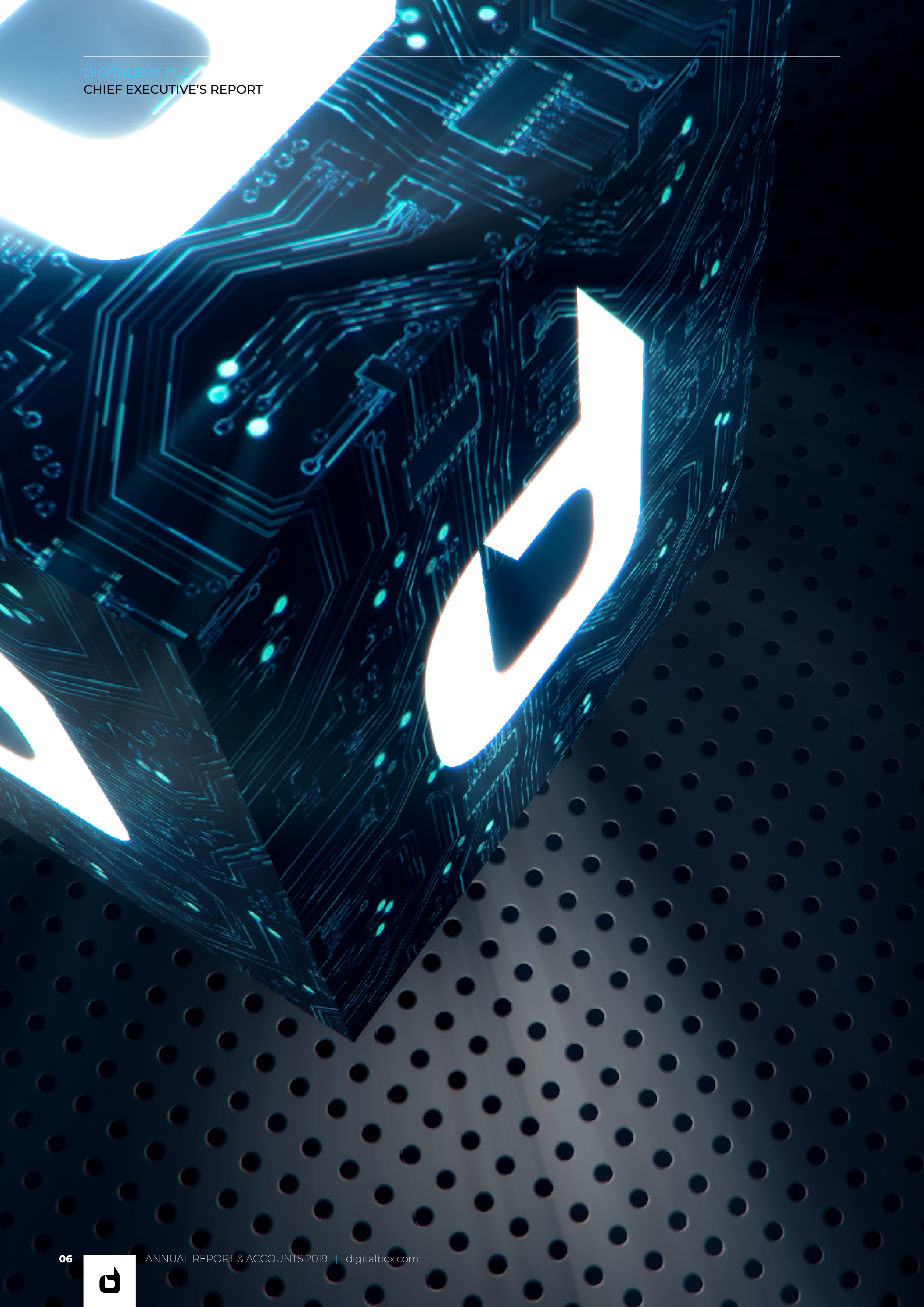
ADJUSTED EBITDA MARGIN

23.4%

ADJUSTED EBITDA PER SHARE

0.7p

Notes
Adjusted EBITDA is Operating Profit before the deduction of depreciation, amortisation, share based payments, acquisition and listing costs, profit on disposal of available for sale assets and impairments. Figures reflect 10 months of trading as Digitalbox plc. See 'Financial review' in the Chief Executive Report on p. 7 for more detail and the Financial Statements beginning on p.35



Chief Executive's Report

FOR THE YEAR ENDED 31 DECEMBER 2019

"Our mobile-first execution positions us well to benefit from the advertising growth forecast in the coming years."

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 of 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.

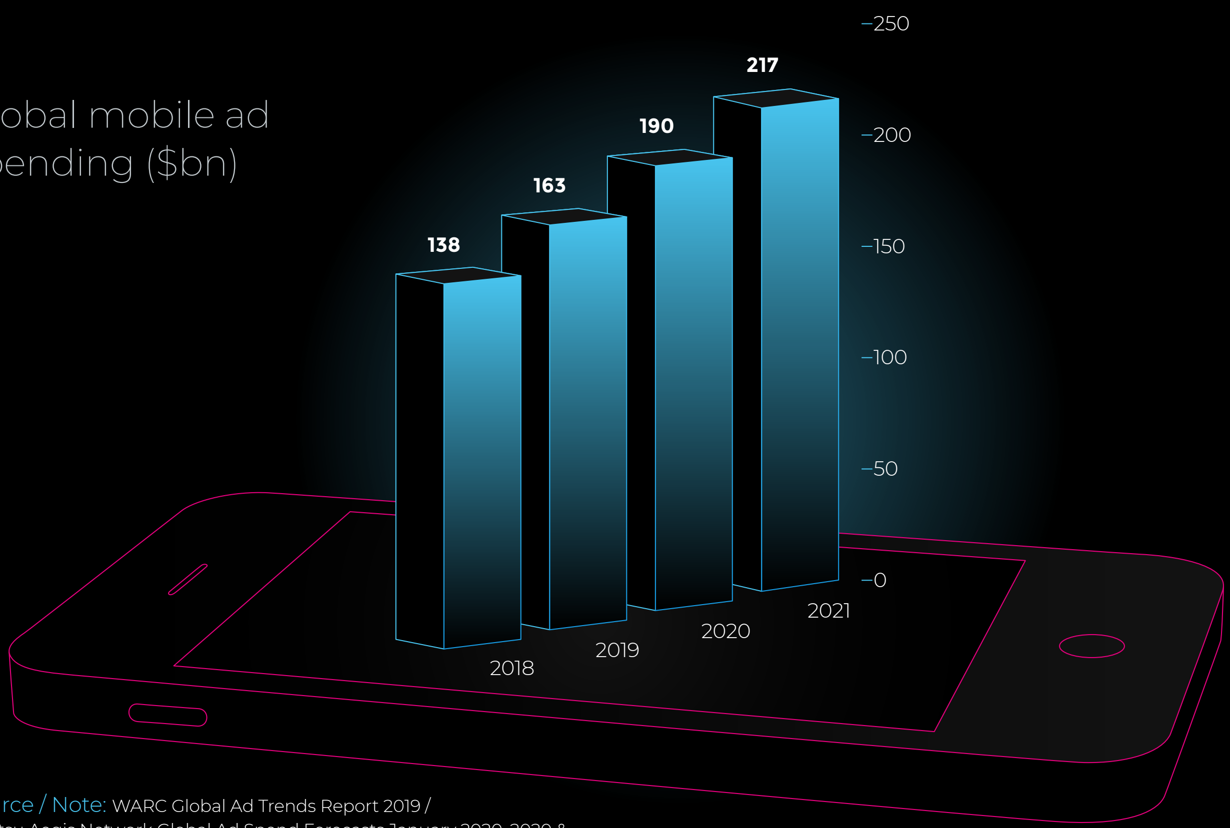
Our interest in making acquisitions remains strong with the Daily Mash having proved a great success. As the market continues to offer significant opportunities we will maintain our focus on seeking out businesses with the potential to flourish on mobile – we firmly believe this is where significant 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

Global mobile ad spending ($bn)



Source / Note: WARC Global Ad Trends Report 2019 / Dentsu Aegis Network Global Ad Spend Forecasts January 2020. 2020 & 2021 forecast figures pre-date and do not reflect Coronavirus impact.

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 ongoing 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, which is 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 in line with the Board's expectations for the first quarter. With the COVID-19 pandemic now affecting us all, it is clear we 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 we recognise that the advertising market is going to be come 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 £1m of cash in the bank at time of reporting we may be well placed to exploit. Our business is naturally secod-half weighted and this may become more pronounced given the likely impact of COVID-19 on H1. Nevertheless we remain confident that the Group can perform well in the year ahead.

James Carter
Chief Executive Officer
1 April 2020

Operational KPIs

ONLINE USERS

38million

(2018: 24.5M)

USERS WHO VISIT DIGITALBOX'S WEBSITES

ONLINE SESSIONS

225million

(2018: 158M)

NUMBER OF VISITS TO DIGITALBOX'S WEBSITES

PAGE VIEWS

326million

(2018: 225M)

PAGES OF WEB CONTENT CONSUMED

MOBILE USERS

35million

(2018: 23M)

NUMBERS OF USERS VISITING SITES ON MOBILE AND TABLET DEVICES

UK AUDIENCE

37million

(2018: 20M)

USERS OF DIGITALBOX'S WEBSITES BASED IN UK

SOCIAL FOLLOWERS

3.5million

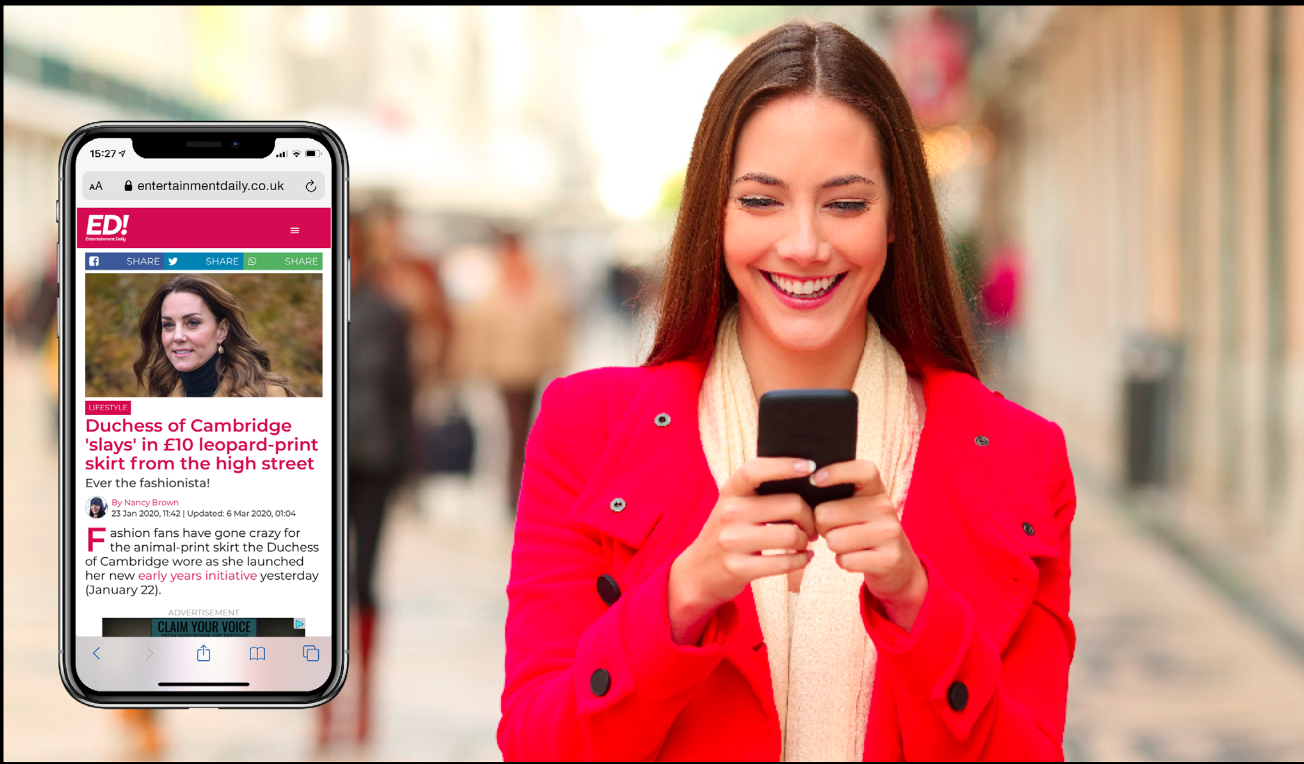
(2018: 2.5M)

FACEBOOK & TWITTER FOLLOWERS OF DIGITALBOX'S PROPERTIES

Notes

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

Strategic Report



The Digitalbox Vision

We set out to build a new kind of digital media business; one capable of profitably delivering high quality, engaging content to users at scale.

Our aim is to acquire and transform digital media assets with potential through the application of the Digitalbox model.

Unencumbered by legacy, we have a proven ability to grow at speed by focusing on current and future trends; rapidly adapting to the habits of our audience and the needs of our commercial partners.

Push media

Our approach is informed by our recognition of the growth of 'push media' consumption, especially on mobile – where the most highly engaging and relevant content from publishers is pushed into users' feeds based on trending topics, article performance and their own behaviours and interests.

We believe that content-surfacing algorithms will continue to be refined, delivering better user experience and higher rates of engagement and generating further growth of this type of consumption.

Specifically, as Facebook and Google continually seek to command more user attention to increase time spent on their platforms, publishers of the most engaging content will benefit. In the last year Google has developed its push content activity via its Discover feed which is now making content suggestions to billions of its global mobile users.

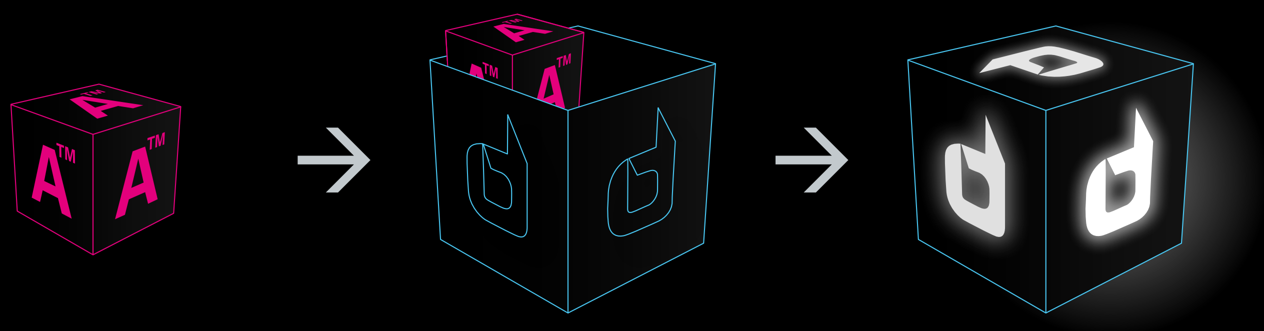
Targeting consumers via an array of distribution channels is one thing but operating effectively enough to ensure maximum engagement is where the real skillset lies.

Whilst the tech duopoly continue to evolve their models, consumers continue to support other

> "Our aim is to find digital brands with profit potential that can thrive in our lean, mobile-first model"

Digitalbox Acquisition Process

STAGE ONE | STAGE TWO | STAGE THREE



Acquire

- TARGET REVIEW
- DUE DILIGENCE
- CONTRACTING

Integrate

- OPERATIONAL REVIEW
- OPTIMISE FOR MOBILE
- IMPLEMENT AD STACK

Improve

- APPLY PROPRIETARY FRONT END
- CONTENT ANALYSIS
- PRODUCT DEVELOPMENT

push media sources too, signing up to notifications and emails from their favourite media brands. We continue to see growth in both of these areas.

Our approach

We believe in order to be successful in this new media environment a business, its brands and its people must be:

ENGAGING – The internet is dominated by platforms that compete for engagement and media brands that deliver the highest levels will prosper. Our teams' passion for their subjects, understanding of their audiences and expertise in producing truly compelling content consistently deliver market-leading levels of engagement.

FAST – Audiences' expectation levels are higher than ever and their attention spans are lower. Our teams obsess about getting the best stories to their audience as quickly as possible.

FLEXIBLE – Digitalbox is a mobile-first media company for the simple reason that this is where consumers have congregated. Our future strategy will be shaped by continuing to move with our audience. This will inevitably require flexibility as different platforms go in and out of favour and different devices emerge. We know tomorrow will be different.

EFFICIENT – Efficiency matters because we regard profitable operation as the key to longevity. The digital market has seen many long bets against models that fail the profit test. Our teams use every tool to maximise their impact and efficiency.

Local relevance

Our business is currently built around a UK audience focus which brings distinct benefits across our key disciplines:

- Our editorial content resonates strongly with our audience, keeping our readers coming back again and again and reducing wasted output. →

Our key advertiser relationships all have a significant presence in our local market which is one of the world's most advanced marketing economies and they place the greatest value on high-quality UK traffic.

Growth through acquisition

On our re-admission to AIM in February 2019, Digitalbox outlined a strategy to make significant investments in acquisitions to grow the portfolio. In particular we intend to identify targets from three distinct categories; Legacy Publisher, First Wave Digital and Bedroom Start-Ups. In our view, each of these categories face particular challenges around monetisation, operating profitability, audience growth and technology performance which can be addressed through the application of the Digitalbox model.

The completion of the Daily Mash acquisition in March 2019 marked the beginning of this acquisition plan and we continue to evaluate potential targets.

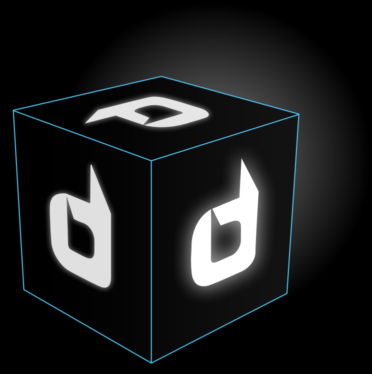
In particular, we will identify assets that best align with our processes and enhance our existing portfolio to deliver the strategic vision. We will seek out content verticals that offer the opportunity to scale against larger media organisations who are struggling to operate profitably through the mobile channel.

Growing valuable audiences

Entertainment Daily reaches a core demographic of 25-55 year old UK women; the power brokers of UK shopping. Being frequently in charge of the household budget they are passionate about the territory they control. They love brands that provide status and are always on the look-out for great deals they can share with their friends. Our share of this audience has grown over the last year from c.2m per month to now over 6m per month and the launch of

> "The UK media market remains rich with acquisition opportunities"

Acquisiton Targets By Type

BUSINESS TYPE	TYPICAL CHALLENGES	SOLUTION
Legacy Publisher	REVENUE DECLINE DISTRACTION COST BASE BUSINESS COMPLEXITY LOW MARGIN DIRECT SALES	
First-Wave Digital	OVER-ESTIMATED PERFORMANCE OVERLY DIVERSIFIED LACK OF MARGIN CLARITY	
Bedroom Start-up	SUB-SCALE PLATFORM ISSUES PRIMITIVE AD STACK	

a new food channel on the site has given us a new content strand to engage these new readers.
The Daily Mash is consumed by savvy UK independent thinkers. These educated professionals respond to the brand's pitch-perfect skewering of the rich and infamous and its inventive and surreal takes on the absurdity of modern life. Influential among their peers thanks to their own finely-tuned view of the world, they are seen as selective and discerning. They are power-sharers of digital media and we have seen the number of sessions grow by 12.5% over the last 12 months.

Both audiences have plenty of scope for growth as they continue to demonstrate increasing levels of engagement with the respective brands.

Mobile-optimised tech platform

We are primed to rapidly on-board new brands and businesses onto our mobile-first platform. Our tech stack consists of a blend of technologies allowing our websites to flourish through an efficient, light touch commercial approach designed to maximise mobile profitability. Our website front-end platform Graphene is a highly scalable and dynamic platform that assists content delivery at the highest speeds. This brings huge advantages to how our sites are experienced by users and ranked by the key power brokers – especially Google and Facebook – as they evaluate the preferred destinations for users.

Our tech roadmap for 2020 will deliver further site improvements.

Product development

While profitability is key, we continue to invest in the existing business. 2020 will see additional investment across Entertainment Daily and the Daily Mash as we aim to deliver further meaningful growth.

Further detail on business performance can be found in the Financial Review and Operating Review sections of the Chief Executive's Report beginning on page 6.

Risks and uncertainties

The Board considers risk on an ongoing basis and feels it is important to identify risks, form an objective view on the impact of these risks, consider mitigation plans to counterbalance them and to keep them under constant review.

These risks are those which the Board considers, as at the date of this report, are the most critical to the continued operation of the Group. The risks described do not represent the totality of the risks facing the Group and should not be relied on as such by any person considering any investment decision in relation to the Company's ordinary shares.

Risk	Potential Impact	Mitigation and control
Deviation from strategy	A failure to implement the Group's strategy is likely to lead to the business missing its trading targets which will have an adverse knock on effect on its cash flow prospects. Further, its growth prospects could be impacted with a consequent negative impact on shareholder value.	The Board meets regularly to monitor the path of the business with the non-executive directors objectively challenging the executives over the performance of the business and its adherence to the agreed plan.
Reliance on key online media platforms	In common with all media businesses globally, the Group uses online media platforms to market and distribute its content which, in turn, drives consumers to its sites which enables monetisation. Changes to the algorithms used by these Platforms can impact on how much of the Group's content is seen and this will affect the eventual monetisation.	The Group has transitioned from an arbitrage model to an organic model, reducing its reliance on the need to "boost" traffic. In addition, it has begun to broaden its traffic sourcing more evenly between the two largest platforms rather than being solely reliant on one.
Competition	A new entrant into the Group's market could divert our share of the time our audience has to consume its content, reducing session numbers. This would have an adverse effect on the number of adverts the business can serve, hence reducing the revenues the business would generate.	There is nothing the Group can do to stop new entrants. However, it can continue to provide highly engaging content at speed encouraging its consumers to remain engaged and loyal.
Cash flow	A significant downturn in the trading performance of the Group would have an adverse effect on the Group's cash reserves.	The business is very profitable, has a very low capital expenditure requirement and pays close attention to its cash flow forecasts.
Downturn in advertising spending	A material decline in UK mobile digital advertising spend would have a significant impact on the Group's revenues and profitability. Also, technologies which may limit the Group's ability to effectively monetise the audience it attracts, including but not limited to brand-safety tools and ad blockers could impact revenue and profitability.	The Board stays abreast of market trends and advertising forecasts and through close relationships with advertising partners is well informed through close relationships wth advertising partners is well informed about current and coming developments. It has demonstrated an ability to grow revenues during periods of significant change (including the introduction of GDPR)
Coronavirus/ Covid-19	The Covid-19 pandemic is highly likely to impact consumer spending and therefore impact advertising spending. Staff may become unwell.	The Board will monitor revenue impact closely. As a digital publisher, the Group's ability to reach its audiences should not be affected and its sites may see increased traffic, offsetting a proportion of any downturn. The Group has extended its pre-existing Working from Home policies to increase social distancing.

Corporate and Social Responsibility Statement

The Group aims to operate ethically and be socially responsible in its actions. Below are a number of the approaches through which this is achieved.

Business Conduct, Ethics and Anti-Corruption

The Group is committed to ensuring high standards of business conduct and has adopted policies in support of this including an Anti-Bribery & Anti-Corruption policy and an Equal Opportunities & Anti-Harassment policy.

Safeguarding Consumers' Data

The Group is committed to safeguarding its consumers' data and only use this information where express permission is granted and solely for the purpose specified. The Group holds registrations with the ICO and follows its guidelines to ensure it remains fully compliant with GDPR.

Relationship with Employees

The Group encourages an environment of openness and debate and welcomes all feedback from within.

Details of the Group's performance are shared with all employees at appropriate times via face-to-face meetings, email updates and the Group's corporate website.

The Group expects a high standard from its staff and provides support to achieve this. Where possible, as new roles in the organisation arise, the Group aims to promote from within.

The Group is committed to fostering new talent and runs a successful apprenticeship programme, often hiring candidates into full-time roles on completion of their apprenticeship.

The Group offers flexible working arrangements for its staff including remote working and part-time contracts.

At a Glance

DIGITALBOX IN NUMBERS

Some highlights from 2019 and significant moments on our journey

TIMELINE

JAN 2018
ENTERTAINMENT DAILY PUBLISHING FREQUENCY PASSES 1,000 ARTICLES PER MONTH

MAY 2018
DECISION TO LIST ON AIM VIA RTO TO ACCELERATE GROWTH PLAN

JUL 2018
ACQUISITION TARGET EVALUATION BEGINS

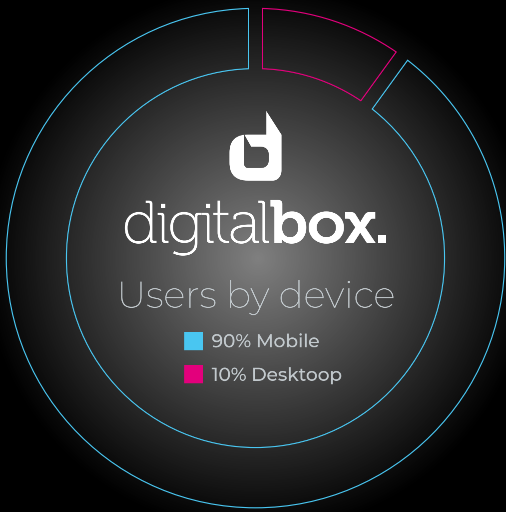
SEP 2018
HEADS OF TERMS AGREED FOR RTO TO ENTER AIM MARKET

FEB 2019
DIGITALBOX ENTERS AIM MARKET

MAR 2019
DAILY MASH ACQUISITION COMPLETES

APR 2019
DAILY MASH PHASE 1 ARTICLE OPTIMISATIONS

150 MILLION
total monthly
ad impressions
for Digitalbox



500k
daily sessions for
Entertainment Daily

Social followers
the dailymash 1m
ED! Entertainment Daily 2.5m

ED! Entertainment Daily
5m
monthly users

Entertainment Daily
1,100+
news stories per month

The Daily Mash
145k
daily sessions

2 BAFTA
nominations for
The Mash Report TV Show

digitalbox.
6.8m
total monthly users

The Daily Mash

12.5% increase in sessions per user

1.8m monthly users
thedailymash

AUG 2019
DAILY MASH PARTNERSHIP WITH NEXTUP COMEDY

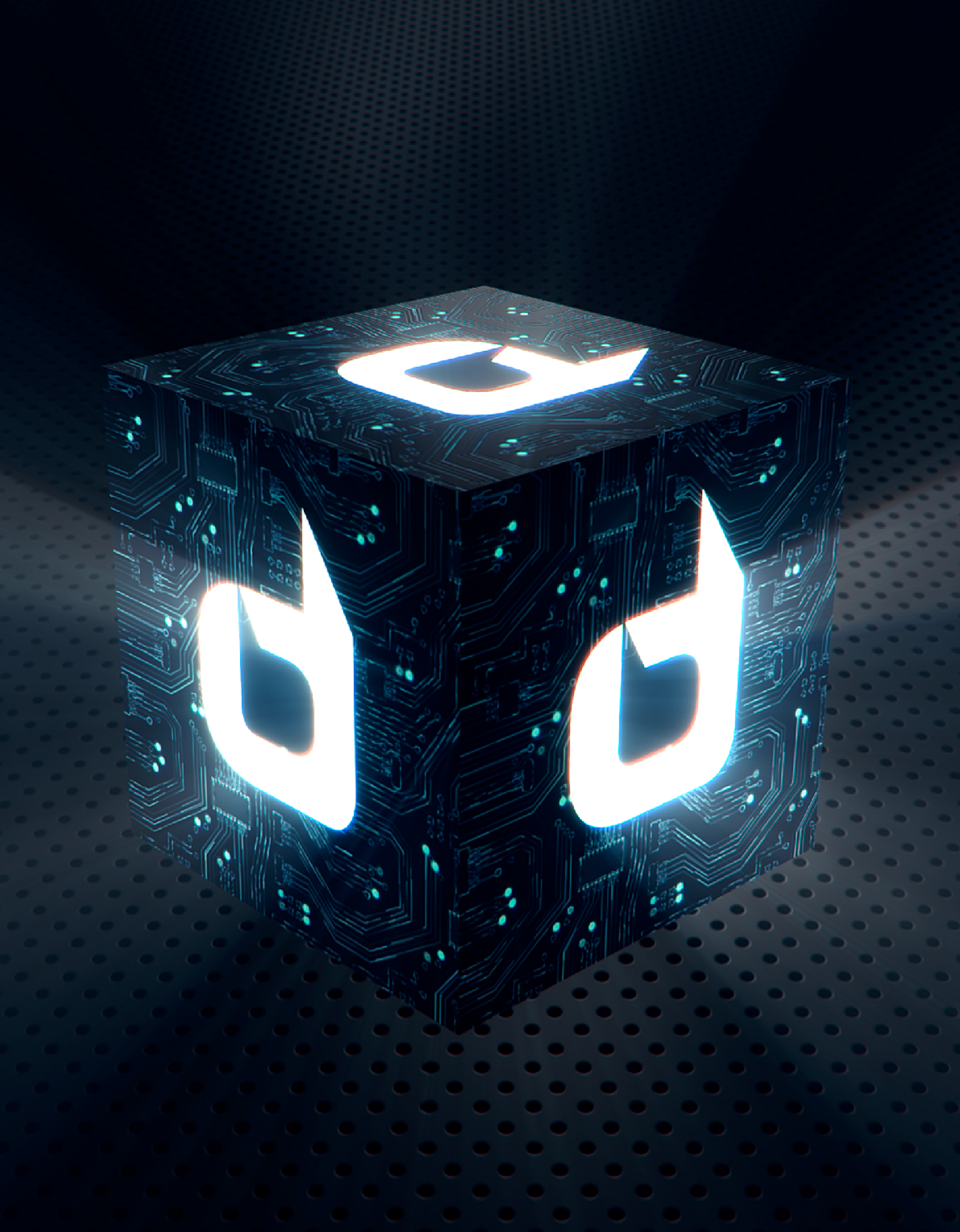
OCT 2019
DAILY MASH BAFTA-NOMINATED SPIN-OFF TV SHOW THE MASH REPORT RENEWED

OCT 2019
ENTERTAINMENT DAILY FOOD CHANNEL LAUNCHED

NOV 2019
GRAPHENE FRONT-END DEPLOYED ON DAILY MASH

DEC 2019
DAILY MASH PASSES 1M SOCIAL MEDIA FOLLOWERS

DEC 2019
ENTERTAINMENT DAILY BREAKS RECORD WITH 8 X 1M ORGANIC SESSION DAYS



Corporate Governance

Corporate Governance

DIGITALBOX AND THE QCA CODE

Digitalbox PLC is committed to good corporate governance and has adopted the corporate governance guidelines of the Quoted Companies Alliance (QCA).

This section outlines the ways in which the Group applies the QCA's ten principles of corporate governance.

1. Establish a strategy and business model which promote long-term value for shareholders

Digitalbox aims to become a leading publisher of digital media. The Group intends to achieve this through a buy-and-build strategy with a focus on profitable publishing on mobile devices. This strategy is aligned with consumer behaviour and commercial trends.

The Group will create and deliver compelling content for its audiences via the web properties it owns now and will own in the future. This content will engage audiences and in turn create valuable environments for advertisers to reach them.

Board of Directors

James Carter
Chief Executive Officer

James joined Digitalbox in 2016 and is responsible for the strategy, direction and day-to-day running of the business. He has a proven track record in building value in the media industry, within both public and limited companies. As part of the founding executive team at Factory Media, he drove the business to achieve a significant exit to Forward Internet Group. Prior to the creation of Factory Media, James was NPD Director at Dennis Publishing and Publishing Director at EMAP plc where he had responsibility for FHM. FHM grew from a fledgling fashion focused magazine to a global network of 32 editions and a value at its peak of over £250m.

Jim Douglas
Chief Operating Officer

Jim oversees editorial operations at Digitalbox and has previously held strategic and profit responsibility for successful media brands in sectors including film, music, games, sport and automotive. He has led creative teams in both UK and US. He started his career at EMAP plc as a journalist and in the early 90s he joined start-up business Future Publishing, which eventually became and remains a listed company. At Future, Jim held the position of Editorial Director for 10 years with ultimate responsibility for product development. During this time Future was named UK Digital Publisher of the Year five times.

David Joseph
Chief Financial Officer & Company Secretary

David is a law graduate and Chartered Accountant, starting his career and qualifying with Price Waterhouse, moving into industry in steel stockholding (ASD plc) then into FMCG (Unilever plc) before entering the media industry in 1995 when he joined Emap plc. Here he occupied several senior financial roles within its operating companies, including Chief Financial Officer of Emap Metro, the men's and music publications business and Emap Advertising, the then central cross platform advertising sale business. On leaving in 2001 David has since worked exclusively within the media industry on many projects including start up, MBI, MBO, turnaround, distressed and buy and build across a wide spectrum of enterprise values (£1 million to £50 million) and funding structures, internationally, both in the Far East and in the USA.

The Group intends to deliver long-term value for shareholders through its understanding of consumer media consumption, the arising revenue opportunities including advertising and a continued focus on the operating profitability of its brands.

For more detail, see the Strategic Report on page 12.

2. Seek to understand and meet shareholder needs and expectations

The Group is committed to building and maintaining strong relationships with its shareholders and considers the understanding of shareholder's needs fundamental to its success.

The Chief Executive Officer and Chief Financial Officer/ Company Secretary are active in meeting with and preparing presentations for institutional investors and engage in regular dialogue with the Group's brokers in order to gauge shareholder sentiment.

The Group's Annual General Meeting (AGM) is the main forum for discussing matters with shareholders, addressing shareholder queries and understanding their needs and expectations. Notice of the AGM and →

Sir Robin Miller
Non Executive Chairman

Sir Robin Miller was formerly Chief Executive (1985-98 and 2001-03) and Chairman (1998-2001) of Emap plc, one of the UK's leading media groups with businesses including consumer and trade publishing, commercial radio and music TV channels and events. In 2003, Sir Robin became senior media adviser to HgCapital, and was involved in the successful disposals of Boosey & Hawkes and Clarion Events Limited. He was previously a non-executive director of Channel 4 Television (1999-2006), and was Chairman of their New Business Board, was Non-Executive Chairman of the HMV Group (2004-2005), Senior Non-Executive Director at Mecom Group plc (2005-2009), and Chairman of Entertainment Rights plc (2008-2009) and Setanta Sports Holdings Limited in 2009. He is currently Non-Executive Chairman of Immotion Group plc, a director of Premier Education plc, a director of Crash Media Group plc, a director of Robin Miller Consultants Ltd, a director of Edge Performance VCT and a Trustee of Two Wheels for Life.

Martin Higginson
Non Executive Director

Martin is recognised as a seasoned Technology, Media and Telecoms (TMT) entrepreneur. He has started, sold, and listed numerous businesses. His first business was sold to IPC Magazines in 1982. Following three years with IPC he left to set up his own publishing and telecoms business, this was subsequently sold to Scottish Power plc. During his time with Scottish Power he joined their subsidiary Scottish Telecom, as Managing Director of their Internet and Interactive division, including Internet ISP Demon Internet. Following the flotation of Thus plc (formerly Scottish Telecom) he left to start Monstermob, a company he went on to list on AIM in 2003; growing it to a Top 50 AIM listed business. Monstermob Group plc was sold to Zed Worldwide in 2006. Martin has subsequently founded Cityblock plc, a luxury student accommodation business, NetPlayTV plc, an interactive TV gaming business, Digitalbox and Immotion plc. He is currently CEO of Immotion Group plc.

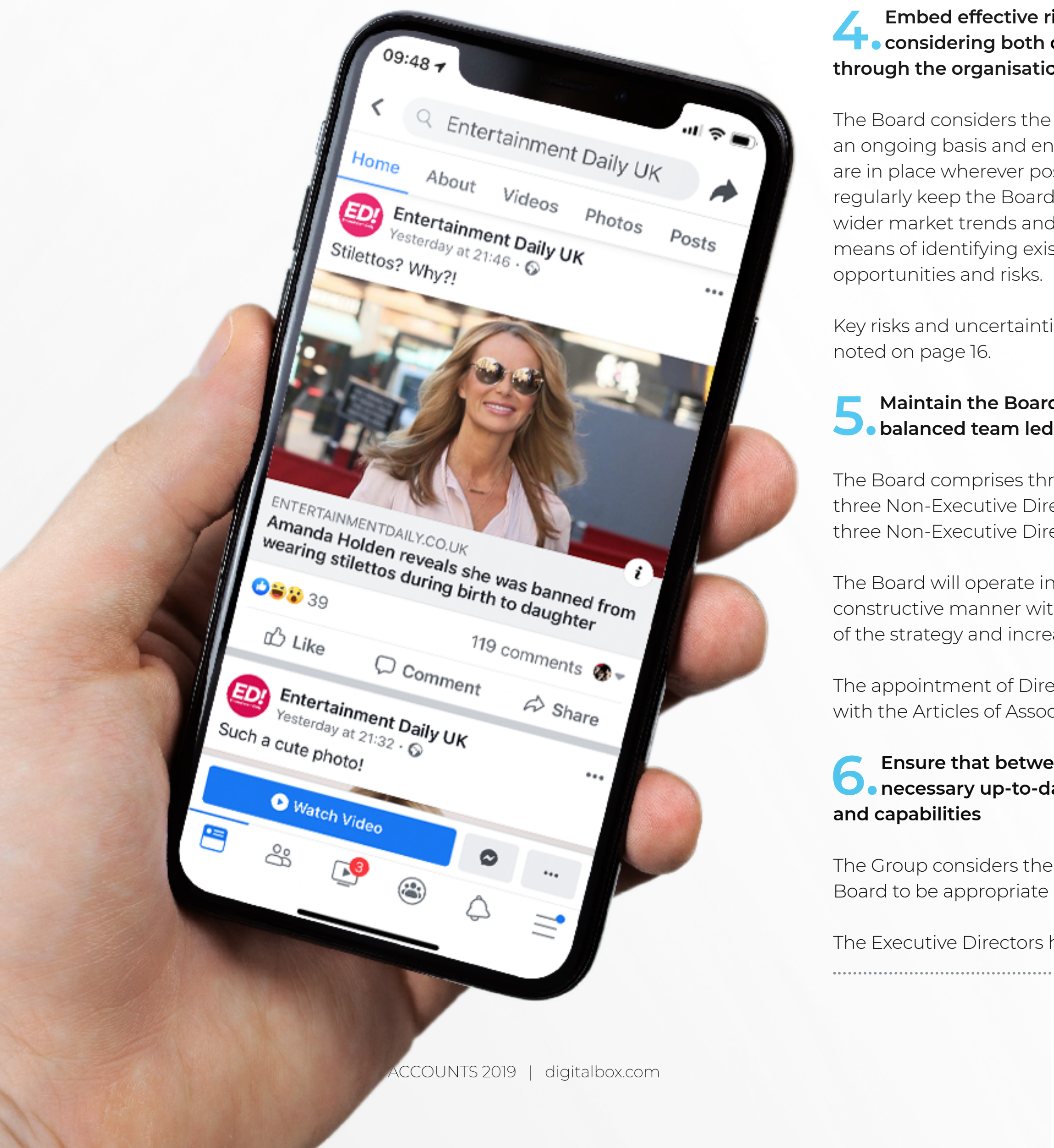
Nigel Burton
Non Executive Director

Nigel has over 25 years' experience in operational and financial management, debt and equity financing, acquisition and integration of businesses, disposals, IPOs and trade sales. Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the managing director responsible for the energy and utilities industries, Nigel spent 15 years as chief financial officer of a number of private and public companies, including Navig8 Product Tankers Inc, PetroSaudi Oil Services Limited, Advanced Power AG, and Granby Oil and Gas plc, followed by three years as Chief Executive Officer of Nu-Oil and Gas plc. Nigel is currently Non-Executive Chairman of AIM-listed Remote Monitored Systems plc and Mobile Streams plc.

- proposed resolutions are sent to shareholders at least 21 days prior to the AGM. Shareholders and their representatives are invited to fully participate and vote in the AGM and are also given the opportunity to vote by proxy. Voting results are published after the AGM.

Outside the AGM the Group will convene general meetings where shareholder approval is required or appropriate on Group matters and may seek input from major institutional investors from time to time in relation to Group policy.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success



The Group seeks to engage with its wider group of stakeholders via:

- Face-to-face briefings for staff to update on the Group's progress and developments
- Email updates for staff regarding developments
- Releasing public updates via the RNS service
- Stakeholder feedback being passed to Senior Management via the relevant team member at Digitalbox as appropriate.

The Group's Corporate and Social Responsibility statement can be found on page 17.

4. Embed effective risk management, considering both opportunities and threats, through the organisation

The Board considers the risks facing the business on an ongoing basis and ensures mitigation strategies are in place wherever possible. The Executive Directors regularly keep the Board updated on current trading, wider market trends and other developments as a means of identifying existing and potential future opportunities and risks.

Key risks and uncertainties facing the business are noted on page 16.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises three Executive Directors and three Non-Executive Directors. The Board considers all three Non-Executive Directors to be independent.

The Board will operate in a collaborative and constructive manner with a clear focus on the delivery of the strategy and increasing shareholder value.

The appointment of Directors will be in accordance with the Articles of Association.

6. Ensure that between them the Directors have necessary up-to-date experience, skills and capabilities

The Group considers the skills and experience of the Board to be appropriate and this is kept under review.

The Executive Directors have each worked in

	Board	Audit	Remuneration	Nomination	Disclosure
James Carter	7/7	-	-	-	-
Jim Douglas	7/7	-	-	-	-
David Joseph	7/7	-	-	-	-
Martin Higginson	5/7	1/1	1/1	-	-
Nigel Burton	6/7	1/1	1/1	-	-
Robin Miller	7/7	1/1	1/1	-	-

consumer media for more than twenty years, and as a group have experience at senior management level in respected PLC media businesses. Their specific media expertise includes editorial management, new product development, commercial management, strategic planning, international expansion, financial management, corporate restructuring, digital transition, brand development, acquisitions and disposals.

The Group's non-executive Directors have extensive successful track records in the fields of technology, telecoms, publishing, investment banking and television.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board's process of evaluating its own performance, that of its Committees and the individual Directors, is led by the Chairman. The process is conducted by the Remuneration Committee. The Remuneration Committee will evaluate Board performance against targets.

Targets are aligned with the delivery of the Group's strategy.

The Board may utilise the results of the evaluation process when considering the adequacy of the composition of the Board and for succession planning.

8. Promote a culture that is based on ethical values and behaviours

The Group aims to achieve the highest ethical standards and behaviour when conducting its business, with integrity, fairness and equality being high priorities.

The Corporate and Social Responsibility statement is found on page 17. →

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The roles of the Chairman and the Chief Executive Officer are separated and clearly defined. The Chairman provides impartial leadership and guidance to the Board. Working with the Executive Directors, the Chairman is responsible for setting the agenda for Board meetings and ensuring Board members receive the information they need to properly participate in a timely fashion.

The Chief Executive Officer is responsible for the execution of Group strategy approved by the Board, the leadership of the Group's senior management team and its employees on a day-to-day basis.

The Chief Operating Officer supports the Chief Executive in the delivery of the strategy with a specific remit over editorial matters.

The Board has established four committees with clearly defined responsibilities. These are as follows:

The **Audit Committee's** principal functions include ensuring that the appropriate accounting systems and financial controls are in place, monitoring the integrity of the financial statements of the Group, reviewing the effectiveness of the Group's accounting and internal control systems, reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, and reviewing the interim and annual results and reports to Shareholders, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet as necessary, informed by the reporting and audit cycle or other requirements. Nigel Burton, who has recent and relevant financial experience through his role as chief financial officer of other UK listed companies acts as chairman. Martin Higginson and Sir Robin Miller are the other members of the Audit Committee.

The Audit Committee report is found on page 27.

The **Remuneration Committee** is responsible for determining and agreeing with the Board the framework for the remuneration packages for each of the Executive Directors. The Remuneration Committee considers all aspects of the Executive Directors' remuneration, including pensions, bonus arrangements, benefits, incentive payments and share option awards, and the policy for, and scope of any termination payments. The remuneration of the Non-Executive Directors is a matter for the Board. The Remuneration Committee will meet when necessary and generates an annual remuneration report to be approved by the members of the Company at the annual general meeting. No Director may determine their own remuneration. Nigel Burton acts as chairman of the Remuneration Committee and Sir Robin Miller and Martin Higginson are the other members of the Remuneration Committee.

The Remuneration Report is found on page 28.

The **Nomination Committee** is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively. The Nomination Committee meets when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors. Sir Robin Miller acts as chairman of the Nomination Committee and Nigel Burton and Martin Higginson are the other members of the Nomination Committee.

The **Disclosure Committee** is responsible for ensuring compliance with the AIM rules and MAR concerning disclosure of inside information and works closely with the Board to ensure that the Group's nominated adviser is provided with any information it reasonably requests or requires in order for it to carry out its responsibilities under the AIM Rules and the Aim Rules for Nominated Advisers. The Disclosure Committee approves all RNS and other significant announcements, normally via email and will meet as required. Sir Robin Miller acts as Chairman of the Disclosure Committee. Nigel Burton and Martin Higginson are the other members of the Disclosure Committee.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Group communicates with shareholders and other stakeholders through its Annual and Interim Reports, regulatory and non-regulatory announcements, its investor relations website, Annual General Meetings and face-to-face meetings.

Audit Committee Report

SIGNIFICANT ACCOUNTING ISSUES

The main accounting issues which the Audit Committee focused their attention on during the period were:

1. Revenue recognition – the Committee considered the Group's approach to revenue recognition and its compliance with IFRS, and concluded that the very nature of programmatic advertising revenue ensured clarity on the allocation of revenue across each distinct accounting period and a clean cut off.

2. Ongoing compliance with AIM rules – the Committee considered the Group's ability to comply with AIM rules and concluded that the Non-Executive directors' combined skills and experience, together with the appointment of WH Ireland as NOMAD ensured for comfortable compliance by the Executive directors.

3. The carrying value of goodwill and other intangible assets – the Committee considered the Group's approach to evaluation of the carrying value of goodwill and other intangible assets and were assured by the discounted cash flow modelling demonstrating that no impairment charge was required.

4. Whether the going concern basis of accounting was appropriate, especially in the light of COVID-19 – the Committee were assured that the business has a strong balance sheet, is trading profitably and that, whilst consumer advertising revenues are expected to be under pressure throughout the current crisis, the Group's core business may well benefit from large volumes of people finding themselves with more time on their hands to consume the Group's digital only content. Further, being a digital media business, operations will be largely uninterrupted and unaffected by home working.

The Group's Chief Financial Officer and the external auditors attend meetings of the Audit Committee by invitation. The Committee also holds separate meetings with the auditors as appropriate.

The Audit Committee met once during the year to approve the interim financial statements. The Audit Committee has also met with the Group's external auditors since the period end to approve the 2019 accounts.

The Group does not have an internal audit function as this is not considered appropriate given the scale of the Group's operations, however the Group operates internal peer review with the scope of evaluating and testing the Group's internal control procedures to standardise processes around best practice. Any significant issues are reported to the Chair of the Audit Committee and shared with the external auditors as appropriate.

Internal Controls

The Board has overall responsibility for the Group's system of internal financial control and for reviewing its effectiveness. The purpose of the system of control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against misstatement or loss.

The Audit Committee keeps the effectiveness of the Company's internal controls and risk management systems under review.

The Chief Financial Officer is the executive within the Group responsible for day-to-day financial management of the Group's affairs and its internal accounting.

External Auditors

The Audit Committee has reviewed the independence and effectiveness of Haysmacintyre LLP, the Group's external auditors, and are satisfied in both respects.

Haysmacintyre LLP's fees in the year in respect of audit services were £36k (2018: £14k) and in respect of non-audit services were £138k (2018: £1k) as detailed in note 8.

Haysmacintyre LLP have signified their willingness to continue in office and a resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the AGM.

Nigel Burton
Chairman of the Audit Committee
1 April 2020

Remuneration Committee Report

The Remuneration Committee determines the remuneration packages for Executive Directors and other senior employees and keeps the Group's policy on pay and benefits under review generally.

The Remuneration Committee will keep under review the long-term incentivisation of Executive Directors and senior employees, balancing the need to control costs while ensuring that pay and benefits offered by the Group are appropriate for attracting and retaining high-calibre staff.

The Committee will continue to have due regard to remuneration reports from independent sources, to the guidance of its professional advisers and to good practice generally.

Directors' remuneration for the year of 2019 are shown on page 49.

Nigel Burton
Chairman of the Remuneration Committee
1 April 2020

Director	Number of 1p Ordinary Shares as at 31st December 2019	%	Number of 1p Ordinary Shares as at 31st December 2018	%
James Carter	10,908,078	12.1%	-	-
Jim Douglas	10,908,078	12.1%	-	-
David Joseph	-	-	-	-
Robin Miller	775,465	0.9%	-	-
Martin Higginson (Via M Capital Ventures Ltd)	1,740,475	1.9%	-	-
Nigel Burton	238,095	0.3%	11,830,835	0.2%
	24,570,191	**27.2%**	**11,830,835**	**0.2%**
Total ordinary shares	**90,251,726**		**118,079,093**	

Options have been granted to certain key employees under an approved EMI scheme, as below:

		Vesting Period		
Option holder	**Number of shares**	**Year 1**	**Year 2**	**Year 3**
James Carter	1,504,441	501,480	501,480	501,481
Jim Douglas	1,504,441	501,480	501,480	501,481
Nick Clough	1,002,960	-	-	1,002,960
Karen Hyland	1,002,960	-	-	1,002,960
Unallocated	3,008,882	-	-	-
	8,023,684	**1,002,960**	**1,002,960**	**3,008,882**

Directors' Report

The Directors present their report and audited financial statements for the year ended 31 December 2019.

Principal Activities

The principal activities of the Group are the publication of consumer media through the digital mobile channel, with revenues derived from programmatic advertising.

The principal activity of the Company is as a holding company.

Board of Directors

The Directors who served during the year were:

James Carter	(appointed 28 February 2019)
Jim Douglas	(appointed 28 February 2019)
David Joseph	(appointed 28 February 2019)
Martin Higginson	(appointed 28 February 2019)
Sir Robin Miller	(appointed 28 February 2019)
Nigel Burton	
John Treacy	(resigned 28 February 2019)

Future Developments

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the disclosure of likely future developments in the Chief Executive's Report beginning on page 6.

Dividends

No dividends were paid during the year (2018: £Nil). The Board is not recommending the payment of a final dividend in respect of the year ended 31 December 2019.

Earnings per Share

Loss per share in the period from continuing operations was 0.00571p (2018: 0.00262p) and diluted loss per share from continuing operations in the period was 0.00571p (2018: 0.00262p).

Going Concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have considered the financial position of the Group, taking into consideration the recent placing, together with its forecasts and projections for two years from the reporting date that take into account reasonably possible changes in trading performance that the Coronavirus may cause. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

Treasury Operations & Financial Instruments

The Group operates a centralised treasury function which is responsible for managing liquidity, interest and foreign currency risks associated with the Group's activities.

The Group's principal financial instrument is cash, the main purpose of which is to fund the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables naturally arising through from its operations.

The Group's exposure and approach to capital and financial risk, and approach to managing these is set out in note 21 to the consolidated financial statements.

Employee Engagements

The Group engages with its employees regularly through face to face communication, during which details of the Group's performance is shared.

Further information regarding employee engagement can be found in the Corporate and Social Responsibility Report on page 20.

Employee Policies

The Group has established employment policies which are compliant with current legislation and codes of practice. The Group is an equal opportunities employer.

Payment of Suppliers

The Group's policy is to pay suppliers in accordance with the relevant contractual terms between the Group and the supplier. Where no specific terms are agreed, the Group's standard policy is 30 days.

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all the Directors.

Directors' Conflicts of Interest

In the event that a Director becomes aware that they, or their connected parties, have an interest in an existing or proposed transaction involving the Group, they will notify the Board in writing or at the next Board meeting.

Significant Shareholdings

As at 31 December 2019, the following shareholders owned 3% or more of the Company:

Shareholder	Number of shares	%
Mr James Alexander Carter	10,908,078	12.1
Mr James Robert Douglas	10,908,078	12.1
Mr Samuel Higginson	9,787,549	10.8
Mrs Leonie Dobbie	7,583,709	8.4
JIM Nominees Ltd	4,398,123	4.9
Napier Brown Holdings Ltd	3,342,447	3.7
Perseus International Investments Limited	2,978,241	3.3

As at 1 April 2020, the following shareholders owned 3% or more of the Company:

Shareholder	Number of shares	%
Mr James Alexander Carter	10,908,078	11.9
Mr James Robert Douglas	10,908,078	11.9
Mr Samuel Higginson	9,787,549	10.7
Mrs Leonie Dobbie	7,583,709	8.3
Jim Nominees Limited	4,398,123	4.8
Napier Brown Holdings Limited	3,342,447	3.7
Perseus International Investments Limited	2,978,241	3.3

Political Donations

The Group did not make any political donations during 2019 (2018: £Nil).

Matters Covered in the Chairman's Statement & Financial Statements

Certain matters which are required to be disclosed in the Directors' Report (such as review of the business and future developments) have been omitted as they are included within the Chief Executive's Statement, the Strategic Report and within the notes to the Financial Statements.

Annual General Meeting

The Company's Annual General Meeting will be held later in the year.

Statement as to Disclosure of Information to the Auditor

As far as the Directors are aware they have each taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

Haysmacintyre LLP have signified their willingness to continue in office and a resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the AGM.

Approved by the Board on 1st April 2020 and signed on its behalf.

James Carter
Chief Executive Officer

Directors' Responsibility Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and the Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

Financial statements are published on the Group's website in accordance with the rules and legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the corporate and financial information on the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The work carried out by the auditors does not include consideration of the maintenance and the integrity of the website and accordingly the auditor accepts no responsibility for any changes that have occurred to the financial statements when they are presented on the website.

Independent Auditors' Report

Opinion

We have audited the financial statements of Digitalbox Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter: Revenue recognition

Group revenue comprises the sale of digital advertising space. Revenue is recognised in line with the accounting policies in note 4. During the year, the newly acquired subsidiary, Digitalbox Publishing Limited, transitioned to IFRS and as such adopted IFRS 15 for the first time. We therefore identified a risk that revenue is not recognised in accordance with IFRS 15.

How the matter was addressed in the audit
Our audit work included, but was not restricted to:

- Considering the stated accounting policies in respect of revenue recognition and whether these are consistent with IFRS 15;
- A detailed review of how revenue is recognised;
- A review of the judgements made;
- A reconciliation from the revenue database to the financial statements; and

- Testing a sample of transactions recorded either side of the balance sheet date for correct application of cut-off.

Key audit matter: Acquisition of subsidiaries and valuation of goodwill and other intangibles

There is a risk that the goodwill arising on acquisitions has been incorrectly calculated and not split across the other intangible assets acquired. There is also a risk as to the valuation of goodwill at 31 December 2019 and the need for impairment.

How the matter was addressed in the audit
Our audit work included, but was not restricted to:

- Reviewing the Share Purchase Agreements for the entities acquired 28 February 2019 ascertain the consideration included in the goodwill calculation;
- Reviewing and assessing the goodwill calculations prepared by management including a review of the IFRS calculations apportioning the goodwill across other intangible assets acquired;
- Reviewing and assessing future budgets and cash flow forecasts as well as managements impairment review of goodwill;
- Reviewing the recognition of fundraising costs to ensure these had been correctly apportioned between administrative expenditure and share premium; and
- Reviewing treatment of acquisition costs to ensure that these had been expensed within the Statement of Comprehensive Income in accordance with IFRS 3.

Our application of materiality

The scope and focus of our audit was influenced by our risk assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Materiality for the Financial Statements as a whole was set at £31,000, determined by reference to Group revenue. We report to the Audit Committee any corrected or uncorrected misstatements arising exceeding £1,550. Performance materiality was set at £23,250, being 75% of materiality. This was considered an appropriate level of materiality given the focus on revenue generating activities.

An overview of the scope of our audit

Our audit scope included the statutory audit of each of the subsidiaries for the year ended 31 December 2019 except Digitalbox Publishing Inc. Our audit work for the audited subsidiaries therefore covered revenue, loss and assets and liabilities. The subsidiary audits were performed to subsidiary level materiality which was calculated for each subsidiary with reference to their respective turnover and was lower than Group materiality in each case. Digitalbox Publishing Inc was audited to Group materiality given they are not required to have a statutory audit in the US.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent →

→ with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page XX, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Laura Mott
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

1 April 2020

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Revenue	7	2,240	-
Cost of sales		(394)	-
Gross profit		1,846	-
Administrative expenses		(2,303)	(354)
Realised profit on available for sale assets		-	65
Impairment reversal		-	39
Operating loss	8	(457)	(250)
Memorandum:			
Adjusted EBITDA 1		525	(354)
Depreciation		(11)	-
Amortisation		(133)	-
Share based payments		(149)	-
Acquisition & listing costs		(689)	-
Realised profit on available for sale assets		-	65
Impairment reversal		-	39
Loss from Operations		(457)	(250)
Finance costs	10	(3)	-
Loss before taxation and attributable to equity holders of the parent		(460)	(250)
Taxation	11	23	-
Loss after tax		(437)	(250)

All losses after taxation arise from continuing operations.

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

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

	Note	£	£
Loss per share			
Basic (continuing)	12	(0.00571)	(0.00262)
Earnings/(Loss) per share			
Diluted (continuing)	12	(0.00571)	(0.00262)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2019 £'000	31 December 2018 £'000
Non-current assets			
Property, plant and equipment	14	49	-
Intangible fixed assets	15	10,248	-
Total non-current assets		10,297	-
Current assets			
Trade and other receivables	16	1,407	437
Cash and cash equivalents	17	477	231
Total current assets		1,884	668
Total assets		12,181	668
LIABILITIES			
Current liabilities			
Trade and other payables	18	(488)	(163)
Lease liabilities	18	(24)	-
Corporation tax	18	(98)	-
Bank overdraft and loans	19	-	(220)
Total current liabilities		(610)	(383)
Non-current liabilities			
Other payables	18	(8)	-
Lease liabilities	18	(2)	
Deferred tax liability	20	(128)	-
		(138)	-
Total liabilities		(748)	(383)
Total net current assets		1,274	305
Total net assets		11,433	285
Capital and reserves attributable to owners of the parent			
Share capital	22	21,331	20,488
Share premium	22	29,757	19,164
Share based payment reserve	24	181	32
Retained (deficit)	24	(39,836)	(39,399)
Total equity		11,433	285

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

James Carter
CEO

David Joseph
CFO

CONSOLIDATED STATEMENT OF CASHFLOWS

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flows from operating activities		
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	-
Cash flows from operating activities before changes in working capital	**(122)**	**(354)**
(Increase) in trade and other receivables	(86)	(163)
(Decrease) in trade and other payables	(100)	4
Cash (used)/generated in operations	**(186)**	**(159)**
Investing activities		
Purchase of property, plant and equipment	(13)	-
Disposals of available-for-sale financial assets	-	50
Acquisition of subsidiary	(993)	
Cash on acquisition	433	-
Net cash (used in)/generated from investing activities	**(573)**	**50**
Financing activities		
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)
Net cash from financing activities	**1,127**	**648**
Net (decrease)/increase in cash and cash equivalents	**246**	**185**
Cash and cash equivalents at beginning of the period	231	46
Cash and cash equivalents at end of the period	**477**	**231**

CONDOLIDATED STATEMENT OF CASHFLOWS (continued)

Reconciliation of net cashflow to movement in net debt:	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Net (decrease)/increase in cash and cash equivalents	246	185
New loans and finance leases	(33)	-
Repayment of loans	7	-
Movement in net funds in the year	220	185
Net funds at 1 January	231	46
Net funds at 31 December	451	231

Breakdown of net funds		
Cash and cash equivalents	477	231
Lease liabilities	(26)	-
Net funds at 31 December	451	231

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Digitalbox Plc is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office 2-4 Henry Street, Bath, England, BA1 1JT. The Company is listed on AIM of the London Stock Exchange.

The principal activity of the Group during the year was the production of publishing content and the sale of advertising space.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 4.

2. STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE CURRENT FINANCIAL YEAR ENDED 31 DECEMBER 2019

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended standards and interpretations during the year that are applicable to the Group.

IFRS 16 is effective from 1 January 2019. The standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model. Lessees are required to recognise a right-of-use asset and related lease liability for their operating leases and show depreciation of leased assets and interest on lease liabilities separately in their income statement. IFRS 16 requires the Group to recognise substantially all of its operating leases on the balance sheet.

The Group adopted IFRS 16 effective 1 January 2019 on a modified retrospective basis. Accordingly, prior year financial information has not been restated and will continue to be reported under IAS 17: Leases. The right-of-use asset and lease liability have initially been measured at the present value of remaining lease payments, with the right-of-use asset being subject to certain adjustments.

When applying IFRS 16, the Group has applied the following practical expedients, on transition date:

- Reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on the date of initial application;
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- The accounting for operating leases with a remaining term of less than 12 months as at 1 January 2019 as short-term leases.

The Group had no leases in the 2018 financial year. The impact had IFRS 16 not been adopted is shown below.

	£'000
Loss for period to 31 December 2019	(386)
Add back: depreciation on Right-of-Use asset	8
Add back: notional interest charge on finance leases	1
Less: rent which would have been charged before transition	(8)
Revised loss for period to 31 December 2019	(385)

The impact had IFRS 16 not been adopted would be an increase to net assets of £1k.

3. NEW AND REVISED IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

Definition of Material – Amendments to IAS 1 and IAS 8 (effective 1 January 2020)
The IASB has made amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

3. NEW AND REVISED IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (continued)

In particular, the amendments clarify:

a) That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and;
b) The meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendment is not expected to have a material impact on the Group.

4. ACCOUNTING POLICIES

Principal accounting policies
The Group is a public Group incorporated and domiciled in the United Kingdom. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and those parts of the Companies Act 2006 which apply to companies preparing their financial statements under IFRSs. The financial statements are presented to the nearest round thousand (£'000) except where otherwise indicated.

Basis of Consolidation
The Group comprises a holding company, dormant subsidiaries and a trading company. All of these have been included in the consolidated financial statements in accordance with the principles of acquisition accounting as laid out by IFRS 3 Business Combinations.

Going concern
The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the directors have considered the financial position of the Group, it's cash, liquidity position and borrowing facilities together with its forecasts and projections for 18 months from the reporting date that take into account possible changes in trading performance. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

Business combinations and goodwill
Acquisitions of subsidiaries and business are accounted for using the acquisition method. The assets and liabilities and contingent liabilities of the subsidiaries are measured at their fair value at the date of acquisition. Any excess of acquisition over fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss accounts and is not subsequently reversed. Acquisition related costs are recognised in the income statement as incurred.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The Group monitors the performance obligations in accordance with IFRS 15 considering that the performance obligations are met upon the Group delivering the advertisement to the customer.

A receivable is recognised when the services are delivered at this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services
Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue from the sale of advertising space is recognised upon the advertisement being generated and the Group delivering the advertisement to the customer. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable future economic benefits will flow to the entity and the Group has satisfied the performance obligations. Revenue is not received in advance and therefore the Group does not account for contract liabilities.

Leases
The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The Group assesses its discount rate using its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

a) Fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in Payables in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciation over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the tangible fixed assets in the Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts any identified impairment losses.

Foreign currency
The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pound sterling, which is the functional currency of the Group, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the Group Company's functional currency (foreign currencies) are recorded at rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of the gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

4. ACCOUNTING POLICIES (continued)

Such translation differences are recognised as income and expense in the period in which the operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates.

Intangible assets
Intangible assets include goodwill arising on the acquisition of subsidiaries and represents the difference between the fair value of the consideration payable and the fair value of the net assets that have been acquired. The residual element of Goodwill is not being amortised but is subject to an annual impairment review.

Also included within intangible assets are various assets separately identified in business combinations (such as brand value) to which the Directors have ascribed a commercial value and a useful economic life. The ascribed value of these intangible assets is being amortised on a straight-line basis over their estimated useful economic life, which is considered to be 7 years.

Other intangible assets purchased by the Group are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised so as to write off the cost less their residual values over their useful lives, which is considered to be 3 years straight line.

Financial instruments
The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument.

Contract liabilities
Contract liabilities comprise payments in advance of revenue recognition and revenue deferred due to contract performance obligation not being completed. They are classified as current liabilities if the contract performance obligations payments are due to be completed within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Contract liabilities are recognised initially at fair value and subsequently at amortised cost.

Trade and other receivables
Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in profit or loss.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for facts that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast director of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Cash and cash equivalents
Cash and cash equivalents are recognised as financial assets. They comprise cash held by the Group and short-term bank deposits with an original maturity date of three months or less. Loss recognised previously in equity is included in profit or loss for the period.

Trade payables
Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

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

Share based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income on a straight-line basis over the vesting period.

Non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Fair value is calculated using the Black-Scholes model, details of which are given in note 23.

Pensions
The pension schemes operated by the Group are defined contribution schemes. The pension cost charge represents the contributions payable by the Group.

Property, plant and equipment
Property, plant and equipment are stated at cost net of accumulated depreciation and provision for impairment. Depreciation is provided on all property plant and equipment, at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful economic life.

The method of depreciation for each class of depreciable asset is:

Fixtures and fittings	- 25% straight line
Office equipment	- 25% reducing balance
Right-of-Use asset	- over term of lease

Impairment of Assets
Impairment tests on goodwill are undertaken annually at the balance sheet date. The recoverable value of goodwill is estimated on the basis of value in use, defined as the present value of the cash generating units with which the goodwill is associated. When value in use is less than the book value, an impairment is recorded and is irreversible.

Other non-financial assets are subject to impairment tests whenever circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its estimated recoverable value (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable value of an individual asset, the impairment test is carried out on the asset's cash-generating unit. The carrying value of property, plant and equipment is assessed in order to determine if there is an indication of impairment. Any impairment is charged to the statement of comprehensive income. Impairment charges are included under administrative expenses within the consolidated statement of comprehensive income.

Taxation and deferred taxation
Corporation tax payable is provided on taxable profits at prevailing rates.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill; an
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that future taxable profit will be available against which the asset can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

4. ACCOUNTING POLICIES (continued)

Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Directors, who are responsible for allocating resources and assessing performance of the operating segments.

A business segment is a group of assets and operations, engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The Executive Directors assess the performance of the operating segments based on the measures of revenue, profit before taxation (PBT) and profit after taxation (PAT). Central overheads are not allocated to business segments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical accounting judgements
Impairment of goodwill
Impairment of the valuation of the goodwill relating to the acquisition of subsidiaries is considered annually for indicators of impairment to ensure that the asset is not overstated within the financial statements. The annual impairment assessment in respect of goodwill requires estimates of the value in use (or fair value less costs to sell) of subsidiaries to which goodwill has been allocated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows.

Critical accounting Estimates
Amortisation of intangible assets
The periods of amortisation adopted to write down capitalised intangible assets requires judgments to be made in respect of estimating the useful lives of the intangible assets to determine an appropriate amortisation rate. Domain names and website costs are being amortised on a straight-line basis over the period during economic benefits are expected to be received, which has been estimated at 3 years. Intangible assets recognised on consolidation in relation to the brand names are being amortised straight-line over 7 years.

Depreciation
The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively.

Share based payments expense
Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. At the end of each reporting period the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

This requires a judgement as to how many options will meet the future vesting criteria as well as the judgements required in estimating the fair value of the options.

IFRS 16 discount rates
The Group estimates an appropriate discount rate based on an incremental rate of borrowing for the calculation of the IFRS 16 right-of-use assets. This requires judgement as to an appropriate discount rate.

6. SEGMENTAL INFORMATION

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

	Entertainment Daily £'000	Mashed Productions £'000	Head Office £'000	Total 2019 £'000
Revenue	1,864	358	18	2,240
Cost of sales	(263)	(131)	-	(394)
Administrative expenses*	(288)	(60)	(973)	(1,321)
Operating profit/(loss)	1,313	167	(955)	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
(Loss)/Profit for the year	1,313	167	(1,917)	(437)

*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.

The segmental analysis above reflects the parameters applied by the Board when considering the Group's monthly management accounts. For the period to 31 December 2018, no revenue was generated.

	External revenue by location of customer		Total assets by location		Net tangible capital expenditure by location	
	31 December 2019 Continuing £'000	31 December 2018 Continuing £'000	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
United Kingdom	1,434	-	11,953	668	13	-
Europe	612	-	135	-	-	-
Rest of World	194	-	93	-	-	-
	2,240	-	12,181	668	13	-

7. REVENUE

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

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

8. LOSS FROM OPERATIONS

	2019 £'000	2018 £'000
This is arrived at after charging:		
Continuing operations		
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	-
	174	15

9. STAFF COSTS

	2019 £'000	2018 £'000
Staff costs for all employees, including Directors consist of:		
Wages and salaries	716	63
Social security costs	79	4
Pensions	9	-
	804	67
Share based payment charge	149	-
	953	67

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	-
	19	2

Directors' Detailed Emoluments

Details of individual Directors' emoluments for the year are as follows:

	Salary 2019 £'000	Consultancy 2019 £'000	Bonus 2019 £'000	Pension 2019 £'000	Total 2019 £'000	Total 2018 £'000
N Burton (appointed 15 May 2018)	22	-	-	-	22	15
J Carter (appointed 28 February 2019)	120	-	54	1	175	-
J Douglas (appointed 28 February 2019)	120	-	54	1	175	-
M Higginson (appointed 28 February 2019)	-	12	-	-	12	-
D Joseph (appointed 28 February 2019)	33	-	-	-	33	-
R Miller (appointed 28 February 2019)	12	15	-	-	27	-
J Treacy (resigned 28 February 2019)	22	-	-	-	22	15
H Harris (resigned 15 May 2018)	-	-	-	-	-	20
S Wilson (resigned 15 May 2018)	-	-	-	-	-	8
D Maling (resigned 15 May 2018)	-	-	-	-	-	8
N Lee (resigned 31 January 2018)	-	-	-	-	-	1
Total	329	27	108	2	466	67

9. STAFF COSTS (continued)

All pension contributions represent payments into defined contribution schemes.

£93k of the share-based payment expense relates to the directors (2018: £NIL).

The Executive Directors have service contracts with the Company which are terminable by the Company or relevant director after a fixed term of 12 months followed by 6 months' notice.

The Directors' interest in the issued ordinary share capital of the Company on 24 March 2020 and as at 31 December 2019 were as follows:

	Shares of £0.01				Shares of £0.01	
	24/3/2020		**31/12/2019**		**31/12/2018**	
James Carter	10,908,078	11.88%	10,908,078	12.09%	-	-
James Douglas	10,908,078	11.88%	10,908,078	12.09%	-	-
Nigel Burton	238,100	0.26%	238,100	0.26%	11,830,835	10%
Sir Robin Miller	775,500	0.84%	775,500	0.86%	-	-

Details of the options over the Company's shares held by the directors are as follows:

	Type of Option	**Options held at 31 December 2019**	**Exercise price £**	**Date of grant**	**Exercise period**
James Carter	EMI option	1,504,404	0.14	28 February 2019	28 July 2022
James Douglas	EMI option	1,504,404	0.14	28 February 2019	28 July 2022

Further information on share options is included in note 23.

The market price of the shares at 31 December 2019 was 6.63p with a quoted range from date of admission to AIM on 28 February 2019 of 4.88p to 13.00p. The options at 2019 vest as above based on performance criteria detailed in note 23.

10. FINANCE COSTS

	2019 £'000	2018 £'000
Interest charges paid for lease liabilities	1	-
Bank charges	2	-
	3	-

11. TAXATION ON LOSS FROM ORDINARY ACTIVITIES

	2019 £'000	2018 £'000
Corporation tax	51	-
Adjustment in respect of prior periods	(58)	-
Deferred tax movement	(16)	-
Tax credit for the year	(23)	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to loss before tax.

	2019 £'000	2018 £'000
Total loss on ordinary activities before tax	(460)	(250)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	(87)	(48)
Effects of:		
Expenses not deductible for tax purposes	191	3
Adjustments to prior periods	(58)	-
Deferred tax not recognised	(69)	45
Tax credit for the year	(23)	-

Changes to the UK corporation tax rate were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred tax at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, and the March 2020 budget, the Prime Minister announced the intention to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted rate of 17%.

There were unused tax losses of £4.5m at the 31 December 2019 which the majority restricted for use within Digitalbox Plc. No deferred tax asset has been recognised due to the uncertainty surrounding future profits.

12. EARNINGS PER SHARE

	2019 £'000	2018 £'000
The earnings per share is based on the following:		
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.

13. 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:

	£'000
Shares in Digitalbox plc	9,999
	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.

13. BUSINESS COMBINATIONS (continued)

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:	£'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.

14. TANGIBLE FIXED ASSETS

	IFRS 16 Right-of-Use Asset £'000	Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost				
Balance at 1 January 2018	-	-	-	-
Balance at 1 January 2019	-	-	-	-
Impact of change in accounting policy	33	-	-	33
Balance at 1 January 2019 (adjusted)	33	-	-	33
Additions on acquisition of subsidiary	-	12	2	14
Additions	-	13	-	13
Balance at 31 December 2019	33	25	2	60
Accumulated depreciation				
Balance at 1 January 2018	-	-	-	-
Balance at 1 January 2019	-	-	-	-
Depreciation charge on owned assets	-	2	1	3
Depreciation charge on financed assets	8	-	-	8
Balance at 31 December 2019	8	2	1	11
Net Book Value				
At 31 December 2019	25	23	1	49
At 31 December 2018	-	-	-	-
At 31 December 2017	-	-	-	-

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2019 £'000
Tangible fixed assets owned	24
Right-of-Use tangible fixed assets	25
	49

Information about the Right-of-Use assets is summarised below:

	2019 £'000
Property	25
	25

Depreciation charge in respect of the Right-of-Use asset is as follows:

	2019 £'000
Property	8
	8

15. INTANGIBLE ASSETS GROUP

	Goodwill Arising on Consolidation £'000	Other Intangible Assets £'000	Development costs £'000	Total £'000
Cost				
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
Accumulated amortisation				
Balance at 1 January 2018	-	-	-	-
Balance at 1 January 2019	-	-	-	-
Amortisation	-	102	31	133
Impairment	-	-	-	-
Balance at 31 December 2019	-	102	31	133
Net Book Value				
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:

	31 December 2019 £'000	31 December 2018 £'000
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.

16. TRADE AND OTHER RECEIVABLES

	31 December 2019 £'000	31 December 2018 £'000
Due after more than one year		
Prepayments and accrued income	18	-
	18	
Trade receivables	1,037	-
Prepayments and accrued income	77	203
Other receivables	275	14
Convertible loan note	-	220
	1,407	437

17. CASH AND CASH EQUIVALENTS

	31 December 2019 £'000	31 December 2018 £'000
Cash at bank and in hand	477	231
	477	231

18. LIABILITIES

	31 December 2019 £'000	31 December 2018 £'000
Current liabilities		
Trade payables	54	1
Social security and other taxes	143	-
Accruals	237	162
Lease liabilities	24	-
Other payables	54	-
Corporation tax payable	98	-
	610	163
Non-current liabilities		
Other payables	8	-
Lease liabilities	2	-
	10	-

19. LOANS

The Group had no loan arrangements in place as at 31 December 2019.

The Group had the following loan arrangements in place as at 31 December 2018:

Convertible loan loans
On 9 November 2018, the Company issued a conditional Placing of £220,000 via Convertible Unsecured Loan Notes ("CLNs").

The CLNs had an initial term of 3 months, subsequently extended to 31 March 2019, and no coupon.

The issue of the CLNs was conditional on the Company completing a Reverse Takeover and on the Admission of the enlarged ordinary share capital to trading on a Recognise Investment Exchange. When issued, the CLNs had a conversion price of 25% discount to the price on Re-admission.

The Company considered the accounting treatment of the CLNs in accordance with IAS 32. Based on management's review of the loan agreement and the applicable standard it was deemed appropriate not to split the instrument between debt and equity components but to treat the convertible loan entirely as debt.

Following the Reverse Takeover on 28 February 2019, £220,000 of share capital was issued in relation to the convertible loan.

	31 December 2019 £'000	**31 December 2018 £'000**
Liability component at 1 January	220	-
Liability component at date of issue	-	220
Loan notes converted to shares (including interest)	(220)	-
Liability component at 31 December	-	220

20. DEFERRED TAX

	Total £'000
Balance at 1 January 2019	-
Deferred tax on acquisition of subsidiaries	144
Deferred tax charge for the year	(16)
Balance at 31 December 2019	128

The deferred tax provision comprises:	31 December 2019 £'000	31 December 2018 £'000
Deferred tax on intangibles	128	-
	128	-

The expected net reversal of deferred tax in 2019 is £21k.

21. FINANCIAL RISK MANAGEMENT

The Group is exposed to risks that arise from its use of financial instruments. These financial instruments are within the current assets and current liabilities shown on the face of the statement of financial position and comprise the following:

Credit risk

The Group is exposed to credit risk primarily on its trade receivables. The Group maintains its cash reserves at a reputable bank. It is group policy to assess the credit risk of each new customer before entering into binding contracts.

The maximum exposure to credit risk is represented by the carrying value in the statement of financial position as shown in note 18. The credit risk on liquid funds is low as the funds are held at a bank with a high credit rating assigned by international credit agencies.

	31 December 2019 £'000	31 December 2018 £'000
Current financial assets		
Trade receivables	1,037	-
Other receivables	275	437
Cash and cash equivalents	477	231
	1,789	668

The table below illustrates the due date of trade receivables:

	31 December 2019 £'000	31 December 2018 £'000
Current	390	-
31 – 60 days	327	-
61 – 90 days	172	-
91 – 120 days	65	-
121 and over	83	-
	1,037	-

21. FINANCIAL RISK MANAGEMENT (continued)

The table below illustrates the geographical location of trade receivables:

	31 December 2019 £'000	31 December 2018 £'000
United Kingdom	809	-
Europe	135	-
Rest of world	93	-
	1,037	-

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and repayments of its liabilities.

The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due and so cash holdings may be high during certain periods throughout the period.

The Group currently has no bank borrowing or overdraft facilities.

The Group's policy in respect of cash and cash equivalents is to limit its exposure by reducing cash holding in the operating units and investing amounts that are not immediately required in funds that have low risk and are placed with a reputable bank.

Cash at bank and cash equivalents

	31 December 2019 £'000	31 December 2018 £'000
At the year end the Group had the following cash balances:	477	231

Cash at bank comprises Sterling and US Dollar cash deposits held within National Westminster.

All monetary assets and liabilities within the group are denominated in the functional currency of the operating unit in which they are held. All amounts stated at carrying value equate to fair value.

	31 December 2019 £'000	31 December 2018 £'000
Financial liabilities at amortised cost		
Trade payables	54	1
Accruals	237	162
Lease liabilities	26	-
Loans	-	220
Other payables	4	-
	321	383

The table below illustrates the maturities of trade payables:

	31 December 2019 £'000	31 December 2018 £'000
Current	39	1
31 – 60 days	11	-
61 – 90 days	3	-
91 – 120 days	-	-
121 and over	1	-
	54	1

The table below shows the maturities of financial liabilities:

	Carrying amount £'000	6 months or less £'000	6-12 months £'000	1 or more year £'000
Trade payables	54	54	-	-
Accruals	237	237	-	-
Lease liabilities	26	12	12	2
Other payables	4	4	-	-
	321	307	12	2

Capital Disclosures and Risk Management

The Group's management define capital as the Group's equity share capital and reserves.

The Group's objective when maintaining capital is to safeguard its ability to continue as a going concern, so that in due course it can provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in the light of changes in the business and in economic conditions. In order to maintain or adjust the capital structure, the Group may from time to time issue new shares, based on working capital and product development requirements and current and future expectations of the Company's share price.

Share capital is used to raise cash and as direct payments to third parties for assets or services acquired.

Market risk

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group considers the interest rates available when deciding where to place cash balances.

Foreign currency risk
Foreign exchange transaction risk arises when individual Group operations enter into transactions denominated in a currency other than the functional currency. The principal risk arises from the Group's US based subsidiary, Digitalbox Inc. The general policy for the Group is to sell to customers in the same currency that services or goods are purchased in, reducing the transactional risk.

22. SHARE CAPITAL

	No. 31 December 2019	Value £'000	No. 31 December 2018	Value £'000
Called up share capital Allotted, called up and fully paid				
Ordinary shares of 0.01p each	90,251,726	903	118,079,093	1,181
Deferred shares of 0.0499p each	386,907,464	19,306	386,907,464	19,306
Deferred shares of 0.01p each	112,176,000	1,122	-	-
	589,335,190	21,331	504,986,557	20,487

Shares issued in the year to 31 December 2019:

Date	Description	No shares	Price/ share Pence	Gross share value £	Cash received £	Shares issued	Total consideration £
28.02.19	Issue of 1p shares	907	1	9	9	-	9
28.02.19	Issue of 1p shares	2,095,238	1	20,952	219,999	-	219,999
28.02.19	Issue of 1p shares	72,720,346	1	727,203	-	9,999,047	9,999,047
28.02.19	Issue of 1p shares	8,103,571	1	81,036	1,020,001	114,501	1,134,502
28.02.19	Issue of 1p shares	1,428,571	1	14,286	-	200,000	200,000
		84,348,633		**843,486**	**1,240,009**	**10,313,546**	**11,553,557**
As at 31 December 2019		**589,335,190**		**21,330,959**			
As at 31 December 2018		**504,986,557**		**20,487,473**			

Cash received does not included costs relating to share issues. In the year to 31 December 2019, costs of £117k were incurred relating to share issues and these costs were charged against share premium.

Share premium represents the total consideration received on each share issue less the gross share value.

23. SHARE BASED PAYMENTS

During the year, the Company incurred £149k share based payment charge (2018: £nil). £99,929 options were cancelled (2018: £nil) and £nil options expired (2018: £30k), which was transferred through equity to retained earnings on the expiration of options during the year.

	2019 No. of share options	Weighted average exercise price	2018 No. of share options	Weighted average exercise price
Outstanding at beginning of year	160,000	20p	1,360,000	6.3p
Granted during the year	6,017,526	14p	-	-
Cancelled during the year	(1,002,906)	14p	-	-
Expired during the year	-	-	(1,200,000)	4.5p
Outstanding at the end of the year	5,174,620	14p	160,000	20p
Exercisable at the end of the year	5,174,620	14p	160,000	20p

160,000 options are exercisable at 20.0p and expire on 31 December 2020.
5,014,620 options are exercisable after 3 years, or an exit event.

A Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight-line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk-free rate of interest and the expected level of dividends in future periods.

For those options granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	Risk free rate	**Share price volatility**	**Share price at date of grant**
28 February 2019	0.75%	65%	£0.0004

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model is the term of the options.

The vesting conditions in relation to the share options are 3 years, or an exit event.

The vesting condition in relation to the warrants is 1 year from admission.

24. RESERVES

Full details of movements in reserves are set out in the consolidated statement of changes in equity. The following describes the nature and purpose of each reserve within owners' equity:

Share premium: Amount subscribed for share capital in excess of nominal value.

Retained earnings: Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Share based payment reserve: Cumulative charges recognised in the consolidated statement of comprehensive income in relation to share based payments.

25. LEASING COMMITMENTS

Group as a lessee

The Group leasing arrangements for their head office.

	Lease liabilities due 31 December 2019 £'000	**Contractual undiscounted cash flow due 31 December 2019 £'000**
Current	24	8
Non-current	2	27
	26	35

There is not considered to be any significant liquidity risk by the Group in respect of leases.

25. LEASING COMMITMENTS (continued)

The following amounts in respect of leases, where the Group is a lessee, have been recognised in the profit or loss:

	31 December 2019 £'000
Interest expense on lease liabilities	1
Expenses relating to short-term leases	17
	18

26. CAPITAL COMMITMENTS

At 31 December 2019 and 31 December 2018 there were no capital commitments.

27. RELATED PARTY TRANSACTIONS

During the year, Integral2 Limited billed £43k (2018: £nil) to the Group, a company related by virtue of David Joseph being a common director. As at 31 December 2019, £5k (2018: £nil) was owed to Integral2 Limited.

During the year, the Group received revenue of £17k (2018: £nil) from Immotion Group plc, a company related by virtue of Martin Higginson being a common director. As at 31 December 2019, £2k (2018: £nil) was owed to the Group.

During the year, M Capital Investment Partners (Holdings) Limited billed £23k (2018: £nil) to the Group, a company related by virtue of Martin Higginson being a common director. As at 31 December 2019, £nil (2018: £nil), was owed to M Capital Investment Partners (Holdings) Limited.

During the year, Robin Miller Consultants Limited billed £10k (2018: £nil) to the Group, a company related by virtue of Robin Miller being a common director. As at 31 December 2019, £nil (2018: £nil), was owed to Robin Miller Consultants Limited.

The key management personnel are considered to be the Board of Directors. Their remuneration is disclosed in detail in note 9. Key management were remunerated £444k (2018: £67k) in the year ended 31 December 2019.

The key management were provided 3,008,808 of share options realising a charge of £93k in the year.

28. SUBSEQUENT EVENTS

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus upon supply chain and consumer demand, the Group has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact of operations 12 months from the date of signing this report. Please refer to note 4 for further detail on the Group's going concern basis of preparation.

COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has been taken into account in preparing the statement of financial position but the Directors don't consider there to be any impact as at 31 December 2019. Please refer to note 5 and 15 for further details on the Group's assessment of the impact of COVID-19 on the impairment of goodwill.

COMPANY STATEMENT OF FINANCIAL POSITION

		At 31 December 2019 £'000	At 31 December 2018 £'000
Fixed assets			
Investments	III	11,192	-
		11,192	-
Current assets			
Trade and other receivables	IV	155	437
Cash and cash equivalents	V	22	231
		177	668
Current liabilities			
Trade and other payables	VI	(214)	(163)
Borrowings		-	(220)
Total current liabilities		(214)	(383)
Non-current liabilities			
Other payables		(8)	-
Total liabilities		(222)	(383)
Net current (liabilities)/assets		(37)	285
Total assets less total liabilities		11,147	285
Capital and reserves			
Called up share capital	VII	21,331	20,488
Share premium account		29,757	19,164
Share based payment reserve		181	32
Retained reserves		(40,122)	(39,399)
Shareholders' funds		11,147	285

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its income statement in these financial statements. The Group loss for the year included a loss on ordinary activities after tax of £723k (2018: £250k loss) in respect of the Company which is dealt with in the financial statements of the Parent Company.

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

James Carter	**David Joseph**
CEO	**CFO**

The notes on pages 59 to 69 form part of the Company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Share based payment £'000	Retained reserves £'000	Retained reserves £'000
1 January 2018	19,823	19,181	62	(39,179)	(113)
Issue of shares	665	25	-	-	690
Share issue costs	-	(42)	-	-	(42)
Share options cancelled	-	-	(30)	30	-
Loss after tax	-	-	-	(250)	(250)
31 December 2018	20,488	19,164	32	(39,399)	285
Issue of shares	843	10,710	-	-	11,553
Issue costs deducted from equity	-	(117)	-	-	(117)
Loss after tax	-	-	-	(723)	(723)
Equity settled share-based payments	-	-	149	-	149
31 December 2019	21,331	29,757	181	(40,122)	11,147

COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flows from operating activities		
Operating loss before tax	(723)	(354)
Adjustments for:Share based payments	149	-
Cash flows from operating activities before changes in working capital	**(574)**	**(354)**
(Increase)/Decrease in trade and other receivables	62	(163)
Increase/(Decrease) in trade and other payables	(260)	4
Cash generated/used in operations	**(198)**	**(159)**
Investing activities		
Disposals of available-for-sale financial assets	-	50
Acquisition of subsidiaries	(993)	-
Cash on acquisition	433	
Net cash absorbed from investing activities	**(560)**	**50**
Financing activities		
Issue of new share capital (net of costs)	1,240	690
Costs on issue of shares	(117)	(42)
Net cash from financing activities	**1,123**	**648**
Net (decrease)/increase in cash and cash equivalents	**(209)**	**185**
Cash and cash equivalents at beginning of the period	231	46
Cash and cash equivalents at end of the period	**22**	**231**
Reconciliation of net cashflow to movement in net debt:		
Net (decrease) / increase in cash and cash equivalents	(209)	185
New loans and finance leases	-	-
Repayment of loans	-	-
Movement in net debt in the year	(209)	185
Net debt at 1 January	231	46
Net debt at 31 December	**22**	**231**

NOTES FORMING PART OF THE COMPANY FINANCIAL STATEMENTS

I. ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by the Act the separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The principal accounting policies adopted are the same as those set out in note 4 to the consolidated financial statements except as noted below:

Valuation of investments
Investments in subsidiaries are stated at cost less any provision for impairment in value.

II. OPERATING LOSS

The auditor remuneration for audit and other services is disclosed in note 8 to the consolidated financial statements.

The average number of employees of the company during the year was 6 (2018: 2) and total staff costs were £466k (2018: £67k). Directors remuneration is disclosed in note 9 to the consolidated financial statements.

III. FIXED ASSET INVESTMENTS

	31 December 2019 £'000
Subsidiary undertakings	
Cost	
Balance at 1 January 2019	-
Additions	11,192
Disposals	-
Balance at 31 December 2019	11,192
Provisions	
Balance at 1 January 2019	-
Balance at 31 December 2019	-
Carrying value of investments	11,192

At the year end the Company had the following subsidiaries:

Subsidiary name	Class of shares	Proportion of ownership	Registered office
Digitalbox Publishing Limited	Ordinary	100%	2-4 Henry Street, Bath, BA1 1JT
Mashed Productions Limited	Ordinary	100%	No.2 Lochrin Square, 96 Fountainbridge, Scotland, EH3 9QA
Digitalbox Inc	Ordinary	100%	19 Courtland Drive, Hudson, MA 01749
Digitalbox Publishing (Holdings) Limited	Ordinary	100%	2-4 Henry Street, Bath, BA1 1JT

Subsidiary name	Principal activity
Digitalbox Publishing Limited	Sale of digital advertising space
Digitalbox Inc	Dormant subsidiary
Digitalbox Publishing (Holdings) Limited	Dormant subsidiary

IV. RECEIVABLES: due within one year

	31 December 2019 £'000	31 December 2018 £'000
Amounts owed by group undertakings	136	-
Other receivables	10	14
Prepayments and accrued income	9	203
Convertible loan note	-	220
	155	437

V. CASH AND CASH EQUIVALENTS

	31 December 2019 £'000	31 December 2018 £'000
Cash at bank and in hand	22	231
	22	231

VI. PAYABLES: amounts falling due within one year

	31 December 2019 £'000	31 December 2018 £'000
Trade payables	3	1
Accruals	148	162
Other tax and social security	13	-
Other payables	50	-
	214	163

VII. SHARE CAPITAL

Details of the Company's share capital and the movements in the period can be found in Note 22 to the consolidated financial statements.

VIII. SHARE OPTIONS

Share Option Scheme
Details of the share options outstanding at 31 December 2019 can be found in Note 23.

IX.RESERVES

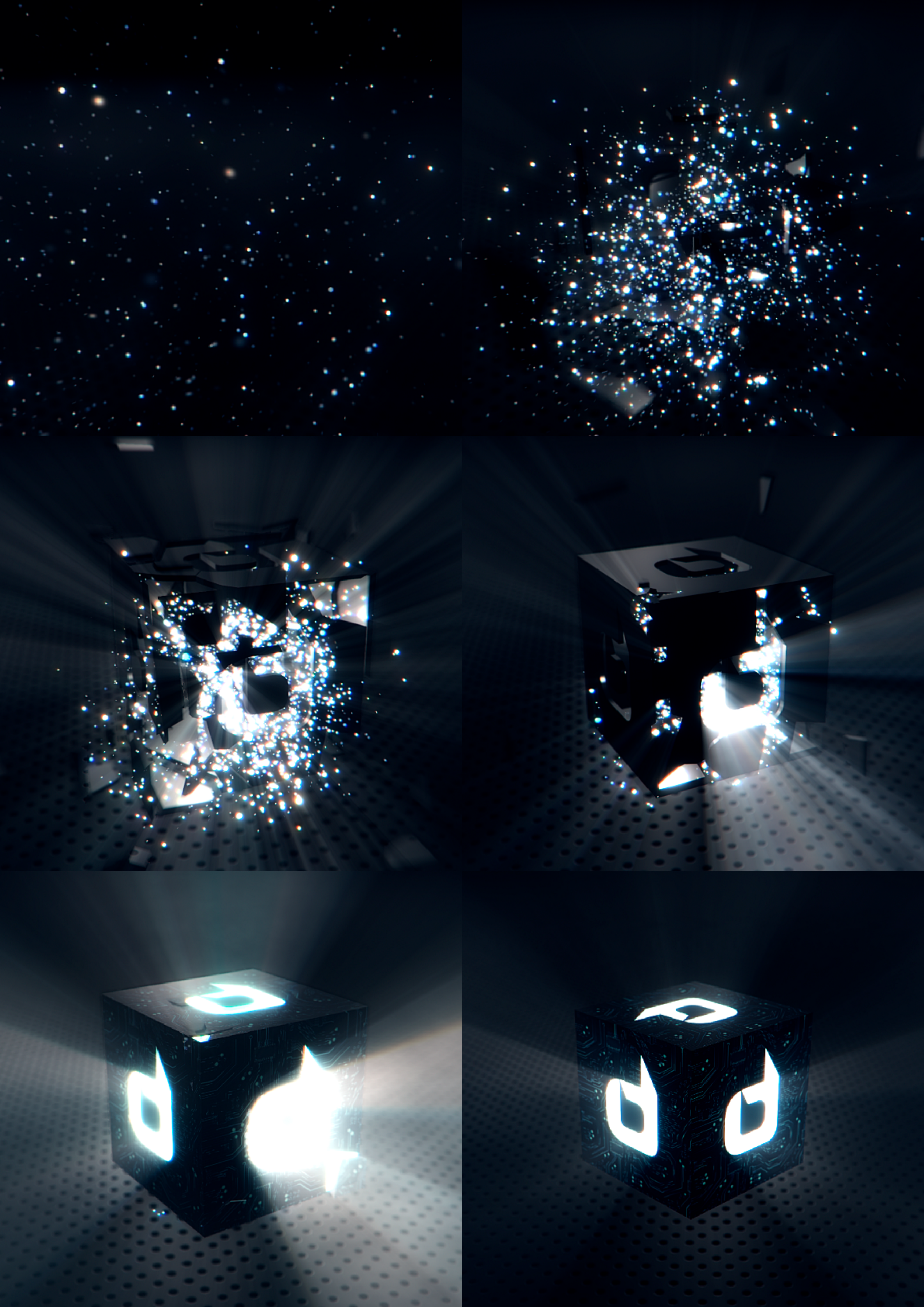
Details of the reserves can be found in Note 24.

X. RELATED PARTY TRANSACTIONS

Details of the Company's related party transactions can be found in Note 27 to the consolidated financial statements.

Directors, Secretary and Advisers

Directors	Nigel Burton James Carter (appointed 28 February 2019) James Douglas (appointed 28 February 2019) Martin Higginson (appointed 28 February 2019) David Joseph (appointed 28 February 2019) Sir Robin Miller (appointed 28 February 2019)
Company Secretary and Registered Office	David Joseph 2-4 Henry Street Bath England BA1 1JT
Company Number	04606754
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham GU9 7DR
Nominated Adviser and Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Joint Broker	Alvarium Capital Partners 10 Old Burlington Street London W1S 3AG
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors	DWF LLP Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Country of Incorporation of Parent Company	England and Wales
Legal Form	Public Limited Company
Domicile	United Kingdom



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