National World plc

Annual Report and Accounts

For the 52 weeks ended 1 January 2022

Company Number: 12021298

Contents

National World Plc
Company Information

Directors & Advisers

Directors	David Montgomery	Executive Chairman
	Vijay Vaghela	Chief Operating Officer
	Mark Hollinshead	Chief Commercial Officer
	John Rowe	Non-Executive Director
	Stephen Barber	Non-Executive Director
	Daniel Cammiade	Non-Executive Director
	David Fordham	Non-Executive Director
Company Secretary	ONE Advisory Limited	
Registered Office	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT	
Company number	12021298 (England and Wales)	
Brokers	Dowgate Capital Limited 15 Fetter Lane London EC4A 1BW	
Independent Auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW	
Solicitors	Orrick Herrington & Sutcliffe (UK) LLP 107 Cheapside London EC2V 6DN	
Registrars	Link Market Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
PR Advisers	Montfort Communications 2nd Floor Berkeley Square House Berkeley Square London W1J 6BD	
Company Website	www.nationalworldplc.com	

Adjusted Results*

Revenue
£86.0m
2020: £nil

Operating profit
£9.3m
2020: £(0.3)m loss

Profit before tax
£8.6m
2020: £(0.3)m loss

EBITDA
£10.1m
2020: £(0.3)m loss

Earnings per share (basic)
3.7 pence
2020: (0.6) pence loss per share

Statutory Results

Revenue
£86.0m
2020: £nil

Operating profit
£2.1m
2020: £(1.1)m loss

Profit before tax
£1.2m
2020: £(1.1)m loss

EBITDA
£5.7m
2020: £(1.1)m loss

Earnings per share (basic)
2.8 pence
2020: (2.0) pence loss per share

Strong financial position

Cash balance
£23.0m
2020: £12.7m

Borrowings
£1.0m
2020: £8.4m

Deferred consideration payable on JPIMedia Group acquisition
£5.0m
2020: £nil

* Adjusted results are before non-recurring items, amortisation of intangible assets and implementation of IFRS 16. Note 29 to the financial statements provides a reconciliation between Statutory and Adjusted results.

Completion of first acquisition

Acquisition of JPIMedia Publishing Limited and its subsidiaries ("JPIMedia Group") for £10.2 million being the first acquisition since listing in September 2019

Initial reorganisation

- management delayering
- localisation of editorial and commercial resource with P&L responsibility vested with local management
- annualised costs savings of £5.1 million (net of National World management costs)

Transformation for Growth

- Enhancement of the quality and appeal of newspapers and websites with unique local content
- Enhancement and consolidation of digital sites
- Increased investment and website development
- Initiated migration to Google Cloud Platform providing a modern and flexible IT infrastructure

Local and UK reach

- Across the UK the Group distributed 37.7 million paid for copies and 4.0 million free copies
- 110 million average monthly page views in 2021, with 10.2 million page views in December 2021 from the nationalworld.com and metro sites launched during 2021
- 36 million average monthly unique users in 2021

New initiatives

- Digital investment to increase audience reach through new sites, modernisation of the network through consolidation of smaller sites and improve the user experience by using data insights and listening to our loyal customers.
- The launch of nationalworld.com provides UK wide coverage
- Expansion of footprint into all major metropolitan centres in the UK with the launch of 7 "World" brand sites
- Introduction of flexible models for paying for content by article, day, month or annual

Our brands

National World is a leading commercial national and regional news publisher in the UK, with a portfolio of national, regional and local titles, including influential and iconic national brands such as The Scotsman, The Yorkshire Post, National World and the News Letter. Our 87 brands include:

I am pleased to present National World's first set of results that include an acquisition following the Company's launch in late 2019.

The acquisition of JPIMedia Group announced on 31 December 2020, was completed on 2 January 2021. JPIMedia Group's portfolio of iconic brands provides a strong base to implement the Company's strategy of creating a modern platform for news publishing with a transformed operational model that is already supporting both existing and new products across the entire UK.

The Company is now on a strong financial footing from which we can build a sustainable, diverse and growing premium content and sales business.

The Group delivered a robust performance in the period with revenue of £86.0 million even though the trading environment remained challenging due to the COVID-19 pandemic and government-imposed restrictions, including a national lockdown in the first quarter of 2021 as well as inflationary pressures in newsprint costs from the second half.

Management of the cost base and restructuring ensured that the Group delivered adjusted operating profit of £9.3 million and an operating margin of 10.8%. The Group delivered £5.1 million annualised cost savings (net of National World management costs) and is targeting further cost savings of £2.0 million in 2022.

Adjusted EBITDA of £10.1 million reflects an EBITDA margin of 11.7%. The robust EBITDA with minimal capital expenditure and tight management of working capital ensured the Group delivered operating cash flow on a statutory basis of £11.4 million, before the payment of non-recurring restructuring costs of £3.2 million.

On a proforma basis, assuming the acquisition of JPIMedia Group was completed at the beginning of 2020, Group revenue fell marginally by 2%, with a 6% decline in print revenue substantially offset by 23% growth in digital revenue. Total digital revenue in the year was £12.9 million.

The statutory earnings per share were 2.8 pence per share (2020: loss of 2.0 pence per share) and adjusted earnings per share for the period were 3.7 pence per share (2020: loss of 0.6 pence per share).

Since completing the acquisition of JPIMedia Group, significant progress has been made on the strategy to localise, energise, digitise and monetise relevant and unique content to create a modern operating model for news publishing across multiple brands and platforms. Key initiatives implemented in the first phase of transformation have been:

- streamlining the head office function and transformation of the operating structure with the creation of six regional media divisions covering commercially homogeneous geographical markets;
- realigning local editorial and commercial resource, with P&L responsibility vested with local management. The Group now operates with seven operating units including a new unit created for the new "World" sites. Each operating unit has commercial and editorial management leadership to drive operational performance and lead business transformation;
- enhancement and consolidation of existing news websites to increase focus and reach across local markets. By the end of 2022 we are expecting to halve the 139 sites that were operated when we acquired the business;
- the Company has liberated itself from the traditional geographical restrictions of regional publishing by expanding its footprint into seven major UK metropolitan centres and nationally with the launch of eight "World" brand sites;
- the nationalworld.com site provides coverage across the whole of the UK and is now the largest website in the Group. The new sites have been launched by leveraging existing resource with annualised investment of £2.0 million which has been expensed;
- enhancing the quality and appeal of newspapers and websites with increased unique local content;
- enhancing the Group's subscriptions offering and user experience and trialling a new subscription platform to engage on our websites for premium content on a daily basis;
- training and development of commercial teams in digital marketing skills;
- increased investment in digital to increase audience reach through new sites, modernisation of the network through consolidation of smaller sites and improve the user experience by using data insights and listening to our loyal customers. We will make further investments in 2022 to improve our user experience by using our data to ensure our readers see more relevant content and more desirable offers (ads and ecommerce); and
- the delayering and flattening of the management structures and other efficiencies delivering annualised savings of £5.1 million (net of National World management costs) with restructuring costs of £3.6 million. The cost savings are before increased investment of £2.0 million for the launch of the new World sites.

As well as pursuing organic growth through new launches and relaunches, management is actively developing acquisition opportunities, primarily targeting businesses that will enhance our digital capabilities and broaden the content base beyond news.

The Company is also open to acquiring heritage assets, to build scale and enhance shareholder value through synergies.

The pace of change during 2021 has been swift with a focus on preparing the business to deliver on the revenue potential of the country emerging from lockdown in the second quarter of 2021. I am pleased that supporting the Executive team is a growing base of talented and highly motivated senior executives who are at the cutting edge of the Company’s transformation.

The Board thanks the Group's talented staff for successfully completing the first stage of reorganisation on the journey to a successful and sustainable operating model.

Although the Board is encouraged by the good start to the year and expect to make continued progress in the delivery of its strategy for growth, there remains some uncertainty in the trading environment exacerbated by inflationary pressures, in particular newsprint and printing costs, and the global economic implications of the war in Ukraine.

I anticipate further progress in transforming the business and progress with acquisitions during 2022.

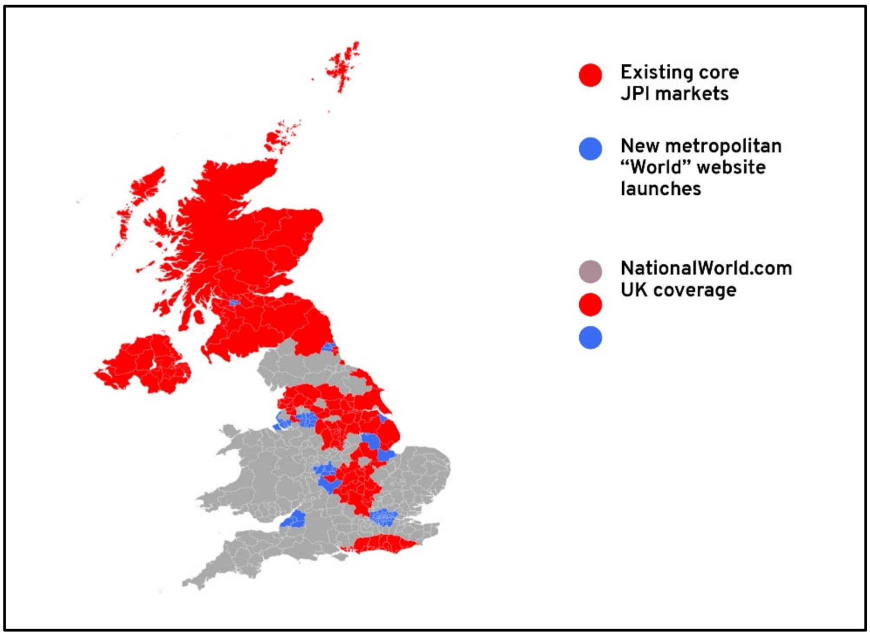
David Montgomery

Executive Chairman

17 March 2022

The Directors present the Strategic Report of National World Plc for the 52 weeks ended 1 January 2022.

Growing reach of our national and regional newsbrands



The Group distributed 37.7 million paid for copies and 4.0 million free copies

110 million average monthly page views in 2021, with 10.2 million page views in December 2021 from the nationalworld.com and metro sites launched during 2021

36 million average monthly unique users in 2021

Opportunities and challenges

JPIMedia published 116 print titles and 120 digital sites at the end of 2021. Whilst the newspaper market continues to face structural change with ongoing pressure on circulation volumes and advertising revenue, multiple opportunities continue to arise in digital.

Total distribution of 41.7 million newspapers is down 16% year on year from 49.7 million copies, including free copies. Whilst volumes trends have been adversely impacted by the COVID-19 pandemic, the Group maintains significant reach with 3.2 million paid for copies sold in December 2021.

Whilst we have continued to manage our portfolio of newspaper titles, 2021 has seen JPIMedia expand into marketplaces previously untouched by the Group. This started with the launch of NationalWorld.com, a new national website created and operated by journalists outside of the London media bubble with a focus on explaining the news and data. Since the summer, we have launched seven city websites in London, Manchester, Liverpool, Glasgow, Newcastle, Birmingham and Bristol to offer UK-wide coverage of news, lifestyle and sports, in particular football.

NationalWorld.com, which has already been nominated for two national awards, is now the largest website for audience in JPIMedia and is growing rapidly while we are encouraged by the start made by our new city sites. In

December the NationalWorld.com website recorded 10.2 million page views. In February 2022, Nationalworld.com recorded 16.4 million pages views making it the highest audience ranking brand in under a year.

Across our network of sites attached to our historic printed products, 2021 has had challenges due to changes in audience behaviour which has been accelerated due to the pandemic. The focus is on how we build more direct and deeper relationships with our readers on these great brands, which will ultimately lead to an increase in registrations and subscriptions. We have also amalgamated many of our smaller websites into larger brand websites or into new regional websites: LincolnshireWorld, WarwickshireWorld, NorthernIrelandWorld and SussexWorld. This enables our teams to focus on fewer but larger websites and will give readers a greater depth of content when visiting these sites.

The ongoing structural change in reader habits contributed to year on year copy sales volumes for daily titles falling by 13% and for the weekly titles by 14%. One of the stand-out performances was the News Letter which was down only 3% year on year.

Digital subscription has continued to form a significant part of our strategy with 20,000 regular subscribers paying for our content via our websites and apps. With 12 daily titles offering metered content, we launched ad lite packages for 21 weekly brands during the period.

Our print editions are sold through a network of multiple and independent retailers. Through cover price increases we have maintained margins and, as a result, positive relations through a more sustainable supply chain.

Our focus on maintaining user engagement across all our print and digital news brands is through providing our audience with more engaging and unique content. This is through increased focus on unique and premium content through the “talent revolution” which is transforming our approach to publishing and improving engagement with our audience.

The “talent revolution”

As with all regional media, our business is in transition to a new model which addresses the changing needs and demands of an increasingly technologically-sophisticated readership.

At National World the key to this is tapping into the energy and passions of our 700-plus journalists all over the UK. The ‘talent revolution’ approach currently underway looks to match our audience to detailed content agendas - by responding to analytics we are focussing our content choices on subject matters which drive audience at scale and also deepen engagement and our potential for lasting monetisable relationships with readers.

Each of our journalists feed into this process by contributing their own content agendas, based on their own areas of expertise.

Our reporters and writers have unrivalled local knowledge, as well as passion for local politics, sports, arts, or even hobbies - and all of these subjects form the backbone of the trusted content our readers expect.

We are also shifting from text and images to a much greater emphasis on video, with reporters and editors producing daily bulletins, weather reports, Facebook Live streams and on-the-spot video reporting.

Our journalists are not faceless blog writers, they are trusted members of their communities and their regular appearances on camera create a strong affinity with their audience.

At the same time, we are exploring new ways of presenting our content through data visualisation and infographics.

We are forming innovative editorial partnerships - such as our relationship with the children’s newspaper First News, and our use of algorithmically-generated content from PA Radar - to take us into new areas of content and audience.

Transformation

Digital

National World’s strategy involves consolidation and change by combining acquired digital technology innovation and traditional print assets in a new industry model designed to grow revenue by aggregation of audiences and maximising efficiencies.

National World has initiated a far-reaching IT overhaul which will see the entire IT infrastructure and content creation operations moved to Google Cloud. Over time, the programme aims to place enhanced tools in the hands of journalists, reduce costs and enable maximum operational efficiency for reporters in the field and reduce the Company’s carbon footprint.

The programme will help provide improved data insights to customers seeking local news in their areas through the use of enhanced digital technology infrastructure and innovation.

Video

Increased video content is being introduced across our websites to drive engagement and revenue. We have seen a marked increase in original video content promoting our quality journalism and talent.

The Group initiated the promotion of video content on front pages across its portfolio using QR codes. The project forms part of its video strategy aimed at growing audience, boosting brand and journalist authority and offering added value to digital subscribers. News desks identify the best video of the day and supply the QR code to designers as part of the front page production process.

Partnerships

We united with First News, the UK's most trusted newspaper for children, to give children across the country a voice in a new campaign in the run up to COP26. Children were invited to submit questions and videos for a climate change press conference exclusively for children at Downing Street with Prime Minister Boris Johnson.

The Scotsman's editorial team hosted 25 journalists from all over the world in Glasgow to celebrate a successful partnership throughout the COP26 conference. The Earth Journalism Network (EJN), an Internews project, enables journalists – particularly those from low and middle-income countries — to improve the quantity and quality of climate and environmental coverage, shining a spotlight on communities across the globe whose environmental concerns receive little to no coverage in their national media.

The partnership with EJN has given The Scotsman's readers the opportunity to showcase the work of reporters offering rich insights into the climate challenges that they are experiencing first-hand.

Events

The Great Northern Conference, organised by The Northern Powerhouse Partnership (NPP) in collaboration with JPIMedia secured the presence of five metro mayors from across the north, as well as prolific brands including Huawei Technologies supporting the digital session, power firm Sellafield for the education and skills session, and Drax which is supporting the Net Zero Future Session.

The Yorkshire Post Excellence in Business Awards recognises businesses, from a cross section of industries that have excelled across the year. Following the pandemic it was incredible to receive a record level of over 300 nominations and achieve a sell-out event, indicating that Yorkshire businesses continue to innovate and have well and truly weathered the wider economic challenges that business communities have faced.

The Yorkshire Climate Change Summit was a new event for 2021, which capitalised upon the UK hosting COP26, and brought the climate change debate to Yorkshire. Over 200 attendees from a cross section of organisations took part in the live conference and hundreds more participated virtually.

New launches

The Wigan Post relaunched from a daily title to a weekly edition while there was a significant turnaround in the fortunes of the Milton Keynes Citizen as it moved from a free title to a part paid, part free publication.

Stornoway Gazette relaunched in April 2021 and celebrated being named Highlands & Islands Newspaper of the Year in the recent media awards.

As part of a strategy to streamline the number of online brands LincolnshireWorld.com was launched in May 2021, amalgamating six smaller sites followed by WarwickshireWorld.com in early autumn, NorthernIrelandWorld.com in December and SussexWorld in February 2022. Further "county" site amalgamation plans are planned for 2022.

Review of Business

JPIMedia Publishing Limited and its subsidiaries ('JPIMedia Group') were acquired on 2 January 2021 by the Company from JPIMedia Limited, a subsidiary of JPIMedia Holdings Limited. Following the acquisition of JPIMedia Group, the Company has realigned its reporting period to 1 January 2022 consistent with JPIMedia Group.

The period to 1 January 2022 and the balances at that date are referred to as 2021 in these financial statements and include the consolidated Group results. The comparative period, the year ended 31 December 2020 and the balances at that date, are referred to as 2020 in these financial statements, and relate to the Company only.

Operational Review

The Company's principal activity is to operate in the news publishing sector. Following the acquisition of JPIMedia Group, potential future acquisitions and investments will support the transformation of the sector.

The principal activities of the Group are to meet the wide-ranging news and information needs of numerous local communities across the United Kingdom. The Group operates a portfolio of print and digital publications providing advertisers with a range of market access points and readers with trusted local content.

The Company was set up by David Montgomery to pursue opportunities in the news publishing and digital media sector and/or in associated complementary technologies. Vijay Vaghela joined the Company in July 2019, as Chief Operating Officer, following his retirement from Reach plc. Mark Hollinshead joined the Company in July 2019, as a non-Executive Director and then became Chief Commercial Officer in December 2020.

Upon admission on 19 September 2019 ("Admission"), the Company issued 50,000,000 ordinary shares at 10 pence per share and all ordinary shares were admitted to Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules of the FCA and to trading on the Main Market of the London Stock Exchange. It is the Board's intention to move to a Premium Listing on the London Stock Exchange after substantial acquisitions have been undertaken.

Since September 2019, when the Company's shares started trading on the London Stock Exchange, the Company evaluated a number of potential acquisitions several of which were deemed unsuitable due to either the outlook and/or valuation. Following a three month due diligence process supported by our investment banking advisers, brokers, lawyers and external accounting support the Company completed the acquisition of JPIMedia Group on 2 January 2021. JPIMedia Group was acquired for £10.2 million, on a debt free cash free basis with a normalised level of working capital, with £5.2 million paid in cash on Completion (£0.5 million for equity and £4.7 million repayment of debt due to the previous vendor, JPIMedia Limited) and two deferred payments of £2.5 million each, payable on 31 March 2022 and 31 March 2023. Following Completion, a further payment of £1.7 million to the previous vendors was made on 31 March 2021 representing the cash left in the business on Completion (£0.5 million) and working capital in the JPIMedia Group on Completion being higher than the normalised level of working capital.

The initial costs of the acquisition and working capital was funded by the issue of £8.425 million convertible secured loan notes issued on 31 December 2020 and cash resources of £4.3 million held by the Company at that time. During January and February 2021, the Group issued a further £11.575 million convertible secured loan notes and a £1.0 million interest only unsecured loan notes to provide working capital facilities and headroom to explore further acquisitions and investments. The secured convertible loan notes had a right to elect to convert into new ordinary shares in the Company when its shares were readmitted to trading on the London Stock Exchange. On readmission on 7 May 2021, all the holders of the convertible secured loan notes opted to convert their holding, 10% conversion premium and accrued interest into 205.4 million ordinary shares at £0.11 per share.

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

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

Business Strategy

The Group's strategy is:

> *"To create a premium content and sales business through implementation of a modern operating model across multiple brands and platforms. This will be executed by driving organic growth of both new and existing portfolio brands and by making acquisitions, all of which will continually enhance our digital capability and expand our content inventory."*

Key pillars of transformation

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

- **Localise** – Our publishing assets provide compelling content for local communities; both consumers and businesses. A greater sense of community awareness has also been generated during the COVID-19 pandemic as more consumers have lived their lives in a smaller locale. With this new spirit of localism, we will ensure our journalists and commercial teams are more connected with the local communities they serve.
- **Energise** – Enhance users' experience of our products and services to increase engagement and provide a strong platform to leverage our unique quality content to launch new products and services across multiple platforms. While our print news-brands will be managed creatively and profitably, our strategic focus is on growing local, regional and national online audiences who are deeply engaged with our content.
- **Digitise** – Enhance our digital infrastructure to improve responsiveness, engagement, data analytics, AI content generation and user insights.
- **Monetise** – Adopting a first party data led approach, where data is not just collected but it is turned into insights that improve our customer experience increasing our engagement and hence revenue and yields. We will use new technology to ensure we use our data to match content to audience groups and that pages are optimised for multiple revenue streams, ecommerce, video, display advertising and subscriptions.

National World will retain, recruit and develop talented people, appropriately incentivised and motivated, and provide them with the prerequisite digital skills that will aid the execution of its strategy.

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

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

Implementation plans

National World is delivering its vision through a clear set of strategic initiatives:

- **Materially reduce the size of the central infrastructure.** Minimise central infrastructure for the key functions of editorial and commercial to ensure all parts of the organisation have full clarity and responsibility for the delivery of product and performance enhancements. The central function will provide efficient back office functions (including IT, Finance, HR) and will have editorial and commercial expertise to support local management to drive engagement and revenue;
- **Significantly strengthen local** management to prioritise the generation of unique local content and building revenue supported by a focused central expertise;
- **Focused portfolio management** to ensure the right titles on the appropriate platforms are serving the right local communities and businesses. The titles in both print and digital need to be energised through relaunch with enhancements to content, layout and commercial appeal increasing engagement with consumers and providing advertisers with an improved response on their marketing spend;
- **Capitalise on opportunities to launch new products and services** by leveraging the strong base of editorial and commercial expertise initially across the UK; and
- **Continue to evaluate acquisitions, investments and strategic partnerships** to build scale, accelerate digitisation and product enhancement and drive efficiencies.

Key deliverables

To monitor progress, the Board set four Key Performance Indicators ("KPIs") for 2021 and performance against these is set out in the table below:

- *Digital audience. Grow digital audience (page views) with a target of c200m average monthly page views by the end of 2022.*
  Average monthly page views were 110 million in 2021 with strong build on the newly launched nationalworld.com and metro world sites offset by page view declines on the other newsbrand sites. The challenging audience numbers on these sites was driven by short term disruption created by the restructuring and process of consolidating a number of small sites into more regional sites such as LincolnshireWorld and WarwickshireWorld. We continue to target c200 million page views at the end of 2022, although we envisage this to be partly achieved through acquisitions.
- *Digital revenue. Increase digital revenue and achieve stability in group revenue.*
  Digital revenue grew by 23% in 2021 with advertising growing by £0.6 million, subscriptions growing by £0.7 million and other revenue growing by £1.2 million. The growth in other revenue was supported by revenue from the new Google and Facebook content syndication contracts. In 2021, revenue on a proforma basis was down marginally by £2.1 million or 2%. We continue to make progress on achieving revenue stability and then growth.
- *Revenue trends. Improve revenue trends with KPIs that monitor a transition from dependency on print sales to an accelerating digital performance.*
  Helped by the relaxation of COVID-19 restrictions, revenue trends improved in the second half of 2021 with revenue growth of 1% partially mitigating the revenue decline of 6% in the first half resulting in revenue falling by 2% for the full year. Both print and digital revenue trends improved in the second half.
- *Cash generation and financial flexibility to provide headroom for investment and the return of capital to shareholders through either dividends and/or share buy backs.*
  Key metrics for monitoring financial flexibility are EBITDA margin and financial headroom. The Group targeted a minimum adjusted EBITDA margin of 10% and delivered an adjusted EBITDA margin of 11.7% for 2021. The intention is to have undrawn committed facilities and cash balances of 5% of turnover per annum. At the end of 2021 the Group had cash of £23 million which provides significant financial flexibility even when considering the £5 million deferred consideration due for the acquisition of JPIMedia Group which is due in two instalments (March 2022 and March 2023).

For 2022, we will operate against the following KPIs:

- *Digital audience.* Grow digital audience (page views) with a target of c200m average monthly page views by the end of 2022;
- *Revenue trends.* Improve revenue trends with KPIs that monitor a transition from dependency on print sales to increasing percentage of Group revenue from digital from the 15% achieved in 2021;
- *EBITDA* margin of at least 10%; and
- *Strong cash generation* to provide financial flexibility and headroom for investment.

Acquisitions and investments

In selecting acquisition and investment opportunities, the Board will focus on:

- bringing audience scale to verticals where we already have strong audiences, improving engagement metrics and revenue volume; and
- help diversify our revenue streams and accelerate our drive into an innovative data led business.

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

Events since the year end

With the exception of the uncertainty in the trading environment because of inflationary pressures, in particular newsprint and printing costs, and the global instability as a result of the Ukraine war there are no post balance sheet events requiring disclosure.

Financial review

Introduction

This Financial review provides commentary on the Group's statutory and adjusted results for the 52 weeks ended 1 January 2022 (2020: Year ended 31 December 2020).

Basis of presentation of results

Adjusted results are presented to provide additional clarity and understanding of the Group's underlying trading. Adjusted results are before the implementation of IFRS 16, the amortisation of intangible assets and non-recurring items. A reconciliation between Statutory and Adjusted results is shown in Note 29.

Results for the 52 weeks ended 1 January 2022

The Group delivered a robust performance in 2021 by implementing the first phase of its strategy to transform the business's operating structure and tight management of the cost base. The prior period comparatives reflect that National World plc had not completed an acquisition after listing on 19 September 2019 and therefore it had no operating business.

	Adjusted results*		Statutory results	
	2021 £m	2020 £m	2021 £m	2020 £m
Revenue	86.0	-	86.0	-
Operating costs	(75.9)	(0.3)	(74.3)	(0.3)
Depreciation and amortisation	(0.8)	-	(2.7)	-
Operating profit/(loss) pre non-recurring items	9.3	(0.3)	9.0	(0.3)
Non-recurring items	-	-	(6.9)	(0.8)
Operating profit/(loss)	9.3	(0.3)	2.1	(1.1)
Net finance expense	(0.7)	-	(0.9)	-
Profit/(loss) before tax	8.6	(0.3)	1.2	(1.1)
Tax (charge) / credit	(1.6)	-	4.1	-
Profit/(loss) after tax	**7.0**	**(0.3)**	**5.3**	**(1.1)**
EBITDA	**10.1**	**(0.3)**	**5.7**	**(1.1)**
Earnings/(loss) per share (pence)	**3.7**	**(0.6)**	**2.8**	**(2.0)**

*Adjusted results are before non-recurring items, amortisation of intangible assets and implementation of IFRS 16. Note 29 provides a reconciliation between Statutory and Adjusted results.

The Group delivered revenue of £86.0 million and adjusted operating profit of £9.3 million reflecting an operating margin of 10.8% and adjusted EBITDA of £10.1 million, reflecting an EBITDA margin of 12%. Statutory operating profit was £2.1 million after non-recurring costs of £6.9 million reversing the net impact of implementing IFRS 16 (£0.2 million credit) and after amortisation of publishing rights and titles and digital assets (£0.5 million). A reconciliation from Statutory to Adjusted operating profit is provided on page 16.

Non-recurring items of £6.9 million comprise £3.6 million restructuring costs to deliver an annualised £5.1 million of cost savings (net of National World management costs), £1.8 million property rationalisation costs arising from vacant space, £0.7 million onerous IT contracts resulting from the migration to the Google Cloud Platform, and £0.8 million of acquisition costs relating to the purchase of JPIMedia Group, issue of loan notes and readmission.

Adjusted financing costs were £0.7 million (2020 actual: £nil) comprising £0.1 million interest on the £1 million interest only unsecured loan notes and £0.6 million interest accrued on the convertible secured loan notes prior to conversion to equity in May 2021. Statutory financing costs of £9.0 million are £0.2 million higher than adjusted financing costs as this includes the interest for IFRS 16 lease liabilities.

Adjusted profit before tax improved by £8.9 million from a loss before tax of £0.3 million in 2020 to a profit before tax of £8.6 million in 2021 reflecting the acquisition of JPIMedia Group.

Statutory profit before tax was £1.2 million, compared to a prior year Statutory loss before tax of £1.1 million.

The Statutory tax credit of £4.1 million reflects the benefit of brought forward losses which have been recognised as a deferred tax asset in the period, which is explained in Note 6. The adjusted tax charge of £1.6 million reflects an effective tax rate of 19%, and does not benefit from the brought forward tax losses so as to provide a more meaningful and comparable financial result.

Earnings per share for the period was 2.8 pence per share (2020: loss of 2.0 pence per share). Adjusted earnings per share for the period was 3.7 pence per share (2020: loss of 0.6 pence per share).

Proforma revenue

The table below provides a summary of revenue for the 52 weeks ended 1 January 2022 with comparatives for the 52 weeks ended 2 January 2021 assuming the acquisition of JPIMedia Group was completed at the beginning of 2020.

	Proforma results			
	2021 £m	2020 £m	Change £m	Change %
Print Publishing Revenue	**71.7**	**76.2**	**(4.5)**	**(6%)**
Advertising	*34.1*	*35.7*	*(1.6)*	*(4%)*
Circulation	*34.9*	*37.9*	*(3.0)*	*(8%)*
Other	*2.7*	*2.6*	*0.1*	*6%*
Digital Publishing Revenue	**12.9**	**10.4**	**2.5**	**23%**
Advertising	*8.0*	*7.4*	*0.6*	*7%*
Subscriptions	*1.5*	*0.8*	*0.7*	*96%*
Other	*3.4*	*2.2*	*1.2*	*52%*
Other Revenue	**1.4**	**1.5**	**(0.1)**	**(10%)**
Total Revenue	**86.0**	**88.1**	**(2.1)**	**(2%)**

The revenue environment has remained volatile, particularly in the first half of 2021, with the ongoing impact of the COVID-19 pandemic and related lockdown restrictions imposed by the UK government. The first lockdown restrictions were imposed during March 2020 which were partially lifted during the summer in 2020 and the second half of 2020 with a second full lockdown imposed again at the beginning of 2021 with restrictions starting to ease during April 2021.

Revenue for the full year fell by £2.1 million to £86.0 million, a 2% year on year decline with print falling by 6% which is partially offset by robust growth in digital revenue of 23%.

Print revenue

Print revenue comprises all revenue driven by the local newspaper titles, including all digital revenue packages sold with print and COVID-19 related government spend. Print revenue fell by 6%, with a significant improvement during the year with a decline of only 2% in the second half compared to a 9% decline in the first half.

Advertising revenue fell by 4% year on year, remaining broadly flat year on year in the second half which partially mitigated a more significant decline of 8% in the first half. The first half was impacted by the national lockdown restrictions imposed in the first quarter which resulted in advertising revenue in the first quarter falling by 25%. Performance improved in the second half, with revenue flat on the prior year due to a more stable trading environment.

Circulation revenue fell by 8% year on year with a decline of 9% in the first half and a decline of 7% in the second half. Average monthly circulation volumes in the period were 2.2 million for the daily newspapers and 1.0 million for the weekly newspapers representing an annual decline of 13% and 14% respectively. The impact of falling volumes was partially mitigated by cover price increases.

The Group continues to have a strong print subscriber base with print subscription revenue of £3.3 million, a decline of 8% year on year which is in line with the overall circulation revenue decline.

Other revenue, which includes syndication, leaflets, waste sales and business services agreement revenue, grew by 6%.

Digital revenue

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

Digital revenue increased by 23% year on year, with consistent growth across the first and second half.

Digital advertising revenue grew by 7% year on year, with growth of 8% in the second half. Advertising revenue is predominantly driven by audience and the Group had average monthly Unique Users (UUs) and Page Views (PVs) of over 36 million and 110 million respectively. The audience performance has been volatile during the period due to disruption caused by the sales process run by the previous vendors, organisational changes implemented during the year, coupled with system issues which impacted user engagement and access to our sites which has been fully resolved in the second half of the year. In December 2021, unique users and page views were 39 million and 106 million respectively.

Subscription revenue growth of 96% is driven by the annualised impact of the roll out of subscriptions to all the daily sites in 2020 and 2021. At the end of 2021, the Group had over 20,000 subscribers to its digital news sites and apps.

Other digital revenue grew by 52% and includes revenue of £1.2 million from February 2021 from the Google/Facebook content initiatives.

Other revenue

Other revenue reflects grants from the BBC for local democracy reporters and from Facebook for the funding of 43 journalists.

Operating Costs

Operating costs, pre non-recurring items, were only £0.3 million in 2020 reflecting the business operating as a cash shell. Operating costs during the 52 week period to 1 January 2022 are £83.9 million on a statutory basis and £76.7 million on an adjusted basis.

	Adjusted results		**Statutory results**	
	2021	**2020**	**2021**	**2020**
	£m	**£m**	**£m**	**£m**
Labour	43.5	-	43.5	-
Newsprint and production costs	12.1	-	12.1	-
Depreciation and amortisation	0.8	-	2.7	-
Other	20.3	0.3	18.7	0.3
Total operating costs before non-recurring costs	**76.7**	**0.3**	**77.0**	**0.3**
Non-recurring items	-	-	6.9	0.8
Total operating costs	**76.7**	**0.3**	**83.9**	**1.1**

Adjusted operating costs are before:

- the implementation of IFRS 16 (increase in other costs of £1.6 million and a reduction in depreciation of £1.4 million);
- the amortisation of intangible assets of £0.5 million; and
- non-recurring costs of £6.9 million.

Following the acquisition of JPIMedia Group on 2 January 2021, the Group initiated a restructuring programme to drive efficiencies and tightly manage all operating costs in line with revenue performance. In addition to cost savings from staff redundancies and tight management of vacancies where savings were initiated from the beginning of 2021, additional savings will be delivered from 2022 from the rationalisation of office space and the migration to the Google Cloud Platform and further cost saving initiatives. Annualised cost savings of £5.1 million (net of National World management costs) have been delivered in 2021, £1.0 million ahead of our initial target with £3.9 million cost savings achieved in 2021.

Labour costs

The Group employed an average of 1,261 employees during the period with 1,216 employees as at 1 January 2022. Labour costs are net of a furlough credit of £0.5 million received during the first quarter of 2021. As the trading environment improved, management recalled all staff from furlough on 1 April 2021.

Newsprint and production costs

Newsprint and production costs continue to be tightly managed with price increases in the year being mitigated by reduced print volumes, lower pagination and portfolio changes. Newsprint prices increased by c20% in the second half of the year. 2022 will be impacted by further material price rises. Continued tight management of the portfolio and returns will partially mitigate the impact of these unprecedented increases.

Depreciation

Adjusted depreciation relates to the tangible fixed assets, largely IT and property related items, with a charge of £0.8 million for the period. Statutory depreciation and amortisation is £1.9 million higher and includes amortisation of intangible assets of £0.4 million, amortisation of Digital Publishing assets of £0.1 million and depreciation of Right of use assets (ROUA) of £1.4 million.

Other

Other costs comprise property, IT, digital product and engineering, administration and other operating costs. Adjusted costs of £20.3 million are £1.6 million higher than Statutory other costs as they are before IFRS 16 implementation.

Non-recurring costs

During the period non-recurring costs of £6.9 million (2020: £0.8 million) have been expensed, comprising:

	2021 £m	2020 £m
Restructuring and redundancy costs	3.6	-
Onerous IT contracts	0.7	-
Property rationalisation	1.8	-
Acquisition and loan note costs	0.8	0.8
Total Non-recurring costs	**6.9**	**0.8**

Non-recurring costs comprise the following:

- £3.6 million restructuring and redundancy costs have delivered annualised savings of £5.1 million (net of National World management costs). £3.2 million of the restructuring costs have been paid in the period with the remaining £0.4 million payable in 2022;
- £0.7 million onerous IT contracts' provision for remaining cost obligations over the unexpired contract term associated with moving technology infrastructure to the Google Cloud platform;
- £1.8 million property rationalisation cost comprises £0.9 million ROUA impairment due to the early exit from leased properties as the business has adopted a flexible working policy, and £0.9 million onerous property provision for the property costs (rates, service charges) related to these leases; and
- £1.3 million of acquisition and loan note costs were incurred in the period (of which £0.8 million has been expensed to non-recurring items and £0.5 million directly attributed to the new share issue has been charged to share premium). The £0.8 million reported in 2020 was also incurred in relation to the acquisition of JPIMedia Group. Of the total £2.1 million cost incurred, £1.9 million was paid in the period.

Reconciliation of statutory to adjusted operating profits

To ensure that the financial statements provide appropriate insight into the underlying performance of the Group, additional disclosure has been made on the financial impact of a number of significant accounting and operational items and therefore adjusted results are presented.

The adjustments include the cost of restructuring and organisational change, acquisition and capital raise costs, amortisation of intangible assets and the impact of implementing IFRS 16. Management believe that it is appropriate to additionally present the Alternative Performance Measures used by management in operating the business, as this presents a more meaningful and comparable financial result.

The adjusted results provide supplementary analysis of the 'underlying' trading of the Group. The table below presents a reconciliation between statutory and adjusted results:

	2021 £m	2020 £m
Statutory operating profit / (loss)	**2.1**	**(1.1)**
Operating cost charge for IFRS 16 leases	(1.6)	-
Depreciation on right of use assets	1.4	-
Amortisation of intangible assets	0.5	-
Non-recurring items	6.9	0.8
Adjusted operating profit / (loss)	**9.3**	**(0.3)**

The reconciling items are:

- the implementation of IFRS 16 resulted in a lower charge for other overheads for leasing costs, increase in depreciation of ROUA and a finance charge for the IFRS 16 lease liabilities. To ensure there is no distortion to underlying EBITDA, the IFRS 16 entries have been reversed so the full cost of IFRS 16 leases is included in other costs. Without this change EBITDA would be enhanced by £1.6 million;
- the amortisation of intangible assets relates to publishing rights and titles (£0.4 million) and digital assets (£0.1 million); and
- £6.9 million of non-recurring items as explained above.

EBITDA

Statutory EBITDA for 2021 is £5.7 million (2020: £1.1 million loss), while adjusted EBITDA is £10.1 million for the period (2020: £0.3 million loss). The higher adjusted EBITDA reflects the benefit of the restructuring, commercial and editorial initiatives and cost savings (net of National World management costs) of £3.9 million in the period.

Financing charges

Financing charges on a statutory and adjusted basis are:

	Adjusted results		Statutory results	
	2021	2020	2021	2020
	£m	£m	£m	£m
Interest expense from leasing arrangements	-	-	0.2	-
Interest on loan notes	0.7	-	0.7	-
Total financing cost	**0.9**	**-**	**0.9**	**-**

The financing costs of £0.9 million comprise £0.2 million interest charge on IFRS 16 lease liabilities, £0.6 million interest on the £20.0 million convertible secured loan notes until conversion on 7 May 2021, and £0.1 million interest on the £1.0 million interest only unsecured loan notes. The £20.0 million convertible secured loan notes and accrued interest of £0.6 million converted to equity on 7 May 2021 and no further interest is due on these loan notes. The £1.0 million interest only loan notes will continue to accrue interest at 15% per annum.

Statutory results

Statutory profit before tax of £1.2 million, is after £6.9 million on non-recurring costs.

Adjusted results

Adjusted profit before tax of £8.6 million is before non-recurring items, the implementation of IFRS 16 and amortisation of intangible assets.

Statutory tax credit and effective tax rate

The statutory tax rate for the period is 19%. A statutory tax credit of £4.1 million (355% effective rate) is recognised in the period, which primarily relates to the recognition of brought forward losses.

The net deferred tax asset of £4.1 million, includes £4.6 million of tax losses of which £4.1 million were recognised in the period and £0.5 million were acquired on 2 January 2021. Gross brought forward losses of £19.7 million are recognised as a deferred tax asset at the period-end, calculated using a blended corporate tax rate of 23%, as the Group expects the losses will be utilised over the next three years and the tax losses can no longer be called upon by JPIMedia Limited following its liquidation on 17 May 2021.

The adjusted profit before tax is £8.6 million, and the adjusted tax rate is 19% with a £1.6 million tax charge in the period. The adjusted tax charge does not benefit from the brought forward tax losses so as to provide a more meaningful and comparable financial result.

Earnings per share

Statutory earnings per share for the period were 2.8 pence per share (2020: loss of 2.0 pence per share).

Adjusted earnings per share for the period were 3.7 pence per share (2020: loss of 0.6 pence per share)

Acquisition of JPIMedia Group

On 2 January 2021 National World plc acquired 100% of the issued share capital of JPIMedia Group, one of the largest regional and local multimedia publishers in the United Kingdom, providing information services to communities through a portfolio of 139 publications and websites. The acquisition of JPIMedia Group provides a platform for National World to implement its strategy of creating a sustainable local online news publishing model.

The consideration for the acquisition was as follows:

	2021 £m
Cash paid on Completion for the equity	0.5
Deferred consideration	5.0
Inter-company loan payable to JPIMedia Limited	4.7
Initial consideration	**10.2**
Additional consideration representing cash left in the business on completion and for working capital being higher than normalised level	1.7
Total consideration	**11.9**
Comprising:	
Equity	7.2
Inter-company loan payable to JPIMedia Limited	4.7
Total consideration	**11.9**

On completion, £0.5 million was paid for equity and £4.7 million was paid to JPIMedia Limited in full settlement of the outstanding intercompany balance payable on completion.

In March 2021, £1.7 million was paid as equity consideration for cash left in the business at completion (£0.5 million) and the working capital at completion being in excess of normalised working capital (£1.2 million).

The £5.0 million deferred equity consideration is payable in two equal tranches, £2.5 million on 31 March 2022 and £2.5 million on 31 March 2023.

Capital raise and financing

Loan notes totalling £21.0 million (£20.0 million convertible secured and £1.0 million interest only unsecured) were issued to fund the acquisition of the JPIMedia Group, future investment and ongoing working capital requirements. The 10% convertible secured loan notes were issued in three tranches; £8.4 million in December 2020, £5.5 million on 21 January 2021 and £6.1 million on 8 February 2021. The £1.0 million 15% interest only unsecured loan notes were issued on 12 February 2021.

On 7 May 2021 the £20.0 million convertible secured loan notes, including accrued interest and 10% premium on conversion were converted to 205.4 million ordinary shares at £0.11 per share. The key cash flows for the acquisition of JPIMedia Group were:

£8.8 million of the funds raised were utilised during the period to fund the acquisition of JPIMedia Group and related capital raise costs:

- £0.5 million initial cash consideration for the equity;
- £4.7 million outstanding intercompany balance payable to the previous vendor (JPIMedia Limited);
- £1.9 million acquisition and costs relating to the capital raise. £0.2 million remains outstanding at the period end; and
- £1.7 million payment to JPIMedia Limited for completion working capital being higher than target. This included £0.5 million cash left in the business at completion.

The balance of net proceeds from the loan notes and cash held prior to the acquisition will be used to fund the future investment and development of the enlarged Group; and to the extent not covered by future cash flows, the £5.0 million deferred consideration for the acquisition.

Balance sheet

	As at 1 January 2022 £m	As at 31 December 2020 £m
Non-current assets	16.5	-
Current assets	36.0	12.7
Total assets	**52.5**	**12.7**
Current liabilities	(18.7)	(0.9)
Non-current liabilities	(5.0)	(8.4)
Total liabilities	(23.7)	(9.3)
Net assets	**28.8**	**3.4**
Equity		
Share capital	0.3	0.1
Share premium	24.6	4.7
Retained losses	3.9	(1.4)
Total shareholders' funds	**28.8**	**3.4**

The detailed balance sheet is shown on page 68. The key movements in the balance sheet arise from the acquisition of JPIMedia Group and related fund raise. In 2020, the balance sheet for Group Balance comprised cash of £12.7 million, short term creditors (predominantly costs in relation to the acquisition of JPIMedia Group (£0.8m)) and the initial £8.4 million convertible loan notes raised to fund the acquisition.

The acquisition of JPIMedia Group was completed on 2 January 2021. All the assets and liabilities of JPIMedia Group have been consolidated from 2 January 2021 contributing to the reshaping of the Balance sheet of the Group.

The acquisition was completed for £11.9 million (£7.2 million equity and £4.7 million debt acquired with the business). £0.5 million of the equity consideration and the £4.7 million debt acquired with the business was settled on Completion. A further £1.7 million additional consideration was paid in March 2021 representing cash left in the business on completion and working capital being higher than the agreed normalised level with the remaining £5.0 million equity payable in two tranches in March 2022 and March 2023.

The acquisition was funded through the issues of £20.0 million convertible secured loan notes (£8.4m in December 2020 and £11.6 million in January and February 2021) and £1.0 million interest only unsecured loan notes. The £20.0 million secured loan notes (including accrued interest) all converted to equity in May 2021 and the £1.0m interest only unsecured loan note is repayable in December 2023.

The provisional fair values and revisions made during the first half of 2021 and reported in the 2021 Interim results are as follows:

	31 December 2020 Provisional fair values £m	Revision	1 January 2022 fair values £m
Publishing and Digital intangible assets - provisional	11.0	(5.2)	5.8
Property, plant and equipment	1.4	-	1.4
Right of use assets	3.2	-	3.2
Trade and other receivables	13.3	-	13.3
Cash	0.5	-	0.5
Trade and other payables	(13.7)	-	(13.7)
Provisions	(0.5)	-	(0.5)
Lease obligations	(3.3)	-	(3.3)
Outstanding intercompany balance payable to JPIMedia Limited	(4.7)	-	(4.7)
Net assets	**7.2**	**(5.2)**	**2.0**
Goodwill	-	5.2	5.2
Total equity consideration	**7.2**	**-**	**7.2**

The £5.2 million reduction in Digital Intangible assets relates to additional information which confirmed that the value of these assets had been impaired as significant costs had been capitalised for projects no longer continued (i.e. digital acceleration).

In addition to the Goodwill on acquisition of £5.2 million, the Intangible assets comprises £5.3 million publishing rights and titles and £0.5 million Digital publishing assets.

The Right of use assets and lease obligations comprised of IFRS 16 property and car leases.

Net assets have increased from £3.4 million at the 2020 year end to £28.8 million, substantially driven by the conversion into equity of the £20.0 million secured loan notes and £5.3 million statutory profit after tax in the period.

During the period, the rationalisation of the property portfolio commenced with a reduction in office space as the Group adopted flexible working. This has resulted in one off costs for vacant space and lease obligations for a number of properties which have been fully or partially vacated at the end of the year. A non-recurring cost of £1.8 million has been charged in the period, with a £0.9 million onerous property provision held at the year-end.

Cash flow

	Adjusted FY 2021 £m	Statutory FY 2021 £m
Operating profit for the period	**9.3**	**2.1**
Amortisation of intangible assets	-	0.5
ROUA and tangible assets depreciation expense	0.8	2.2
ROUA impairment	-	0.9
Acquisition, loan note issue and share re-listing costs	-	0.8
Restructuring costs paid	(3.2)	-
Net increase in provisions	-	1.6
Changes in working capital:		
Decrease in receivables	0.2	0.2
Decrease in payables	(0.7)	(0.1)
Net cash inflow from operating activities	**6.4**	**8.2**
Investing activities		
Acquisition of subsidiaries	(2.2)	(2.2)
Cash acquired with subsidiaries	0.5	0.5
Subsidiary acquisition costs	(0.5)	(0.5)
Purchases of tangible assets	(0.2)	(0.2)
Repayment of funds owed to JPIMedia Limited	(4.7)	(4.7)
Net cash outflow from investing activities	**(7.1)**	**(7.1)**
Financing activities		
Interest paid	(0.1)	(0.3)
Principal repayment of leases	-	(1.6)
Issue of convertible secured loan notes	11.6	11.6
Issue of interest only unsecured loan notes	1.0	1.0
Capital raise and share issue costs	(1.5)	(1.5)
Net cash generated from financing activities	**11.0**	**9.2**
Net increase in cash and cash equivalents	10.3	10.3
Cash and cash equivalents at the beginning of the period	12.7	12.7
Cash and cash equivalents at the end of the period	**23.0**	**23.0**

The conversion of adjusted operating profit of £9.3 million into cash is 102% (£9.4 million comprising cash inflow from operating activities before restructuring costs, and after purchases of tangible assets).

Robust operating cash generation, the benefit of restructuring and low capital expenditure ensured the Group maintains a substantial cash balance and retains financial flexibility. As at 1 January 2022, the Company held £23.0 million (2020: £12.7 million) of cash.

From the total cash generated by the issue of loan notes of £21.0 million (£12.6 million in the period and £8.4 million in December 2020) £8.8 million was utilised to pay costs in relation to the acquisition of JPIMedia Group, capital raise and share issue (£2.2 million acquisition, £1.9 million capital raise and share issue costs and £4.7 million repayment of loan to JPIMedia Limited).

During the period adjusted operating cash flow of £6.4 million, proceeds from the issue of the loan notes (£12.6 million in the period) and £0.5 million cash left in the JPIMedia Group on completion was utilised to settle costs in relation to the acquisition, capital raise and share issue of £8.8 million and capital expenditure of £0.2 million with the remaining £10.3 million increasing cash balances from £12.7 million to £23.0 million.

Capital Expenditure

Capital expenditure on a Statutory basis includes new IFRS 16 lease commitments during the year and expenditure on IT equipment. The IFRS 16 lease expenditure during the year was limited and related to new company car leases. The key expenditure was on the replacement of laptops.

IFRS 16 lease commitments going forward are expected to be minimal as the Group continues to rationalise its property portfolio by moving to more flexible short term serviced accommodation. The rationalisation of the property portfolio commenced with a reduction in office space as the Group adopted flexible working. This has resulted in one off costs for vacant space and lease obligations for a number of properties which have been fully or partially vacated at the end of the year. A non-recurring cost of £1.8 million has been charged in the period, and £0.9 million provision is held at the year-end.

During the year, the Group incurred limited capital expenditure of £0.2 million on IT equipment, predominantly laptops. For 2022, capital expenditure is expected to be c£2 million as the IT Infrastructure is migrated to the Google Cloud Platform and certain systems and remaining IT equipment is replaced as it approaches the end of its useful life. Beyond 2022, capital expenditure is expected to be limited to c£1 million per annum.

Dividends

The Board is committed to provide strong returns to shareholders through a combination of share price growth and income. In the short to medium term, the Group will deliver shareholder value through a combination of acquisitions and investments to build on the successful acquisition of JPIMedia Group which was completed on 2 January 2021. To ensure the Group maintains financial flexibility and an appropriate level of financial headroom for investment and working capital, the Board is not proposing a dividend in respect of the 52 weeks ended 1 January 2022 and does not envisage paying dividends during 2022. The Board will review its dividend policy annually.

When dividends are declared, the Board expects to adopt a dividend policy which is aligned to the free cash generation of the business. The free cash generation for the purposes of assessing the dividend will be the net cash flow generated by the Group before the repayment of debt, dividend payments and other capital returns to shareholders. When setting the level of dividends the Board will ensure that the Group maintains adequate headroom for investment and working capital.

The Company will also consider the return of capital to shareholders through a share buyback if it has generated surplus cash and sees an opportunity to enhance earnings per share and therefore shareholder value. Prior to initiating a share buyback programme the Company will carefully consider the cash generation of the business and investment requirements.

Current trading and outlook

The Board is encouraged by the good start to the year and expects the Company to make continued progress in delivering its strategy for growth. There is some uncertainty in the trading environment because of inflationary pressures, in particular newsprint and printing costs, and global instability as a result of the Ukraine war.

Revenue in January and February 2022 was up 5.6% year on year with strong digital growth of 48%, partially offset by print revenue which is broadly in line with 2021. We are encouraged by the steady improvement in print and digital advertising trends as we recover from the pandemic and against weaker comparatives.

Key Performance Indicators

Significant progress has been made on improving the performance of the JPIMedia Group since completing the acquisition on 2 January 2021. Performance against the KPIs set for 2021 is set out on page 12. As we continue with our transformation programme, management has set some the following Key Performance Indicators for tracking performance in 2022:

For 2022, we continue to operate against the same KPIs as follows:

- *Digital audience.* Grow digital audience (page views) with a target of c200m average monthly page views by the end of 2022;
- *Revenue trends.* Improve revenue trends with KPIs that monitor a transition from dependency on print sales to increasing percentage of Group revenue from digital from the 15% achieved in 2021;
- *EBITDA* margin of at least 10%; and
- *Strong cash generation* to provide financial flexibility and headroom for investment.

Position of Company's Business

As at 1 January 2022 the Company's Statement of Financial Position shows net assets totalling £28.8 million (2020: £3.4 million), including a strong cash balance of £15.5 million. The Company has liabilities of £1.0 million interest only unsecured loan notes and the deferred consideration of £5.0 million payable in equal instalments in March 2022 and 2023.

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

The Company has three Executive Directors and four Non-Executive Directors. Mediaforce (Holdings) Limited ('Mediaforce'), which subscribed for £6.0 million of convertible secured loan notes and converted this into ordinary shares, has board appointment rights. Mediaforce can appoint one Non-Executive director if it has a shareholding of at least 15% and can appoint two Non-Executive directors if it has a shareholding of at least 20%. David Fordham was appointed, by Mediaforce, as a Non-Executive director on 29 September 2021.

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

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

Principal Risks and Uncertainties

The Company operates in an uncertain environment and is subject to a number of principal risks. As the Company completed the acquisition of the JPIMedia Group on 2 January 2021, the principal risks have been revised with a few combined into Strategy, and a number are no longer applicable as these related to the Company's ability to raise capital and execute an acquisition. The principal risks in 2020 and 2021 are summarised in the table below:

2020	2021
Strategy	Retained with a broader coverage of risks
Raising funding - The Company has proven its ability to raise capital to fund the acquisition of the JPIMedia Group	Not applicable as the Company has proven its ability to raise capital to fund the acquisition of the JPIMedia Group
COVID-19	Retained as a key risk due to ongoing implications and longer term impact on the economic outlook
Cyber security and data migration	Retained as a key risk and includes data migration programme due to move to Google Cloud platform
Loss of key senior management	Retained as a risk but no longer viewed as a key risk
Re-admission of the ordinary shares to a Standard Listing and to trading on the Main Market of the London Stock Exchange	Not applicable as re-admission was achieved in May 2021
Acquisition of JPIMedia Publishing Limited and its subsidiaries	Not applicable as acquisition now complete
Not applicable	Infrastructure and operations
Not applicable	Data Protection

Raising funding, the readmission of National World plc to the London Stock Exchange (completed in May 2021) and the acquisition of JPIMedia Group have been removed as risks from the risk register.

The Directors consider the following principal risks to the Company's activities although it should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

Issue	Risk/Uncertainty	Mitigation
Strategy	The news publishing sector continues to face ongoing challenges with newspaper circulation volume and print advertising in structural decline, increased competition in local markets with the launch of new online news sites and the dominance of Google and Facebook impacting the monetisation of digital websites through advertising and the multiple sources of news online impacting the growth of subscription and e-commerce revenue.	The Board has a strategy and a very experienced management team that is highly motivated to deliver against the strategy. The Executive Directors are fully engaged on the operating performance of the business and regular updates are provided to the Board on strategic initiatives.
COVID-19	COVID-19 continues to impact the UK economy and the Group's trading post acquisition.	The Directors are closely monitoring the commercial impact of the COVID-19 pandemic on the Group, the wider news publishing sector and the implications for the UK economy. The Company maintains significant financial flexibility considering the uncertain trading outlook and management are already taking steps to mitigate future implications on revenues and profits.
Cyber security and data migration	The Group is at risk of a cyber-attack on systems and websites	In-line with industry best-practice, multiple layers of security systems are in-place. These include managed firewalls, managed DDoS protection, anti-virus software, Single-Sign-On, ransomware protection and a managed email platform that has a number of sophisticated security configurations built-in. The principal news websites are hosted independently of the main IT infrastructure on Amazon Web Services under the management of a third-party vendor. An insurance policy was in-place that provided cover for cyber security-related issues until March 2022. Due to additional requirements for multi-factor authentication ('MFA') cyber insurance is not available from 1 April 2022. The Group is in the process of implementing MFA in the second quarter of 2022 with insurance resumed from the second half. A strategic programme to migrate all existing IT infrastructure to Google's Cloud Platform is underway. As well as providing increased physical security and resilience, this migration will provide an opportunity for a review of the cyber security risks for each workload being migrated and a reduction in the total number of systems in operation. The change advisory board regularly review the internal risk register and update accordingly in response to any identified issues.

Issue	Risk/Uncertainty	Mitigation
Infrastructure and operations	The Group is reliant on an effective and efficient infrastructure to support its operations. This includes a robust: IT Infrastructure, regulatory compliance framework, financial control environment and contracts with suppliers, in particular for our websites and printing and distribution of our newspapers. The operations of the Group will be adversely impacted by issues due to the loss of key infrastructure, weaknesses in the control environment and loss of key suppliers.	The Group has established a risk management framework which is overseen by the Risk Management Committee and chaired by the Chief Operating Officer and includes senior management representing all operations across the Group. The first meeting of the Risk Management Committee was held during March 2021. A strategic programme to migrate all existing IT infrastructure to Google's Cloud Platform is underway. As well as providing increased physical security and resilience, this migration will provide an opportunity for a review of the cyber security risks for each workload being migrated and a reduction in the total number of systems in operation.
Data protection - GDPR	Legal Counsel conducts assessments of data quality. Use of data is overseen by Legal Counsel and advice is sought by sales and marketing teams as and when data is being sourced. Implementation of GDPR is subject to ongoing monitoring and this includes mandatory company training, and working with IT and any other relevant departments, as required.	A Quality Manager within the Commercial team is responsible for ensuring all systems are GDPR & PCI compliant and that agents are updating the customer records in the CRM to ensure we are compliant and to ensure data is captured and managed within the ICO guidelines and GDPR requirements. All new supplier contracts are reviewed by Legal Counsel to ensure all required data protection provisions are included and signed up to by the supplier. All contracts are reviewed by the Legal team prior to signing. Intra-group data sharing agreement now complete. GDPR compliance across the Group is the subject of an ongoing improvement programme. Our newly appointed Legal Counsel will conduct a review of all policies and processes in the coming year. Training provided to all commercial new starters by Legal Counsel and L&D.

Group prospects and going concern

The Directors have assessed the Group's prospects, both as a going concern and its long-term viability, at the time of the approval of National World plc's Annual Report for the 52 weeks ended 1 January 2022. The Directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the Group's annual consolidated financial accounts. The assessment was based on review of the three year projections for the business which were considered by the Board when approving the budget for 2022. Management believe that a longer term assessment is not appropriate given the ongoing structural challenges facing print media and the changing landscape for digital. Key considerations in the assessment were:

- decline in print revenue;
- the ongoing impact of COVID-19 on revenue;
- management's ongoing mitigating actions in place to manage costs and cash flow;
- capital expenditure requirements, including the impact of the rationalisation of office space, migration of IT infrastructure to the Google Cloud Platform and ongoing maintenance capital expenditure requirements; and
- investment in digital resource and development.

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

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

The review concluded that the Group maintained significant financial flexibility with cash of £23.0 million as at 1 January 2022 and the Directors are satisfied that the Group will be able to operate with sufficient financial flexibility and headroom for the foreseeable future. The Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Composition of the Board

A full analysis of the Board, its function, composition and policies, is included in the Governance Report on pages 55 to 58.

Capital structure

The Company's capital consists of ordinary shares which rank pari passu in all respects and which are admitted to Standard Listing and to trading on the Main Market of the London Stock Exchange. There are no restrictions on the transfer of securities in the ordinary shares of the Company or restrictions on voting rights and none of the ordinary shares are owned or controlled by employee share schemes. With the exception of an arrangement with Mediaforce Holdings Limited which has the right to appoint two Non-Executive directors if it maintains a shareholding of greater than 20% or one Non-Executive director if it maintains a shareholding of greater than 15%, there are no arrangements in place between shareholders that are known to the Company that may restrict voting rights, restrict the transfer of securities, result in the appointment or replacement of Directors, amend the Company's Articles of Association or restrict the powers of the Company's Directors, including in relation to the issuing or buying back by the Company of its shares or any significant agreements to which the Company is a party that take effect after or terminate upon, a change of control of the Company following a takeover bid or arrangements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that may occur because of a takeover bid.

Our talented editorial teams

JPIMedia's editorial talent scooped awards across the year

The Scotsman, Scotland on Sunday and Edinburgh Evening News teams all won awards at the Scottish Press Awards 2021, as well in the Feature Writer, Sports Feature Writer and Young Journalist of the Year categories.

Our journalistic audio efforts were also recognised. Laudable podcast 'Weekend Bigots' won in the Best Podcast category at the Scottish Press Awards and Laudable podcast 'Alone Together' was named one of the best podcasts of the pandemic by Press Gazette. Local Democracy Reporter Lucy Ashton based in Sheffield won Best Use of Social Media at the Local Democracy Reporting Service Conference and Awards 2021. Our female journalists also dominated the Women in Local News Awards, winning in six categories including Outstanding Journalist of the Year and Editor of the Year. Earlier in 2021, Harriet Clugston and the Data and Investigations team were shortlisted for the Paul Foot Award for their modern slavery investigation. Nicola Adam of the Blackpool Gazette and Lancashire Post has been named a Class of 2022 Journalism Innovation & Leadership Programme Scholar.


Lancashire Post
'You know in your heart when something isn't right'
Police tell how they are tracking down the crime gangs trafficking people
SLIDING DOOR & HINGED WARDROBES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Get your 8 great pages of puzzles inside today
Modern slavery fears over sex workers
Police launch liaison role to protect vulnerable people
Praise for Afghan hero
Harvey tipped to make mark


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Your Post is now only 90p
Dave's 'virtual' retirement
Take a look at this barn conversion!
8-page football pull-out inside
Don't ignore it
6 weeks FREE home delivery
SPECIAL INVESTIGATION: SEE PAGES 10&11

Heat & Eat Campaign

Journalists across JPIMedia have teamed up to launch an important and timely campaign highlighting the huge impact that domestic fuel price rises will have on families.

The costs of gas and electricity are expected to rise by up to 50 per cent from an average £1,200 per year to £1,800.

As winter began, the Group highlighted the difficulties many people will have by launching the Heat & Eat initiative.

Our journalists believe that people should not have to choose between having a daily hot meal or heating their homes this winter. Everyone should be able to do both. As well as offering tips on how to heat homes more efficiently, we are also hoping to put pressure on decision makers to highlight the huge burden that steep cost of living increases puts on many families.

Sexual violence investigation

An investigation utilising Freedom of Information Act requests exposed a justice gap faced by victims from ethnic minorities when it comes to sexual and gendered violence. Data obtained from police forces in England, Wales and Northern Ireland revealed for the first time that police are significantly more likely to bring charges in rape, sexual assault and domestic violence cases when the victim is white, while figures from the Crown Prosecution Service also suggested white domestic abuse victims are more likely to see their attackers convicted in court once prosecuted.

In the wake of a widely criticised report from the Commission on Race and Ethnic Disparities, which was accused of understating systemic racism in the UK, and within the context of increased public concern around violence against women and girls following the death of Sarah Everard, the investigation put the impact of a lack of data on victim characteristics into sharp relief and made a strong argument for more robust data gathering in the criminal justice system.

The Domestic Abuse Commissioner for England and Wales said the “important investigation” had strengthened the case for more robust data gathering in the criminal justice system. The investigation was cited by the End Violence Against Women and Girls Coalition in written evidence to Parliament in a select committee enquiry into rape prosecutions. Localised data shared with our titles empowered regional journalists to hold their local police forces to account on the issue.

MPs’ expenses

Investigative reporters at nationalworld.com spent months scrutinising the MPs’ register of financial interests, meticulously building a database of Parliamentarians’ outside work commitments, property assets and gifts and hospitality receipts. When the Owen Paterson scandal hit Westminster, our team were ready with an unrivalled package of multimedia content shining a light on the extent of MPs’ extracurricular activities and potential conflicts of interests entailed therein.

The investigation received widespread attention – driving large audiences on search, social and through news aggregators – and the findings were featured during a segment on MPs’ second jobs on ITV’s Peston on Sunday show. Ethan Shone, one of two lead reporters on the project, was subsequently invited to submit evidence at a Parliamentary Select Committee enquiry into reforming the MPs’ code of conduct.

Corporate Social Responsibility

Our People

Our people are at the core of our business, driving performance and progress and have demonstrated resilience, commitment and dedication, adapting to new ways of working and embracing change to ensure the future success of the business.

In 2021 we have continued to adapt to the changes in the work environment resulting from the impact of the COVID-19 Pandemic and resultant restrictions imposed by the UK Government. We worked closely with our staff and provided support and increased flexibility:

- Successful transition to a predominantly home and hybrid working organisation;
- Provided ongoing support with home working equipment and assessments to ensure wellbeing; and
- Reorganised our offices to ensure a safe and healthy working environment.

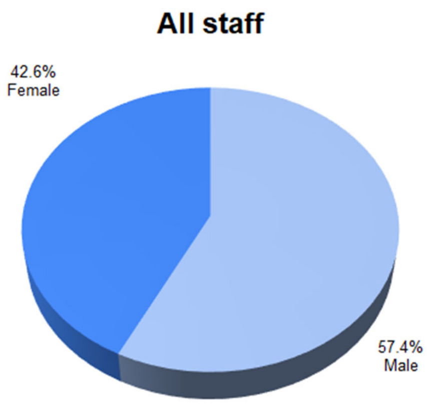
The increased flexibility has been welcomed by our staff with the majority of our staff now working from home or working flexibly and attending the office a few days a week.

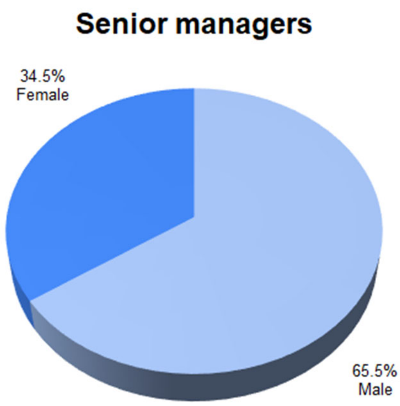
Whilst adapting to the new working practices we have continued to ensure the Group has the right structure and development to meet the ongoing structural challenges facing print media and opportunities to grow our digital operations:

- Led a strategic transformation of the business to set up for future success with the right roles and right people, delayering management structures and provided increased responsibility to our local management;
- Invested in the development of new websites with the recruitment of 27 journalists to the new "World" sites; and
- Invested in the digital technology and development team to ensure we have the right support for making the most of ongoing opportunities in this growing market; and
- Supported our teams and ensured we are developing the talent for the future with the hire of 13 new apprentices (six females and seven males).

At the year end, the Group had a total of 1,367 employees (43% female, 57% male) nationwide of which 1,216 were permanent or fixed term employees including 739 employees working in editorial (61%) and 292 employees working in commercial and distribution (24%).

Gender split of employees





Gender Pay Gap

In early 2021, following the acquisition of JPIMedia Group, steps were taken to delayer the organisation of a top heavy senior management team which composed of mostly very highly paid males. We can already observe a significant improvement in the gender pay gap when 2021 data is compared against 2020 data. Our reportable gender pay gap data, for 2020, is specific to JPIMedia Group the only operating companies within the National World plc group.

The median pay gap reduced from 12.4% in 2020 to 10.3% in 2021 and the mean pay gap reduced from 15.3% in 2020 to 10.8% in 2021. We saw higher bonus levels for males than the 2020 snapshot and this is a result of the previous executive team's historic management of compensation, in particular the payment of bonuses for senior management throughout 2020 despite the business contracting due to the coronavirus pandemic. The new management team will aim to reduce the gender bonus gap.

% pay difference between men and women

	2021		2020	
	Mean	Median	Mean	Median
Hourly Pay	10.8%	10.3%	15.3%	12.4%
Bonus difference	59.7%	31.3%	42.3%	12.7%

% of employees paid a bonus

	Bonus received	
	2021	2020
Male	15%	23%
Female	30%	42%

The data demonstrates that, taken as a whole, men are paid higher than women, however the trend is improving. We employ more men than women in senior roles and this is largely responsible for driving the variance. As a multi-media group that provides trusted, quality news for regional and local communities, we know that our voice has to be both fair and representative. The Board has committed to finding positive and effective solutions to address all aspects of diversity, but with a particular focus on supporting the development and progression of female talent.

Alongside our review process, we also aim to:

- Reduce the gender pay gap;
- Increase the gender balance in our management team through best practice recruitment and career development practices;
- Ensure we encourage and promote diverse candidate applications for all roles, but with a particular awareness of the requirement to increase diversity at senior level roles;
- Ensure we have targeted development plans for all staff regardless of gender, but with a particular awareness of any barriers to progression for female staff;
- Update training for all staff in equality, diversity and inclusion on an annual basis; and
- Address the gender diversity of our Board members.

Our full gender pay gap report will be published separately on our corporate website in line with requirements.

Transitioning to an agile business

Following the relaxation of COVID-19 restrictions and as part of the property strategy, a survey was conducted across each location to determine working preferences. It was very clear the majority of our workforce had a preference to work full time from home or become hybrid workers with increased flexibility. This outcome enabled the property strategy team to review all current office requirements and a number of offices have now closed or shrunk their floor space with further closures and shrinkages being considered for 2022. We recognise however that working from home more frequently does increase personal costs including electricity and gas, especially during the winter months. Following guidance from the HMRC the home and hybrid working policy was updated to include a number of allowances which home and hybrid workers are eligible for. We introduced a £26 a month home working allowance which any employee (whether full time or part time) who permanently works a minimum of 3 days per week at home is entitled to claim. Employee's place of work on the HR system must be either a permanent home worker or hybrid worker to be eligible for the home working allowance.

As the Company is obliged under health and safety legislation to ensure the health and safety of home workers in the same way as office-based staff, permanent home workers are also eligible to claim the home equipment grant which is a one off contribution payment of up to £150 to employees who work from home permanently, which the employee should use towards office furniture (i.e. desk and chair).

At the year-end, the Group had 356 agile or hybrid workers, 486 home workers with the remaining 374 staff working from office locations.

As part of the strategy to determine working preferences, we've issued a new roll out of display screen equipment ('DSE') home working assessments. This process assesses the current status of an individual's home working workstation set-up in line with DSE regulations. Support and guidance will be offered to individuals who are experiencing issues in order to resolve health and safety concerns. This process will be monitored and re-issued on an annual basis.

Additional DSE training guidance is planned for all staff during 2022, along with Fire Safety and general health and safety awareness.

Social distancing, whilst not currently mandatory, continues to be implemented where possible as part of our COVID-19 risk assessment. In addition hygiene protocols and enhanced cleaning regimes are also in force to mitigate the risk from infection. COVID-19 safety guidance varies slightly across our UK offices, dependent on Government guidance.

Early return into the business from furlough

As with many of our industry peers, the Group benefited from the Government's Coronavirus Job Retention Scheme which provided a grant to cover 80% of employees' salaries with immediate effect following the announcement in March 2020.

At the height of the COVID-19 pandemic, prior to acquisition, JPIMedia Group had 412 employees placed on furlough. Those placed on furlough were employed in roles across all functions of the business with the highest concentration being within the commercial function.

In March 2021, the Group returned all furloughed employees (152 individuals) to the business with effect from 1 April 2021, despite the Government's extension of the scheme to 30 September 2021. This decision coincided with the localisation strategy and returning local teams back to the business.

Despite the ongoing challenges of the COVID-19 pandemic, all staff earning less than £30,000 received an annual pay rise of 1.5% in April 2021 as staff had not had an annual pay review since 2019.

Employee Development

The Academy, our learning and development arm, has launched a new training platform to optimise the learning journey for all employees. The Academy team has started a new collaboration with Looop, the industry leader for Learning and Development.

The new platform aims to unlock collaboration across teams with more efficient training programmes that will enhance the employee career paths.

With a friendly and intuitive user interface, our teams and colleagues will be able to assume full responsibility for their learning opportunities and improve their skills through bite-sized content and engaging videos.

Health, safety, wellbeing and employee benefits

Employee safeguarding and whistleblowing

As a result of the new ways of working, contact with colleagues was often more limited and day-to-day interactions take place via many different platforms. We had to ensure that regardless of the way in which staff are now working, every individual had to feel safe in the workplace (be that home, office or another location), is treated with respect and has the ability to raise any concerns they may have about any aspect of their employment and/or the business. In light of this we have updated our Code of Conduct accompanied by a number of training modules.

We know people can be fearful of raising concerns relating to behaviour and suspected misconduct, so with this in mind we have introduced a whistleblowing hotline to enable employees to report any concerns they have confidentially. This external service is provided by SeeHearSpeakUp.

Alongside this, we have also relaunched our Employee Assistance Programme (EAP) provided by Health Assured. EAP is a confidential employee benefit designed to help you deal with personal and professional problems that could be affecting employee home or work life, health and general wellbeing. The helpline is available 24/7, 365 days a year and benefits available through this programme include counselling and legal information and guidance along with an online health and wellbeing portal accessible to you whenever you require it.

Flu vaccine

For the first time, in conjunction with Bupa, the Group ran a seasonal flu vaccination programme. Employees were able to obtain free flu vaccinations from their local pharmacies. The programme is designed to help reduce the spread of seasonal flu amongst employees who cannot get the vaccine through their local GP, and to protect those at increased risk of flu-related complications.

Employee benefits

In 2021 we introduced life cover for all employees and removed a historical pension link which required staff to be members of the pension plan to benefit from life cover. All employees now have 4x annual salary minimum life cover, regardless of pension membership.

In September 2021 we completed the pension link removal from our Group Income Protection (GIP) plan, previously only available to employees who had completed two years' continued contributions to the workplace pension. Removing the pension link allowed us to extend the GIP plan by amending the eligibility criteria to all employees reaching their two years' service anniversary date. In the event of a successful claim, GIP will provide a payment of 50% of annual salary in the event of long-term sickness following expiry of Company sick pay, for a maximum of two years. Eligibility for the plan terminates at age 70.

The Group contributes to two defined contribution schemes: the JPIMedia Publishing Limited Retirement Savings Plan, a defined contribution master trust; and The Scotsman Stakeholder Pension plan. Both plans are administered by Scottish Widows.

When National World acquired the JPIMedia Group, senior employees were offered an 'Executive tier' pension contribution of either 5% employee/10% employer or 6% employee/12% employer contribution. On 19 July 2021 the 'Executive Tier' was closed to new entrants, with new senior employees given the opportunity to join the 'Select Tier' of the pension scheme. The 'Select Tier' is a matched contribution scheme, with initial contribution levels of 5% employee/5% employer. After two years' service, employees can choose to 'increase' their contribution to a maximum of 8%, matched by the employer.

The pension scheme now operates a salary cap of £125,000 for pension contributions for all employees which came into effect on 6 September 2021.

Environmental footprint and mitigation

Summary of 2021 performance

Given the ongoing restructuring of the business, including moving away from office based working, we have not finalised GHG reduction targets. These significant changes will impact our base emissions and management plan to establish targets once the restructuring is complete.

All the Electricity directly under management control was 100% renewable.

Climate Change

We recognise the increasing importance of climate change triggered by greenhouse gases (GHG) from burning fossil fuels.

We plan to publish targets across 2022/2023. We have made progress in reducing emissions in our offices during 2021, although this needs to be seen in the context of impact of the COVID-19 pandemic with the majority of our employees spending part of 2021 working from home. Total GHG emissions associated with activities under direct control of management (Scope 1 and 2 emissions) fell by 27% in 2021 versus 2020. Business Travel using company vehicles fell by 33% with an increased use of video conferencing technology. In terms of Energy efficiency, our energy usage was reduced in 2021 due to the temporary closures of all our office buildings, the small number of offices where Electricity is under management direct control had reductions of 11% in 2021 versus 2020.

Environmental

The Group is committed to meet its environmental responsibilities, including monitoring the impact of its business activities on the environment and to design and implement policies to reduce any damage to the environment that may be caused by its activities. The company car fleet is leased as the vehicles are newer and more efficient and play a part in improving our environmental performance. We are reviewing the car policy with the aim to move to electric cars as the only option for company cars.

Employees working from home has continued to be the norm during 2021 with 75% spending some or all of their time at home. The Group does not expect this trend to change and as a result is actively reducing its office space with a trend towards utilising shared serviced offices.

Supply Chain

Contract Printing and Product Distribution Services

We remain committed to maximising the use of recycled paper through our contracted printing and product distribution services.

Key contractors measure and report the energy consumption and carbon emissions associated with the work they undertake on our behalf.

Transparency in supply chains

We are committed to ensuring that there is no slavery or human trafficking in our supply chains or in any part of our business. We expect our suppliers to adhere to the requirements of the Modern Slavery Act 2015, and we will undertake all reasonable and practical steps to ensure that these standards are implemented within our supply chain.

We maintain strong working relationships with our suppliers and partners, in order to enhance the efficiency of our business and create value, and make sure we treat suppliers in line with our values and ethical standards. We continually assess our supplier and partner network, and leverage both internal and external expertise to ensure appropriate relationships and fair economics.

Facilities and Office Environments

Management engages with its office providers and its facilities management provider to ensure a safe working environment for our employees.

Environmental management is overseen by the Chief Operating Officer. National World complies with the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013. We are also reporting in compliance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 known as SECR (Streamlined Energy Carbon Reporting). Energy consumption and GHG emissions have been calculated in line with the UK Government's Environmental Reporting Guidelines; including streamlined energy and carbon reporting guidance (March 2019).

There were no prosecutions or compliance notices for breaches of environmental legislation during 2021.

Climate Change Targets

The Group completed its first acquisition in 2021 and has started to build clear targets to support the environment. Progress in 2021 is set out below:

Climate Change Targets	Progress in 2021	2022 Onwards Target
Publish a medium-term carbon emission target by the end of 2022	Given the ongoing restructuring of the business, including a move away from office based working, we have not finalised targets. These significant changes will impact our base emissions and therefore management plan to establish targets when the restructuring and reorganisation is completed.	To be completed during 2022/2023.
Review of our vehicle fleet and publish a transition plan from Petrol & Diesel to Electric vehicles by the end of 2022	Evaluation process has been completed and we are planning for implementation in 2022.	New policy will be issued and implemented during 2022.
Continue to reduce our direct and indirect consumption of electricity in our offices	Consumption in 2021 was overall down 22% year on year. The business has continued to reduce its office footprint, however, higher levels of working from home has temporarily kept consumption at lower levels than would ordinarily be the case.	Make further progress on our property rationalisation strategy; reduce the amount of electricity used across our office portfolio year on year. Targets will be established during 2022.
Business Travel reporting commitment	Review is being undertaken to ensure that all travel is appropriate and that it is accurately reported and recorded.	Targets will be established during 2022.
Supply Chain		
We aim to maximise the use of certified recycled newsprint in our printed products	We buy newsprint through DMG Media who aim to optimise both the use of recycled newsprint and virgin fibre newsprint that is sourced from forests under recognised stewardship schemes such as PEFC or FSC.	We aim to maximise the use of certified recycled newsprint in our printed products.
We are committed to using 100% renewable energy in the offices we directly contract the supply	Achieved.	We are committed to using 100% renewable energy in the offices where we directly contract the supply.

Streamlined Energy Carbon Reporting has been presented from 2 January 2021, following National World plc's acquisition of JPIMedia Group.

The Streamlined Energy Carbon Reporting (SECR) data within the annual report has been collated using the GHG reporting protocol.

Business Travel for both owned company vehicles and other non-owned vehicles used for company business is detailed in the expenses system which includes the number of miles travelled calculated using postcodes entered by the employee for the start and end of each journey.

Grid Electricity & Gas where the premises are directly contracted is calculated using the data from the invoices received. Other Electricity supplied by landlords is converted to KwH using an estimated average rate per KwH.

Electricity for contracted printing and contracted Distribution mileage have been provided by the suppliers.

Streamlined Energy Carbon Reporting (SECR)	Consumption 2021	KwH 2021	GHG Emissions TCo2e 2021
Business Travel (company vehicles) miles	399,189	464,333	112
Total Scope 1		**464,333**	**112**
Total Scope 1 per million pounds turnover			**1**
Grid Electricity (all premises where directly contracted) kWh	372,482	372,482	87
Total Scope 2		**372,482**	**87**
Total Scope 2 per million pounds turnover			**1**
Other Electricity (indirect supply provided by landlords) kWh	627,471	627,471	146
Business Travel (road, not involving company vehicles) miles	315,842	367,384	89
Electricity for contracted printing (generation, transmission and distribution) kWh (1)	2,032,293	2,032,293	474
Contracted distribution miles (2)	967,419	1,125,292	276
Total Scope 3		**4,152,440**	**985**
Total Scope 3 per million pounds turnover			**11**
Total Scope 1,2,3		**4,989,255**	**1,183**
Total Scope 1,2,3 per million pounds turnover			**14**

Notes

- Scope 1 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent from emission sources that are under the operating control of National World.
- Scope 2 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by National World for its own use. Scope 2 emissions have been calculated using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Revised Edition.
- Scope 3 covers other indirect Greenhouse Gas emissions, i.e. where the sources are from emissions not owned by National World and where National World does not have operational control.
- Business Travel figures other than vehicle mileage have not been provided. Press trips paid for by 3rd parties are not recorded and not controllable by National World.
- (1) Consumption figures have been provided by external contractors. National World's largest external print contractor has only begun measuring the Electricity used against each print contract in 2021.
- (2) The figure for contracted distribution mileage is understated as our main wholesale contractors provide distribution services across the publishing industry and their distribution routes are not specific to National World. The totality of all the mileage undertaken by these wholesalers is not in the control of National World and would materially overstate the overall carbon impact.

Section 172 Statement

Under section 172 of the Companies Act 2006 ("Section 172"), a director of a company must act in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, considering the non-exhaustive list of factors set out in Section 172.

Section 172 also requires directors to take into consideration the interests of other stakeholders set out in Section 172(1) in their decision making.

The Company was a special purpose acquisition vehicle during 2020 and was seeking an acquisition. It completed the acquisition of the JPIMedia Group on 2 January 2021. The Company only had five employees in 2020, being the five Directors and this has increased to seven employees, being the current seven Directors on 1 January 2022, following the appointment of Daniel Cammiade and David Fordham as Non-Executive Directors. As the Board and business came together in conjunction with the admission to a Standard Listing and to trading on the Main Market of the London Stock Exchange of the Company's ordinary shares in September 2019, the Company has had regular interaction with its members and internal stakeholders during the 52 weeks ended 1 January 2022 (the "Reporting Period").

The Company's strategy continues to be to pursue opportunities in the news publishing and digital media sector and/or in associated complementary technologies and implement a new operating model to modernise and stabilise performance of print publishing through driving efficiencies by sharing services across the publishing industry and building a growing digital news publishing business. Post the acquisition of the JPIMedia Group on 2 January 2021 and the readmission of the Company's ordinary shares to a Standard Listing and to trading on the Main Market of the London Stock Exchange on 7 May 2021, the Company has a wide range of internal and external stakeholders, relations with whom the Board takes into consideration.

Engagement with our members plays an essential role throughout our business. We are cognisant of fostering an effective and mutually beneficial relationship with our members. Our understanding of our members is factored into boardroom discussions and decisions regarding the potential long-term impacts of our strategic decisions.

The Directors have continued to have regard to the interests of the Company's stakeholders, including the potential impact of its future activities and acquisition strategy on the community, the environment and the Company's reputation, when making decisions. The Directors will endeavour to continue to take all necessary measures to ensure the Company is acting in good faith and fairly between members and is promoting the success of the Company for its members in the long term.

The table below acts as our Section 172 statement by setting out the key stakeholder groups, their interests and how National World engages with them. Given the importance of stakeholder focus, long-term strategy and reputation to the Company, these themes are also discussed throughout this Annual Report.

Stakeholder	Their interests	How we engage
Investors	• Comprehensive review of financials • Business sustainability • High standard of governance • Success of the business • Ethical behaviour • Awareness of long-term strategy and direction	• Regular reports and analysis of investors and shareholders • Annual Report • Company website • Shareholder circulars • AGM • RNS announcements • Press releases • Trading Updates • Regular management meetings with shareholders
Regulatory bodies	• Compliance with regulations • Company reputation • Insurance	• Company website • RNS announcements • Annual Report • Direct contact with regulators • Compliance updates at Board meetings • Regular risk reviews • IPSO reporting

Stakeholder	Their interests	How we engage
Partners	• Business strategy • Application of acquisition strategy	• Meetings and negotiations • Reports and proposals • Dialogue with third party stakeholders where appropriate
Employees	• Success of the business • Business sustainability • Ethical behaviour • Awareness of long-term strategy and direction • Company reputation • Rewards/feeling valued • Development opportunities • Health, safety & well-being • Flexible working arrangements	• Employee intranet site with regular updates on what is happening within the business • Company website • Press releases • RNS announcements • Trading Updates • Annual Report • Regular manager meetings
Customers	• High-quality and accessible news • Long-term sustainability of news outlets • Response to advertisers from trusted local newsbrands	• Reader surveys • Competitions/Reader Offers/Promotions • Advertiser feedback from campaigns
Suppliers	• Business relationships • Financial performance of the Company • Prevention of modern slavery	• Risk assessment • Regular supplier meetings • Tender process for new contracts • New supplier approvals process • Efficiency reviews • Contingency planning

The Section 172 statement should be read in conjunction with the full Strategic Report and the Company's Corporate Governance Statement.

Approved by the Board on 17 March 2022

David Montgomery
Executive Chairman
17 March 2022

David Montgomery
Executive Chairman

David John Montgomery has a long history in the newspaper industry. Most recently, he was chief executive of Local World, an aggregator in the regional news area which was acquired by Reach (formerly Trinity Mirror) in 2015. Local World had been formed in 2013 by a merger of regional media companies of DMGT and the Yattendon Group, publishing around 100 regional print titles and associated websites.

David served as the editor of News of the World and as the editor and managing director of Today newspaper. He founded Mecom Group in 2000 and served as its chief executive until January 2011. At Mecom Group, he worked on several acquisitions to establish one of the leading European publishing and content businesses, delivered substantial cost savings and began to develop a new, flexible operating model fit to take commercial advantage of on-going changes in consumer behaviour, which saw particular success at Edda Media in Norway.

Prior to Mecom, David was chief executive officer of Mirror Group from 1992 to 1999, where he oversaw substantial restructuring and acquisitions culminating in its merger with Trinity to become Trinity Mirror.

David served as a director at the Press Association from 1996 to 1999, RSDB (one of Europe's largest print businesses) from 2006 to 2009, Royal Wegener (a large Dutch news publisher) from 2007 to 2011, and Scottish Television from 1994 to 1998. He graduated from Queen's University, Belfast in History and Politics.

David is chairman of Local TV, a network of eight public service broadcasting city channels.

Vijay Vaghela
Chief Operating Officer

Vijay Lakhman Vaghela is a chartered accountant and was formerly the Group Finance Director of Reach plc (formerly known as Trinity Mirror), he held this position from May 2003 until his resignation on 1 March 2019; he also served as Group Company Secretary.

Vijay also served as the Interim Chief Executive Officer of Trinity Mirror from June 2012 to August 2012 and from 1994 to 2003 held various roles in the Group including Deputy Finance Director, Group Treasurer, and Head of Internal Audit.

Vijay was a Non-executive director and Chair of the Audit and Risk Committee of Local World Holdings Limited between 2013 and 2015 and was a member of the audit committee of the Football Association for six years from 2011 to 2017.

Since September 2019 Vijay has been undertaking some short consultancy contracts providing advice to businesses on operational and finance structures and pensions. Vijay is a Non-executive director and Chair of the Audit and Risk Committee of Merit Group plc (formerly Dods Group plc).

Mark Hollinshead
Chief Commercial Officer

Mark Thomas Hollinshead has been involved in media and business all his working life.

Mark was the youngest ever managing director of the Daily Record and Sunday Mail and ran that business for 14 years from 1998 to 2012. He was appointed managing director of Mirror Group Newspapers in 2008, while continuing to manage the Scottish publishing business. Mark subsequently took up the role of Chief Operating Officer and director of Trinity Mirror, managing all publishing activity for over 200 news brands – both digital and in print. Prior to joining Trinity Mirror Mark was Managing Director of Midland Weekly Media, part of Midland Independent Newspapers Plc and Marketing Director of Thomson Regional Newspapers.

In 2015 Mark was appointed CEO of the Great Run Company, a position he held until 2017. The Great Run Company is one of the world's largest mass participation events businesses with events such as the Great North Run in the company portfolio.

In 2017 Mark formed Hollicom Ltd, a media and strategic communications consultancy of which he was the Chair until he sold the company on 13 December 2021. Following the acquisition of Express Newspapers Ltd by Reach Plc in February 2018 Mark was appointed Interim CEO of the acquired business during the six month "hold separate" period.

In addition to his executive positions, Mark was also chairman of Scottish Athletics from 2005 to 2008, president of the Scottish Newspaper Society from 2003 to 2005, and a non-executive director of the News Media Alliance from 2009 to 2015. From 2014 to 2020 Mark was a strategic adviser to Dentsu Aegis Network North, a division of Dentsu the world leading digital performance agency.

Stephen Barber
Non-Executive Director

Steve Barber has been an independent Non-executive director of several listed and private companies over the past decade.

Previously, Steve was chairman of Fenwick (2020-21), chairman of the audit committees of Fenwick (2017-21), intu Properties plc (2019-20), AA plc (2018-21), Next plc (2007-17) and Domino's Pizza Group plc (2015-19).

Prior to becoming a Non-executive director, Steve was a senior partner at Price Waterhouse where he led the Entertainment, Media and Communications group (1973-98), the chief financial officer of Mirror Group plc (1998-99) and subsequently a partner in Ernst & Young (2001-04).

In the private arena, Steve has been chairman of the Design Objectives Group (2013-18), a founder of AFC Energy plc, the founder of The Objectivity Partnership LLP, the chief operating officer of the Palladian Group and a director of several start-ups. Steve is a graduate of the London School of Economics.

John Rowe
Non-Executive Director

John Rowe has extensive experience in digital data insights and the understanding of on-line customer behaviour. Currently John advises and invests in a range of digital businesses including media and retail.

Until March 2020 John was chairman and chief executive officer of Clicksco where he grew the business to annual sales of over £80 million, he is currently Chairman of MediaQuest group.

John began his career at PricewaterhouseCoopers in 1979 and then worked at Sainsburys from 1983 to 2001 where he finished as managing director of International Operations.

John passionately believes that key to a successful business is the ability to truly understand its customers, and that the data insights available online can be used to transform the relationship between brands and customers.

Daniel Cammiade
Non-Executive Director

Daniel (Danny) Cammiade has over 35 years' experience in the regional press sector having held senior operational and strategic roles at both company and PLC board level for Johnston Press, including seven years as Chief Operating Officer.

On leaving Johnston Press, Danny formed his own consultancy business and has held advisory positions in international and UK organisations, including being Chief Executive of Tindle Newspapers Ltd, where he oversees the Company's interests in Radio, Newspapers and Property.

Danny is Chair of Isle of Man Newspapers and Channel FM (Jersey), a director at Island FM (Guernsey) and Midlands 103 in the Republic of Ireland.

He is also Independent Chair of Newsprinters, the wholly owned Printing & Logistical subsidiary of News UK. In addition to these positions Danny has held NED roles at Precision Colour Printing and Midlands News Association.

David Fordham
Non-Executive Director

David Fordham has completed over 50 years working in the media industry, with considerable experience in local newspapers, digital media, national and local television, as well as local radio.

David spent over 15 years working in various senior roles at EMAP newspapers, up until the sale of the newspaper division to Johnston Press in 1996. He then went on to become Chief Executive of Adscene plc.

Since the late 1990s David has worked closely with the Iliffe family and served as a main board director of Yattendon Group plc for over 15 years, until retiring from this post in 2018. David's association with the Iliffe family continues and he remains a trustee of the Yattendon Group Pension Scheme, as well as a Non-executive director of Iliffe Media Ltd and a number of subsidiary companies.

Most recently David has worked as an industry consultant, specialising in M&A and launch activity. Having led acquisitions in the Republic of Ireland as well as completing a number of transactions in England and Scotland.

David is currently Non-executive chairman of Highland News and Media Ltd.

As well as being a past President of the Newspaper Society, David has held board positions with professional sports and arts related organisations.

David Fordham was appointed, by Mediaforce, as a Non-Executive director to the Group on 29 September 2021.

The Directors present their report with the audited financial statements of the Company for the 52 weeks ended 1 January 2022. A commentary on the business for the year is included in the Chairman's Statement on page 5.

A review of the business is also included in the Strategic Report on pages 7 to 35.

Directors

The Directors of the Company and their beneficial interest in the Ordinary Shares of the Company at 1 January 2022 were as follows:

Director	Position	Appointed	Ordinary shares
David Montgomery	Executive Chairman	29/05/2019	19,231,631
Vijay Vaghela	Chief Operating Officer	12/07/2019	4,381,631
Mark Hollinshead	Chief Commercial Officer	12/07/2019	757,907
John Rowe	Non-Executive Director	12/07/2019	1,531,631
Steve Barber	Non-Executive Director	12/07/2019	1,531,631
Danny Cammiade	Non-Executive Director	01/01/2021	513,200
David Fordham	Non-Executive Director	29/09/2021	-

David Montgomery and Vijay Vaghela are each entitled to 35% and Mark Hollinshead is entitled to 30% of the potential share options awarded in a Value Creation Plan (VCP). Further details are provided in the Remuneration report on pages 41 to 54.

Qualifying Third Party Indemnity Provision

At the date of this report, the Company has a third-party indemnity policy in place for all Directors.

Substantial Shareholders

As at 1 January 2022, the total number of issued ordinary shares with voting rights in the Company was 259,432,801.

Details of the Company's capital structure and voting rights are set out in Note 27 to the financial statements.

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at 10th March 2022.

Party Name	Number of Ordinary Shares	% of Share Capital
Mediaforce (Holdings) Ltd	61,897,882	23.86%
Aberforth Partners	53,139,725	20.48%
Alasdair Locke	25,632,627	9.88%
David Montgomery	19,231,631	7.41%
Downing LLP	8,559,648	3.30%

Financial instruments

Details of the use of the Company's financial risk management objectives and policies as well as exposure to financial risk are contained in the Accounting Policies and Note 28 of the financial statements.

Dividends

The Directors do not propose a dividend in respect of the 52 weeks ended 1 January 2022.

Political donations

There were no political donations made during the year.

Future developments and events subsequent to the year end

Further details of the Company's future developments and events subsequent to the year-end are set out in the Strategic Report on pages 7 to 35.

Corporate Governance

The Governance report forms part of the Directors’ Report and is disclosed on pages 55 to 58.

Going Concern

The Directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the Group's annual consolidated financial statements.

In accordance with LR 9.8.6(3) of the Listing Rules, and in determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the Directors considered the factors likely to affect its future development, performance, and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities. Key considerations in the assessment were:

- The ongoing impact of COVID-19 on revenue;
- Management's ongoing mitigating actions in place to manage costs and cash flow;
- Capital expenditure requirements, including the impact of the rationalisation of office space, migration of IT infrastructure to the Google Cloud Platform and ongoing maintenance capital expenditure requirements; and
- Investment in digital resource and development.

Having considered the factors impacting the Group's businesses, including downside sensitivities, the £23.0 million cash held as at 1 January 2022, the Directors are satisfied that the Group will be able to operate with sufficient financial flexibility and headroom for the foreseeable future.

The Directors have reasonable expectations that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group's annual consolidated financial statements.

Viability statement

The Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. The Directors assessed the prospects of the Group over a three-year period which reflects the budget for 2022 and projections for 2023 and 2024 in line with the planning cycle adopted by the Group. A three-year period is adopted as it enables the Directors to consider the impact of declining print revenues, investment to drive growth in digital and ongoing restructuring costs required to support profits and cash flow. The assessment considers the Group's current financial position and the principal risks and uncertainties facing the Group including those that would threaten the business model, future performance, solvency or liquidity.

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

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

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

Principal Activity

The Company's principal activity is to operate in the news publishing sector. Following the acquisition of the JPIMedia Group, potential future acquisition and investments will support the transformation of the sector.

The principal activities of the Group are to meet the wide-ranging news and information needs of numerous local communities across the United Kingdom. The Group operates a portfolio of print and digital publications providing advertisers with a range of market access and readers with trusted local content.

Auditors

Crowe U.K. LLP has expressed its willingness to continue in office and a resolution to reappoint the firm will be proposed at the Annual General Meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report alongside 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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 Company and of the profit or loss of the Company for that year. The Directors are also required to prepare financial statements in accordance with the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA for companies whose ordinary shares are admitted to the Standard Listing.

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 applicable IFRSs as adopted by the UK have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Remuneration Committee Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible to make a statement that they consider that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for the shareholders to assess the Company's position and performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement of Directors' responsibilities pursuant to Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 36-37 confirm that, to the best of their knowledge and belief:

- the financial statements prepared in accordance with IFRS as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Annual Report and financial statements, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The report of the Directors was approved by the Board on 17 March 2022 and signed on its behalf by:

David Montgomery
Executive Chairman
17 March 2022

Dear Shareholder

On behalf of the Board, I am pleased to present our Remuneration Report for the 52 weeks ended 1 January 2022. In this report I will provide an update of the remuneration of both the Executive and Non-Executive Directors over the last twelve months.

This Report has been prepared in accordance with the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations) and, after this introductory letter, is split into two areas: the Remuneration Policy and the Remuneration Report.

Remuneration Committee

The Remuneration Committee comprises myself as chair, Steve Barber and Daniel Cammiade and will meet at least twice each year. Each of us are independent Non-Executive Directors.

The Committee is primarily responsible for determining and recommending to the Board the policy for the remuneration and employment terms of the Executive Directors and, in consultation with the Executive Chairman, for determining the remuneration packages of other senior executives. The Committee is also responsible for the review of share incentive plans and performance related pay schemes and their associated targets and for making recommendations, to the Board, in connection with them. It is also responsible for the oversight of employee benefit structures across the Group. No Director or other senior executive is involved in any decisions as to their own remuneration. The Committee's terms of reference are reviewed and approved by the Board annually and are available on the Company's website.

	Meetings attended
John Rowe (Chair)	1
Steve Barber	1
Daniel Cammiade	1

Remuneration Policy

As stated in our 2019 and 2020 Remuneration Reports, prior to the completion of an acquisition, National World did not have a formal remuneration policy on the basis that director compensation remained minimal whilst the Company was a special purpose acquisition vehicle seeking a transaction. The de facto current Remuneration Policy was laid out in our 2019 Remuneration Report and approved unanimously by Shareholders at our 2020 AGM.

Under this Policy, the Remuneration Committee has extensive discretionary powers to set new remuneration arrangements on completion of an acquisition that are commensurate with the business acquired. We stated that depending on the scale of the business acquired, the Remuneration Committee would expect to change salary levels of the existing Executive Directors, set salaries and compensation and introduce benefits, pension, annual bonus and long term incentive arrangements which are competitive and in line with market practice and governance guidelines and which would be designed to align the interests of shareholder growth and director compensation. The policy stated that the precise nature of the scope and extent of such revisions would be entirely dependent on the nature of the acquisitions.

The policy includes the Value Creation Plan (VCP) put in place on 19 September 2019 to support the delivery of our strategy, to retain key executives and reward them for driving the successful delivery of the strategy. The VCP operates over a performance period commencing on Admission and ending on the date of publication of the Company's results for the financial year ending 31 December 2022. The VCP is intended to give plan participants an entitlement to a percentage share in a pool of returns delivered to Shareholders above a hurdle rate of return to be awarded as nominal cost options. Further details of the VCP are included later in this report.

We stated in last year's report that a new Policy would be put to shareholders at the Annual General Meeting (AGM) in 2022. In preparation for this the Remuneration Committee carried out a comprehensive review of executive remuneration and having concluded that review, the Company is putting forward a revised Remuneration Policy. The Policy is subject to shareholder approval and, if approved, will become effective from the date of the AGM.

The new Policy is intended to be conventional, in line with market and good practice for UK growth quoted companies. The Group's Remuneration Policy is designed to ensure that it can attract, retain and motivate executives and senior management of the right quality to enable it to fulfil its strategic objectives and deliver long-term sustainable growth. The retention of key management and the alignment of management incentives with the creation of shareholder value is a key objective of this policy.

The proposed policy has four main elements, base salary, benefits (including pension), annual performance related bonuses and long-term share incentives. Each element is pitched to be effective and attractive. Salary and benefits will be set at appropriate levels to attract and retain high quality management. A significant proportion of total remuneration is performance-based using a structure which is common among UK growth quoted companies including an annual bonus plan to be based on objective financial, operational and strategic targets and annual long term incentive awards based on meeting demanding objective three year performance targets.

The Policy is intended to reflect the current scale of the business whilst having the flexibility to allow for development as the Company builds its operations over the three year Remuneration Policy period. Full details of the Policy and how we intend to implement it are provided below.

No long term incentive awards were made during 2021.

2021 Review

In December 2020, when the acquisition of the JPIMedia Group was being finalised, we undertook a preliminary review of the remuneration of the Executive and Non-Executive Directors and recommended a revision to the remuneration of the Directors subject to completing the acquisition of the JPIMedia Group. From 1 January 2021, the annual salaries of Executive Directors were increased from £5,000 to £120,000. The Executive Directors were also provided a pension supplement of 10% of their annual salary in lieu of pension benefits. The annual fees of Non-Executive Directors were increased to £20,000 with additional fees payable to the Chairman of the Audit & Risk Committee and the Chairman of the Remuneration Committee of £10,000 and £5,000 respectively.

After re-admission and conversion of the £20 million secured convertible loan notes for the acquisition of JPIMedia Group to shares in National World on 7 May 2021 a full review of salaries and the full remuneration packages was undertaken, with support from our Remuneration advisers h2glenfern Remuneration Advisory, with changes implemented on 1 July 2021. The annual salaries of Executive Directors were increased to £200,000. The annual fees of Non-Executive Directors were increased to £30,000 with additional fees payable to the Chairman of the Audit & Risk Committee and the Chairman of the Remuneration Committee increased to £15,000 and £10,000 respectively and a fee of £10,000 payable for the Senior Independent Director.

Given the ongoing challenges arising from COVID-19 and the benefit of £0.5 million from the Government's Coronavirus Job Retention Scheme, there was no annual bonus scheme for Executive Directors or Senior Management for 2021.

Arrangements for 2022 are set out in the Remuneration Report.

Remuneration in 2022

The Company will operate remuneration in 2022 in line with the new Policy, subject to its approval at the 2022 AGM.

Salaries and pension

The annual salaries of the Executive Directors will be increased by 3.00% effective 1 April 2022 to £206,000, in line with the minimum increase proposed for all staff. The pension supplement was reduced from 10% to 8% of annual salary and capped at £125,000. As such, pension arrangements for Executive Directors are in line with arrangements now in place for all staff.

Annual bonus

The Company will operate an annual bonus plan for 2022 based on financial and operational targets including EBITDA performance weighted at 67% and digital revenue performance weighted at 33%. The maximum bonus opportunity will be 60% of salary for each Executive Director. Precise information on the performance targets will not be disclosed in advance as it is commercially sensitive but will be disclosed retrospectively.

For 2022 a bonus scheme is being implemented for all staff. Staff will be entitled to a small bonus in the event a bonus is payable to the Executive directors. The bonus targets will be aligned to targets set for the Executive Directors. All staff in the Group who do not participate in a specific bonus scheme (ie commercial staff and senior management staff) will participate in the staff bonus scheme.

Long term incentives

The Company expects to make long term incentive awards in line with the Policy shortly after, and subject to approval of the Policy at the 2022 AGM. Awards will have a value of 100% of salary for the Executive chairman and 75% of salary for the other Executive directors and will be subject to three year performance targets: 50% absolute total shareholder return (TSR) and 50% earnings per share. The performance targets will be set at the point of award and disclosed in the announcement of awards and in next year's annual report.

Non-Executive Director remuneration

Subject to some exceptions, the remuneration of Non-Executive directors will be reviewed every three years with the next review to be for the financial year 2024. There will be certain circumstances where remuneration or additional fees for Non-Executive directors will be reviewed in the interim period. This could include changes arising following an acquisition and/or additional responsibilities being undertaken by Non-Executive Directors.

Engagement with shareholders

The Board is committed to sound corporate governance and has adopted the UK FRC Corporate Governance Code. We welcome dialogue with shareholders on Directors' Remuneration. At our 2022 AGM, this Remuneration Report will be put to an advisory vote and our new Remuneration Policy will be put to a binding vote.

On behalf of the Committee, I thank you for your support in 2021 and hope that you find this report increasingly helpful and informative.

John Rowe
Chairman of Remuneration Committee
17 March 2022

Remuneration Policy

This section of the report sets out the Directors' remuneration policy as determined by the Remuneration Committee. It is subject to shareholder approval at the 2022 AGM. Prior to the acquisition of JPIMedia Group, National World did not have a formal remuneration policy. The de facto current policy, which was approved unanimously by shareholders at our 2020 AGM, included discretionary powers to set arrangements on completion of an acquisition which were used during 2021 as outlined earlier in this report. .

The Policy below is National World's first formal remuneration policy and all aspects are subject to significant change. As such, summarising specific changes is not useful.

Purpose

The Group's Remuneration Policy is designed to ensure that it can attract, retain and motivate executives and senior management of the right quality to enable it to fulfil its strategic objectives and deliver long-term sustainable growth. The retention of key management and the alignment of management incentives with the creation of shareholder value is a key objective of this policy. In addition, the Committee seeks to keep Executive Director remuneration consistent with the Company's culture and to take account of the effects of Executive Directors' remuneration on the workforce and other stakeholders.

Remuneration policy table

Purpose and link to strategy	Operation	Potential remuneration	Performance metric
Base salary			
This is the core element of pay that reflects the individual's role and position within the Group. Staying competitive in the market allows us to attract and retain high calibre executives with the skills and experience to deliver our strategy.	Base salaries are typically reviewed annually, with any changes effective from 1 April, but exceptionally may take place at other times of the year. When determining an appropriate level of base salary, the Committee considers Group performance, the role, responsibilities, experience and personal performance of the Director; the general salary increase for all staff. In addition to the above, salaries may be independently benchmarked from time to time against comparable roles quoted companies of a similar size and complexity.	The actual base salaries paid to the Executive Directors and those set for the current year are disclosed in the Annual Report on Remuneration.	Not applicable
Benefits			
A comprehensive benefits package is offered to complement basic salary to attract and retain executives.	Reviewed from time to time to ensure that benefits when taken together with other elements of remuneration remain market competitive. The Executive Directors are provided with Life cover of 4x salary and private medical cover for them and their spouses.	The cost of providing these benefits varies year on year depending on the schemes' premiums. The Remuneration Committee monitors the overall cost of the benefits package.	Not applicable
Pension			
Provides a competitive and appropriate pension package. To provide retirement benefits which, when taken together with other elements of the remuneration package, will enable the Group to attract and retain executives.	The Executive Directors may participate in the Group's defined contribution (money purchase) pension scheme or receive a pension supplement of equivalent cost to the Company. All eligible staff in the Company may participate in the Group's defined contribution pension scheme.	The pension supplement is 8% of salary capped at £125,000. As such, pension arrangements for Executive Directors are in line with arrangements in place for all staff.	Not applicable

Purpose and link to strategy	Operation	Potential remuneration	Performance metric
Annual Bonus To incentivise the achievement of the Group's annual financial targets, or other near-term strategic objectives.	The Executive Directors and other senior executives will participate in a discretionary, annual, performance-related bonus scheme. Annual bonus is normally paid in cash. The Remuneration Committee at its discretion may determine that a proportion of any bonus that it awards may be deferred into an allocation of shares or grant of options. Annual bonus is subject to clawback and malus provisions.	The maximum bonus deliverable under the plan is up to 100% of annual base salary for the Executive Directors. The Committee may apply a lower maximum bonus opportunity in any given year.	Bonus awards are based on annual performance against stretching Group financial, operational, personal and strategic objectives. The choice, weighting and pitching of performance targets may be varied from year to year.
Long-Term Incentive Plan ("LTIP") To align the interests of executives with those of shareholders; to motivate and incentivise delivering sustained business performance over the long-term; to aid retention of key executive talent long term.	*The Executive Directors and other senior executives may participate in a discretionary LTIP.* *The plan entitles participants to an allocation of, or options over, free (or nominal value) shares after a performance period of three years (or any other period as the Committee may decide), subject to certain performance and service conditions being met.* *Participation is at the discretion of the Remuneration Committee. Awards will typically be made annually based on a multiple of annual salary. Performance conditions are set by the Remuneration Committee at the time of the award. The plan rules amongst other things include clawback and malus provisions and a limitation to ensure that new shares issued, when aggregated with all other employee share awards, must not exceed 10% of issued share capital over any ten-year period excluding the VCP.* *Awards made after the company is admitted to the UK Premium List will be subject to a two year post vesting holding period.*	The Remuneration Committee would in normal circumstances expect to make annual LTIP awards to the Executive Directors at a value of up to 100% of base salary to the Executive Chairman, Chief Operating Officer and Chief Commercial Officer. In the event of recruitment only, there is a limit of 150%. The Committee may make lower annual LTIP awards in any given year. The Committee expects to increase the maximum bonus opportunity as the Group grows but within the limit specified above.	The vesting of LTIP awards is conditional upon the successful achievement of financial, operational, share price and strategic performance conditions over the performance period, which are set by the Remuneration Committee at the time of the award. Performance conditions may include compound annual growth in adjusted earnings per share ("EPS"), and compound annual growth in total shareholder return ("TSR") and other objectives. For future LTIP awards the Remuneration Committee will assess what performance conditions and associated weightings it considers appropriate in supporting the Company's strategy and longer-term objectives.

Purpose and link to strategy	Operation	Potential remuneration	Performance metric
Shareholding guidelines Encourages Executive Directors to build a meaningful shareholding so as to further align their interests with shareholders.	Each Executive Director is expected to build up and maintain a shareholding in National World plc equivalent to 100% of base salary. The shareholding includes beneficially owned shares, vested LTIPs on an after-tax basis and bonuses deferred into shares on an after-tax basis. If an Executive Director does not meet the guidelines, the Remuneration Committee may delay the release of 50% of LTIPs at the end of the holding period until the requirement is met. If and when the Company is admitted to the UK Premium List, it will apply a requirement to hold shares corresponding to the lower of the Shareholding Guidelines or their holding on departure for 2 years post cessation.	Not applicable.	Not applicable.

2019 Value Creation Plan

The VCP was put in place on Admission in September 2019 to support the delivery of the Company's strategy and to retain the lead executives and reward them for driving its successful delivery. Up to the date of this document, the VCP is the Company's sole long-term incentive plan for current Executive Directors. No further awards will be made under the VCP and, as such, it does not form part of the ongoing Remuneration Policy.

The VCP operates over a performance period commencing on admission to a Standard Listing and to trading on the Main Market of the London Stock Exchange (September 2019) and ending on the date of publication of the Company's results for the financial year ending 31 December 2022 (the "Performance Period End Date"). The VCP is intended to give plan participants an entitlement to a percentage share in a pool of returns delivered to Shareholders above a hurdle rate of return to be awarded as nominal cost options ordinarily vesting on the 21st dealing day following the Performance Period End Date ("Vesting Date") over a number of Ordinary Shares determined immediately prior to the Vesting Date. The initial base Ordinary Share price for the VCP is the placing price of 10p, subject to any share consolidation. A two-year holding period will apply to vested awards if the Company is admitted to a Premium Listing at the Vesting Date.

The overall effect of the VCP is that the participants together will be able to earn Ordinary Shares equivalent in value to 10% of any equity value created above an 8% compound annual growth rate based on the measurement of absolute total shareholder return generated over the VCP performance period. In other words, until shareholders receive an 8% p.a. return, the VCP will not pay out. Beyond that, participants may in aggregate receive 10% of any further equity value created subject to a cap of 10% of issued Ordinary Share capital. The equity value created is calculated under the plan as the market capitalisation of the Company at the end of the VCP performance period less the net invested capital in the Company. The net invested capital in the Company is the equity value of the Company on Admission plus any additional Ordinary Shares issued multiplied by the price per Ordinary Share at which they are issued increased by the compound annual hurdle of 8% from the date of issuance up to the end of the VCP performance period and less all amounts paid by the Company by way of dividends or other distributions in respect of the Ordinary Shares over the relevant period.

The VCP contains malus and claw back provisions in circumstances of a material misstatement resulting in an adjustment in the audited accounts, gross misconduct and fraud effected by or with the knowledge of the participant.

Awards will normally lapse immediately upon a Participant ceasing to be employed by or holding office with the Group. For good leavers (including death, ill-health, injury, disability, redundancy, retirement with the agreement of their employer the Participant being employed by a company which ceases to be a Group company or in other circumstances at the discretion of the Remuneration Committee) awards will ordinarily vest on the normal vesting date subject to pro-rating for time.

In the event of a takeover, scheme of arrangement, demerger or winding-up of the Company, awards will vest in full, and Options will become immediately exercisable, subject to the application of the formula over the period to the change of control. Alternatively, Participants may be allowed to exchange their Awards and/or Options for options over shares in the acquiring company.

Entitlements of participants in the pool of returns are split as follows: David Montgomery, Executive Chairman – 35%, Vijay Vaghela, Chief Operating Officer – 35%, Mark Hollinshead, Chief Commercial Officer - 30%.

Policy on Non-Executive Director Remuneration

Purpose and link to strategy	Approach to setting fees	Other items
Non-Executive Directors' fees To enable the Company to recruit and retain Non-Executive Directors of the highest calibre, at an appropriate cost.	Non-Executive Directors are paid a basic annual fee. Additional fees may be paid to Non-Executive Directors who chair the Board, chair a committee and to the Senior Independent Director (SID) or take on additional responsibilities. With the exception of changes required following substantial acquisitions or changes in responsibilities, Non-Executive Directors fees are reviewed every three years with changes effective from 1 January each year. Non-Executive Directors are entitled to be reimbursed for reasonable expenses as would be a Non-Executive chair if one were appointed during the policy period. The Non-Executives' fees are approved by the Board on the recommendation of the Chairman and the Executive Directors. The Non-Executive Directors are not involved in any decisions about their own remuneration.	Non-Executive Directors are not entitled to receive any compensation for loss of office, other than fees for their notice period. They do not participate in the Group's bonus, LTIP, employee share plans or pension arrangements, and do not receive any employee benefits.

Service contracts and letters of appointment

The current Executive Directors each have a service contract with the Company which provides for a notice period of up to 12 months from either party. It is intended that this policy would also apply to new appointments of Executive Directors. Non-Executive Directors are appointed pursuant to a letter of appointment for an initial period of three years, which may be subject to renewal thereafter. Appointments may be terminated by either the Company or the Non-Executive Director giving three months' notice. Save in respect of retirement by rotation, a Non-Executive Director being removed from office may receive an amount equal to the fee during any remaining notice period.

	Date of contract	Notice period
Executive		
David Montgomery	1 July 2021	12 months
Vijay Vaghela	1 July 2021	12 months
Mark Hollinshead	1 July 2021	12 months
Non-Executive		
John Rowe	1 July 2021	3 months
Steve Barber	1 July 2021	3 months
Daniel Cammiade	1 July 2021	3 months
David Fordham	29 September 2021	3 months

Explanation of performance measures

For both the annual bonus and LTIPs, the objective of our Policy is to choose performance measures which help drive and reward the achievement of our strategy and which also provide alignment between Executives and shareholders. The Remuneration Committee reviews metrics annually to ensure they remain appropriate and reflect the future strategic direction of the Group. Targets for each performance measure are set by the Committee with reference to internal plans and external expectations. Performance is generally measured so that incentive payouts increase pro rata for levels of performance in between the threshold and maximum performance targets. With regard to the annual bonus, the Remuneration Committee believes that a simple and transparent scheme with sufficiently stretching targets and an element of bonus deferral prevents short-term decisions being made and ensures that the Executives are focused on the delivery of sustainable business performance. With regard to the LTIP, the Committee believes in setting demanding objectives, which reward progressive growth, in order to incentivise and encourage long-term growth and enhance shareholder value. Performance measures and targets are disclosed in the Annual Report on Remuneration. In cases where targets are commercially sensitive, for example annual profit targets for the annual bonus, they will be disclosed retrospectively in the year in which the bonus is paid.

Committee discretion, flexibility and judgement in operating the incentive plans

In line with market practice and the various scheme rules, the Remuneration Committee retains discretion relating to operating and administering the annual bonus and the LTIP. This discretion includes, but is not limited to:

The Discretionary Annual Bonus Plan: the scheme participants, the review of and setting of annual performance measures and targets, the determination and calculation of any bonus payment, including upward or downward adjustment as appropriate, the timing of any bonus payments, the determination of the proportion of any bonus award that is deferred into an award under the terms of the deferred bonus plan, the determination of the treatment of leavers depending on the circumstances, overriding Committee discretion.

The LTIP Plan: the scheme participants, the form and timing of the grant of an award, the size of awards made, the setting of appropriate performance measures, the determination of the treatment of leavers depending on the circumstances, discretion relating to vesting in the event of a change of control of the Company, the ability to substitute a cash equivalent in place of shares, to make appropriate adjustments to awards required in certain circumstances e.g. demerger, capitalisation or rights issue, or other restructuring events, to change any performance or other condition applying to an award, if any event or series of events happen, which results in the Remuneration Committee considering it is fair and reasonable to make such change, overriding Remuneration Committee discretion.

Malus and Clawback

Malus and clawback provisions apply to the annual bonus and LTIP. Malus and/or clawback may apply to annual bonus awards, including any deferred awards for a period of two years and to Performance Share Plan awards in the period up to the fifth anniversary of grant, in the event of: a material misstatement of results; gross or serious misconduct; an error or misstatement which has resulted in a material overpayment to the participants; a significant failure of risk management within the Company or any Group Member; significant reputational damage to the Company or any Group Member; the participant leaving in circumstances which, had all the facts been known, would have resulted in the award lapsing; or any other circumstances that the Remuneration Committee, in its discretion, considers to be similar in nature or effect to those above.

Remuneration arrangements across the Group

The principles behind the Remuneration Policy for Executive Directors are cascaded down through the Group and their aims are to attract and retain the best management and staff and to focus their remuneration on the delivery of long-term sustainable growth by using a mix of salary, benefits, bonus and longer-term incentives.

As a result, no element of the Executive Director Remuneration Policy is operated exclusively for Executive Directors: The annual performance related pay scheme for Executive Directors is largely the same as that of the other senior managers within the business and all are aligned with similar business objectives. Participation in the LTIP is extended to the senior managers where possible. The pension scheme is operated for all permanent staff.

The main difference between pay for Executive Directors and employees is that, for Executive Directors, salaries are higher, the variable element of total remuneration is greater while the total remuneration opportunity is also higher to reflect the increased responsibility of the role.

How employee pay is taken into consideration

The Remuneration Committee does not consult directly with employees when determining the Remuneration Policy for Executive Directors. However, as stated above, the annual bonus is operated for other employees to ensure alignment of objectives across the Group and the terms of the pension scheme are the same for all permanent employees. In addition, the Committee compares information on general pay levels and policies across the Group when setting Executive Director pay.

All-colleague share schemes

In the event an all-colleague share scheme is introduced all Executive Directors, where eligible for participation in all-colleague share schemes, will participate on the same basis as for other employees.

Shareholder views on remuneration

The Remuneration Committee will consider shareholder feedback received on the Directors' Remuneration Report each year and guidance from shareholder representative bodies more generally. Shareholders' views are key inputs when shaping Remuneration Policy. When any material changes are proposed to the Remuneration Policy, the Remuneration Committee Chair will consult with major shareholders in advance.

Policy on recruitment

The principle applied in the recruitment of a new Executive Director is for the remuneration package to be set in accordance with the terms of the approved Remuneration Policy for existing Executive Directors in force at the time of appointment. Further details of this Policy for each element of remuneration are set out below.

Salary

Salaries for new hires, including internal promotions, will be set to reflect their skills and experience, the Company's intended pay positioning and the market rate for the applicable role. Where it is appropriate to offer a salary initially below median levels, the Remuneration Committee will have the discretion to allow phased salary increases over a period of time for newly appointed Directors, even though this may involve increases in excess of the rate for the wider workforce and inflation.

Benefits and pension

Benefits will be provided in line with those offered to other Executive Directors, taking account of local market practice, with relocation expenses or arrangements provided if necessary. The Company may also pay legal fees and other costs incurred by the individual. These would all be disclosed. Pension would be set in line with the workforce level.

Incentive opportunity

The aggregate ongoing incentive opportunity offered to new recruits will be no higher than that offered under the annual bonus plan and the LTIP to the existing Executive Directors. Different performance measures and targets may be set initially for the annual bonus plan, taking into account the responsibilities of the individual and the point in the financial year at which they join.

"Buyout" awards

Sign-on bonuses are not generally offered by the Company but, at Board level, the Committee may offer additional cash and/or share-based "buyout" awards when it considers these to be in the best interests of the Company and, therefore, shareholders, including awards made under Listing Rule 9.4.2R. Any such "buyout" payments would be based solely on remuneration lost when leaving the former employer and would reflect the delivery mechanism such as cash, shares, options, time horizons and performance requirements attaching to that remuneration.

Transitional arrangements for internal appointments to the Board

In the case of an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms on grant, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the first AGM following their appointment.

Policy on payment for loss of office

Payments on termination for Executive Directors are restricted to the value of salary and contractual benefits for the duration of the notice period. It is the policy of the Remuneration Committee to seek to mitigate termination payments and pay what is due and fair. There are no predetermined special provisions for Executive Directors with regard to compensation in the event of loss of office. The Company may also pay an amount considered to be reasonable by the Committee where loss of office is due to redundancy or in respect of fees for legal advice for the outgoing Director or to settle or compromise any legal claims. Assistance with outplacement may also be provided. Elements of variable remuneration would be treated as follows.

Annual bonus

The treatment of annual bonus payments upon cessation of employment is determined on a case-by-case basis. When the Remuneration Committee determines that the payment of an annual bonus is appropriate, the annual bonus payment is typically: prorated for the period of time served from the start of the financial year to the date of termination and not for any period in lieu of notice or garden leave; subject to the normal bonus targets, tested at the end of the year, and would take into account performance over the notice period, subject to deferral terms applied to other Executive Directors.

Long Term Incentive Plan

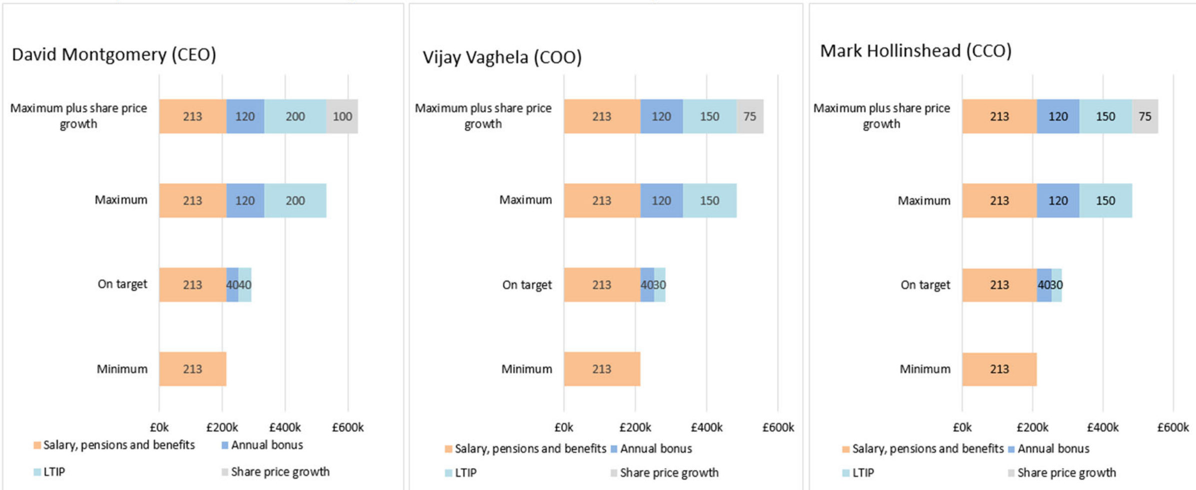
Under the LTIP, unvested awards will normally lapse upon cessation of employment. However, in line with the plan rules, the Remuneration Committee has discretion to allow awards to vest at the normal vesting date, or earlier. If the Remuneration Committee exercises this discretion, awards are normally prorated to reflect time served since the date of grant and based on the achievement of the performance criteria. The holding period detailed above will apply to such incentives.

External appointments

Executive Directors are permitted to hold outside directorships, subject to approval by the Non-Executive Directors, and any such Executive Director is permitted to retain any fees paid for such services.

Illustration of Remuneration Scenarios

The chart below details the hypothetical composition of each Executive Director's remuneration package and how it could vary at different levels of performance under the Policy set out above.



Note that the charts are indicative, as actual amounts may depend on share price. Assumptions made for each scenario are as follows:

- Minimum. Fixed remuneration only: salary, benefits and pension based on 2022 amounts;
- Target. Fixed remuneration plus minimum annual bonus opportunity of 20% per cent of salary for the three Executive directors, plus 20% per cent vesting of the maximum award under the Long Term Incentive Plan;
- Maximum. Fixed remuneration plus maximum annual bonus opportunity equivalent to 60% per cent of salary for the three Executive directors, as well as 100% per cent vesting of the maximum award under the Long Term Incentive Plan, being 100% of salary for Executive Chairman and 75% of salary for remaining two Executive Directors; and
- Effect of a 50% increase in share price. Same assumptions as for the maximum scenario, but with the additional assumption that the value of LTIP awards increases by 50% as a result of share price appreciation over the performance period.

Value creation plan

The overall effect of the VCP is that the three Executive director participants together will be able to earn Ordinary Shares equivalent in value to 10% of any equity value created above an 8% compound annual growth rate based on the measurement of absolute total shareholder return generated over the VCP performance period. The equity value created is calculated under the plan as the market capitalisation of the Company at the end of the VCP performance period less the net invested capital in the Company.

The table below presents the number of shares that would be awarded to the three Executive directors, if the share price at the Performance Period End Date ("Vesting Date"), of 31 December 2022, was 25p, 30p or 35p.

					Number of potential shares awarded			
Share price	Market value £m	Market value at 8% compound growth £m	Growth above 8% hurdle £m	10% of growth £m	David Montgomery	Vijay Vaghela	Mark Hollinshead	Total
25p	64.9	29.4	35.5	3.6	4,967,624	4,967,624	4,257,963	14,193,211
30p	77.8	29.4	48.5	4.9	5,653,045	5,653,045	4,845,467	16,151,556
35p	90.8	29.4	61.4	6.1	6,142,631	6,142,631	5,265,112	17,550,374

Annual Report on Remuneration

This Annual Report on Remuneration sets out information about the remuneration of the Directors of the Company, for the 52 weeks ended 1 January 2022. The information in this report is unaudited, unless indicated otherwise.

Single total figure of remuneration for Directors (audited)

Set out below are the emoluments of the Directors for the 52 weeks ended 1 January 2022 and 31 December 2020:

Name of Director	Salary and fees £'000	Taxable benefits £'000	Annual bonus and long term incentives £'000	Pension related benefits £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
David Montgomery	**160**	**1**	**-**	**12**	**-**	**173**	5
Vijay Vaghela	**160**	**1**	**-**	**12**	**-**	**173**	5
Mark Hollinshead	**160**	**1**	**-**	**12**	**-**	**173**	3
John Rowe	**35**	**-**	**-**	**-**	**-**	**35**	3
Steve Barber	**46**	**-**	**-**	**-**	**-**	**46**	3
Daniel Cammiade	**28**	**-**	**-**	**-**		**28**	-
David Fordham	**9**	**-**	**-**	**-**		**9**	-
TOTAL	**598**	**3**	**-**	**36**	**-**	**637**	**19**

Salaries and fees

Executive Director salaries were increased to £120,000 pa effective 1 January 2021 and to £200,000 per annum effective 1 July 2021. Non-Executive Director base fees were increased to £20,000 per annum effective 1 January 2021, with additional fees for Chairing the Audit and Remuneration Committees of £10,000 and £5,000 pa, respectively, and to £30,000 pa, with additional fees for Chairing the Audit and Remuneration Committees to £15,000 and £10,000 pa, respectively, effective 1 July 2021. An additional fee of £10,000 was also effective from 1 July 2021 for the Senior Independent Director.

Annual bonus

No annual bonus plan operated during 2021.

Long term incentive arrangements

No long term incentive awards were made during 2021. During 2021, following the acquisition of JPIMedia Group, grants were formalised to the Executive Directors for participation in the VCP as outlined in the Policy section of this Report and this was approved at the time of listing of National World plc in September 2019.
No accounting charge was made when the awards were granted in 2019 due to the uncertainty in the ability of the Group to complete any acquisition following its listing in September 2019.

The indicative value of the options at different share prices are set out on page 51.

Directors' shares (audited)

The interests of the Directors who served during the year in the share capital of the Company as at 1 January 2022 and at the date of this report, together with the market value of the shares as at 31 December 2021 (1 January 2022 was not a trading day) are set out in the table below:

Director	Position	Ordinary shares	Market Value 31 December 2021 £'000	% of Salary for Executive Directors
David Montgomery	Executive Chairman	19,231,631	5,769	2,884%
Vijay Vaghela	Chief Operating Officer	4,381,631	1,314	657%
Mark Hollinshead	Chief Commercial Officer	757,907	227	114%
John Rowe	Non-Executive Director	1,531,631	459	n/a
Steve Barber	Non-Executive Director	1,531,631	459	n/a
Danny Cammiade	Non-Executive Director	513,200	154	n/a
David Fordham	Non-Executive Director	-	-	n/a

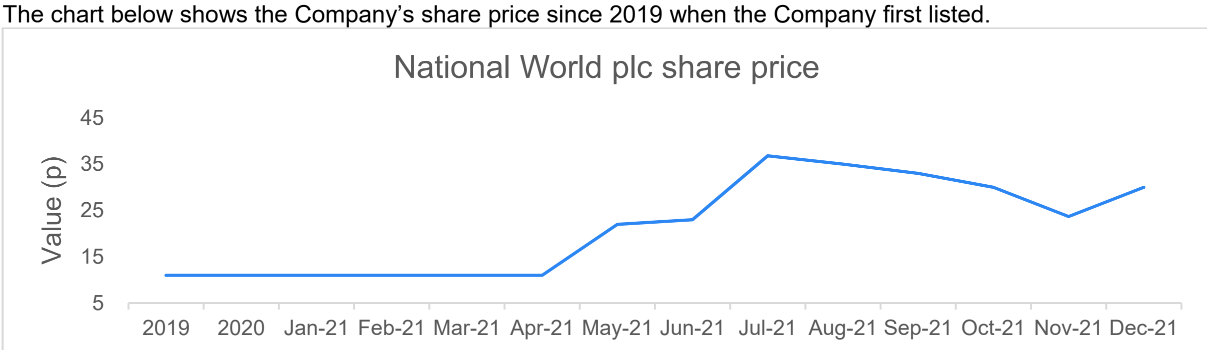
Each of the Executive Directors hold shares more than the Shareholding Guideline 100% of salary.

Advice on remuneration

During the year, h2glenfern Remuneration Advisory advised the Committee on certain aspects of the remuneration of the Executive Directors. Fees of £31,000 exclusive of VAT were paid which included a fixed retainer fee. h2glenfern Remuneration Advisory is a member of the Remuneration Consultants Group and, as such, voluntarily adheres to its Code of Conduct. The Committee considers the advice that it receives from h2glenfern to be independent.

Performance graph against Executive Chairman remuneration

The chart below shows the Company's share price since 2019 when the Company first listed.



The two-year single figure of remuneration history for the Chief Executive Officer is shown in the table below.

	Executive Chairman	Total remuneration	Annual bonus - % of maximum	LTIP vesting - % of maximum
2021	David Montgomery	£173,000	n/a	n/a
2020	David Montgomery	£5,000	n/a	n/a

Percentage change in remuneration of Executive Chairman

The table below outlines the increase in salary, other pay and benefits and annual bonus for the Executive Chairman for the 52 weeks ended 1 January 2022 compared with the wider workforce.

	CEO % increase	Employee % increase
Salary, other pay and benefits	3,340%	1.5% on 1 April for staff earning less than £30k
Taxable benefits	£1,000 from zero	nil
Annual bonus	n/a	nil

The Company did not have employees below Director level during 2020.

Pay ratio information in relation to the total remuneration of the Executive Chairman

The table below sets out the ratio of the total remuneration received by the Executive Chairman to the total remuneration received by the employees at the median, 25th and 75th percentiles.

National World's pay ratios have been calculated using Option B methodology as set out in the remuneration regulations. The annual gender pay reporting is a robust set of data to identify the representative employees in the organisation at median, lower and upper quartile.

The 25th, 50th and 75th percentile employees have been identified from the list of full pay relevant employees in the organisation on 5 April 2021. The total remuneration for these individuals has then been calculated based on all components of pay for 2021, including base salary, performance-based pay, pension and benefits. The Remuneration Committee considers that this provides an outcome that is representative of the employees at these pay levels. Where an identified employee was part-time, their figures have been converted to a full-time equivalent. No other adjustments were necessary and no elements of employee remuneration have been excluded from the pay ratio calculation. National World's employer pension contributions, Company-paid benefits and voluntary benefit scheme options are consistent for all UK employees, including the Executive Chairman.

The pay ratios for 2021 are low due to the base salary increase for the CEO applying from 1 July 2021.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option B	7 : 1	6 : 1	5 : 1

Supporting data compensation figures for 2021:

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Total pay and benefits	Option B	£26,328	£29,713	£32,846
Salary	Option B	£25,651	£27,137	£32,071

Relative importance of spend on pay (audited)

The following table shows the Group's actual spend on pay for all Group employees including Executive Directors relative to revenue / adjusted EBITDA / adjusted EBIT.

	2021 £m	2020 £m	% Change
Expenditure on Group Employees' pay	43.5	-	n/a
Revenue	86.0	n/a	n/a
Adjusted EBITDA	10.1	(0.3)	n/a
Adjusted EBIT	9.3	(0.3)	n/a

Compliance - the Corporate Governance Code

The Committee has considered and will continue to monitor the regulatory environment and in particular the revised UK Corporate Governance Code. As the Company develops and introduces a formal remuneration policy from the point of acquisition, the Committee will reflect on these issues. The Committee is satisfied that in respect of 2020 the Remuneration Policy operated as intended in terms of Company performance and quantum.

The Committee will ensure that policies and practices are consistent with the six factors set out in Provision 40 of the Code including Clarity, Simplicity, Risk, Predictability, Proportionality and Alignment of Culture. Given the limited and simple nature of existing remuneration arrangements, the Committee believes they are consistent with these principles.

Clarity	The Remuneration Committee is committed to transparency. Disclosures in this Remuneration Report are intended to be clear, simple and full.
Simplicity	The structure of the proposed Remuneration Policy is commonly used by UK quoted companies. The principles behind the VCP and its workings are intended to be as simple as possible.
Risk	The Remuneration Committee recognises the risk of target-based plans. The Remuneration Committee will seek to mitigate this risk through careful consideration and setting of performance targets, the use of a long term incentive plan and the shareholding guideline aligning executives with shareholders over the long term.
Predictability	Remuneration arrangements are intended to be structured and orderly. A range of possible outcomes for Executive Director remuneration is set out in the policy section.
Proportionality	There is a clear link between individual awards and the delivery of strategy, particularly through objectives of the bonus scheme which are disclosed retrospectively in the Annual Report on Remuneration. The link of remuneration outcomes to long-term performance is primarily through the LTIP which has stretching targets as well as having vesting values which are directly linked with share price performance.
Alignment to culture	The Remuneration Policy is aligned to core values, being designed to ensure that successful long-term partnership with shareholders delivers good rewards to the Executive Directors, the Senior Leadership Team and the workforce as a whole.

Dilution

The Long Term Incentive Plan rules amongst other things include a limitation on the number of new shares issued, which when aggregated with all other employee share awards, must not exceed 10% of issued share capital over any ten-year period excluding the VCP.

Remuneration in 2022

Information on how the Remuneration Committee intends to operate remuneration in 2022 subject to approval of the new Remuneration Policy is set out in the introductory letter to this report.

2021 AGM

At the 2021 AGM, the advisory resolution to approve the Remuneration Report was supported by 100 per cent of votes cast.

Approved on behalf of the Board of Directors by:

John Rowe
Chairman of Remuneration Committee
17 March 2022

Introduction

The Board is committed to sound corporate governance and has adopted the Financial Reporting Council's UK Corporate Governance Code July 2018 ("Code"). The Code can be found at www.frc.org.uk.

The Directors recognise the value of the Code and will take necessary measures to ensure that the Company complies, taking into account the Company's size and the nature of its business. This report sets out in broad terms how we comply at this point in time and sets out the reasoning where we are not compliant. Where we are not compliant, we intend to achieve compliance as soon as practically possible.

The following statements correspond to the principles set out in the Code.

1. Board Leadership and Company Purpose

It is the Board's responsibility to provide strategic oversight and guidance to ensure the Company is able to create and sustain shareholder value over the long term. For this purpose, the Board encourages an open, respectful and collaborative working environment where all Directors voice their opinions and contribute constructively to the debate.

The Board is committed to maintaining the Company's culture, values and standards. The Board ensures that all key matters affecting the Company are considered and that material risks and opportunities are identified and discussed by the Board.

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance and Board membership. The Board communicates with its shareholders principally through RNS announcements, the Annual Report, and the Company's website. The Executive Directors regularly engage with shareholders during the year. The Non-Executive Directors have the opportunity to engage directly with shareholders at the AGM and on other occasions if appropriate. The upcoming AGM will give the Directors the opportunity to report to shareholders on current and proposed operations of the Company and enables shareholders to express their views on the Company's business activities. Committee Chairs will also use the AGM as a forum to engage with shareholders on significant matters related to their areas of responsibility. The Company's interactions with other stakeholders are outlined in the Section 172 Report of the Strategic Report section of this Annual Report.

As 2021 was the first year the Group had employees, other than the directors of the Company, no Director is appointed from the workforce, no formal workforce advisory panel exists and the workforce has no designated Non-Executive Director. Other sections of the Code relating to workforce engagement and workforce related matters were therefore not applicable to the Company. The NUJ is recognised in a number of regions with the Group and regular, constructive meetings are held between local management and local NUJ representatives from the workforce. In addition, the Chief Operating Officer meets at least twice a year with national representatives of the NUJ and a number of local representatives. Two meetings were held in 2021.

The Group has a clear approach on diversity and inclusion and does not tolerate any form of bias. A formalised diversity and inclusion policy will be finalised and implemented in 2022.

2. Division of Responsibilities

The Company's business is directed by the Board, which is comprised of an Executive Chairman, the Chief Operating Officer, Chief Commercial Officer and four Non-Executive Directors, three of whom are considered independent notwithstanding shareholdings in the Company. As such, in compliance with the Code, more than half the board are Non-Executive Directors with three of these considered to be independent. The Board provides leadership and direction for the Company, sets overall strategy and oversees implementation, ensures appropriate systems and processes are in place to monitor and manage risk and compliance issues and takes responsibility for financial performance and corporate governance.

The Executive Chairman is primarily responsible for the leadership and effectiveness of the Board and the Company's corporate strategy. The Executive Chairman's responsibilities also include leading the development and execution of the Company's long-term strategy, overseeing matters pertaining to the running of the Company and ensuring that the Company meets all legal, compliance and corporate requirements. High level strategic decisions are discussed and taken by the Board with recommendations as appropriate from the Executives.

Operational decisions are taken by the Executive Chairman, the Chief Operating Officer and the Chief Commercial Officer.

The biographical details of the Directors are set out on pages 36 to 37. Whilst the Directors are of the opinion that the Board comprises a suitable balance, it is not in compliance with the recommendations of the Code in relationship to diversity and plan to address this during 2022.

During the reporting period, the Board considered all relevant matters within its remit, but focused in particular on the identification of suitable acquisition opportunities for the Company to pursue, the associated due diligence work as required and the decisions thereon.

Attendance at Board meetings during the 52 weeks ended 1 January 2022 is outlined below.

Member	Position	Board attendance	Audit Committee attendance	Remuneration Committee attendance	Nomination Committee attendance
David Montgomery	Executive Chairman	13 of 13	-	-	1 of 1
Vijay Vaghela	Chief Operating Officer	13 of 13	-	-	-
Mark Hollinshead	Chief Commercial Officer	13 of 13	-	-	-
Steve Barber	Non-Executive Director	13 of 13	6 of 6	1 of 1	1 of 1
John Rowe	Non-Executive Director	13 of 13	6 of 6	1 of 1	-
Daniel Cammiade	Non-Executive Director	13 of 13	6 of 6	1 of 1	-
David Fordham*	Non-Executive Director	3 of 3	-	-	-

* David Fordham was appointed on 29 September 2021

The Company does not have an independent Chairman given the executive function of the Chairman. The Executive Chairman has a significant shareholding in the Company. The Company does not have a separate CEO and, where appropriate, the Executive Chairman assumes the role of CEO. While it is the Board's opinion that the current arrangements are appropriate to the Company at this stage of development the Board recognises the Code requirement on splitting the roles and will keep this under review. Meanwhile there are sufficient compliance structures within the Company to ensure that the governance functions that would be part of an independent Chairman's responsibility are met. The Executive Chairman will meet regularly with the Senior Independent Director, Steve Barber, to discuss the operation of the Board and strategy. The Board is satisfied with the balance between Executive and Non-Executive Directors which allows it to exercise objectivity in decision making and proper control of the Company's business. National World plc was listed in 2019 and commenced trading in January 2021. As the Company develops its strategy to modernise and grow the business it will also structure the Board membership to achieve diversity and experience. The Board considers (with the exception of diversity) its composition to be appropriate in view of the size and requirements of the Company's business and the need to maintain a practical and efficient balance between Executive and Non-Executive Directors.

The Non-Executive Directors' role is to act as a sounding board to the Executive Chairman and to be available to shareholders as and when necessary. The Non-Executive Directors also provide constructive input and monitor the delivery of strategy within the risk parameters set by the Board. Other than David Fordham, who is appointed as a representative by Mediaforce Holdings Limited, the Board considers the Non-Executive Directors to be independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of the Non-Executive Directors' strong, independent judgement, knowledge and experience.

It is the responsibility of the Executive Chairman and Company Secretary to ensure the Board members receive sufficient and timely information regarding corporate and business issues to enable them to discharge their duties. The Company Secretary attends Board meetings and is responsible for advising the Board on corporate governance matters. The Board is also kept informed of changes in relevant legislation and changing commercial risks with the assistance of the Company's Legal Counsel and auditors.

3. Composition, succession and evaluation

The Board and its governance committees are considered to have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

Directors appointed by the Board are subject to election by shareholders at the Annual General Meeting of the Company following their appointment and thereafter are subject to re-election in accordance with the Company's articles of association. From the 2022 Annual General meetings all directors are subject to annual re-election as required by the Code.

The Company undertook an internal Board evaluation during 2021 through questionnaires that were completed by all members of the Board and Board Committees. The completed questionnaires were compiled by the Senior Independent Director, Steve Barber, who chaired a session at the Board meeting on 24 February 2022 on the Board Evaluation. The key findings and actions arising from the evaluation were as follows:

- **Board composition and diversity**

  As National World was set up in 2019 (less than three years ago) and only started trading from the beginning of 2021 it has not achieved an acceptable level of diversity on the Board. The Board will seek to address this imbalance during 2022 with increased diversity and experience.

- **Increased focus on digital growth**

  The Group's strategy is to build a successful and sustainable media business with increased focus on both organic and acquisition led digital growth whilst protecting print revenue. The Group should be selective in assessing acquisition targets and investments to ensure alignment to achieving digital growth. This will be reinforced by the digital steering committee that was set up earlier in the year under the chair of John Rowe, non-executive director.

The Board will undertake an annual evaluation process and plan to have at least one Board evaluation review to be undertaken independently every three years with the first of these to be undertaken in 2023.

4. Audit, risk and internal control

The Audit & Risk Committee is primarily responsible for ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from external auditors relating to the Company's accounting and internal controls and for reviewing the effectiveness of the Company's systems of internal control. The Audit & Risk Committee is comprised of the three Independent Non-Executive Directors. The Committee Chair is Steve Barber, the Senior Independent Non-Executive Director, who has over 45 years of corporate finance experience. The Audit and Risk Committee's terms of reference are available on the Company's website, nationalworldplc.com

The Annual Report describes the principal risks for the Company and the Board's view of the Company's position and prospects.

The Board acknowledges its responsibility for a sound system of internal control to safeguard shareholders' investments and the Company's assets. Financial, technical and operational risks are reviewed regularly by the Board and, where appropriate, the Audit & Risk Committee. The Annual Report describes the Company's internal control framework and risk mitigations.

5. Remuneration Committee

The Remuneration Committee monitors the remuneration policies of the Company to ensure they are consistent with the Company's business objectives. The Committee is chaired by John Rowe and is also comprised of the two other Independent Non-Executive Directors. Whilst the Chair of the Committee had not formally served on a Remuneration Committee for 12 months prior to his appointment, the Board was satisfied that his extensive prior experience had given him the required skills, knowledge and expertise for the role. The Remuneration Committee uses h2glenfern Remuneration Advisory for advice and support on remuneration matters. The Committee determines the individual remuneration package for the Executive Directors. Further information on current remuneration policies and practices is provided in the Annual Report.

The Remuneration Committee's terms of reference set out the factors the Remuneration Committee considers when considering Executive Directors' remuneration. No Directors are involved in deciding their own remuneration outcome.

The Remuneration Committee's terms of reference detail the factors influencing remuneration outcomes. The Remuneration Committee's terms of reference are available on the Company's website nationalworldplc.com.

6. Nomination Committee

The Nomination Committee makes recommendations to the Board on all new appointments, re-appointments and advises generally on issues relating to Board composition and balance. Appointments and succession planning are based on merit and the Board does not condone discrimination of any kind, whether negative or positive. The Nomination Committee comprises the Company's Executive Chairman and the Senior Independent Director from 1 April 2021 and is chaired by the Executive Chairman. The Nomination Committee's terms of reference are available on our website, nationalworldplc.com

One meeting was held during the year for considering the appointment of David Fordham, who was nominated by Mediaforce (Holdings) Limited.

7. DISCLOSURES REQUIRED BY PUBLICLY TRADED COMPANIES UNDER RULE 7.2.6R OF THE UK LISTING AUTHORITY'S DISCLOSURE GUIDANCE AND TRANSPARENCY RULES

The following disclosures are made pursuant to Rule 7.2.6.R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules. As at 1 January 2022:

a) Details of significant direct or indirect holdings of securities of the Company are set out in the Directors' Report outlined in this document. The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.
b) There are no persons who hold securities carrying special rights regarding control of the Company.
c) All ordinary shares carry one vote per share without restriction.

d) The Company's rules about the appointment and replacement of Directors are contained in the Company's constitution and accord with the Companies Act 2006. Amendments to the Company's constitution must be approved by the Company's shareholders by passing a special resolution.

e) The Company may exercise in any manner permitted by the Companies Act 2006 any power which a public company limited by shares may exercise under the Companies Act 2006. The business of the Company is managed by or under the direction of the Directors. The Directors may exercise all the powers of the Company except any powers that the Companies Act 2006 or the constitution requires the Company to exercise.

f) Subject to any rights and restrictions attached to a class of shares and in compliance with the Companies Act 2006, the Company may allot and issue unissued shares and grant options over unissued shares, on any terms, at any time and for any consideration, as the Directors resolve. This power of the Company can only be exercised by the Directors. The Company may reduce its share capital and buy-back shares itself on any terms and at any time. However, the Companies Act 2006 sets out certain procedures which must be followed in relation to reductions in share capital and the buy-back of shares.

This Governance Report was approved by the Board and signed on its behalf by:

David Montgomery
Executive Chairman
17 March 2022

The Nomination Committee is comprised of the Executive Chairman, David Montgomery, and Steve Barber, the Senior Independent Director. The Nominations Committee is chaired by the Executive Chairman.

The Committee considers potential candidates for appointment to the Company's Board and senior management who maintain the highest standards of corporate governance and have sufficient time to commit to the role.

The Nominations Committee held a formal meeting in 2021 to approve the appointment of David Fordham as a Non-Executive Director after he was nominated as a representative by Mediaforce Holdings Limited.

On behalf of the Nomination Committee:

David Montgomery
Executive Chairman
17 March 2022

The Audit & Risk Committee comprised the three independent Non-Executive Directors during 2021 and was chaired by Steve Barber, the Senior Independent Director. It oversees the Company's financial reporting and internal controls and provides a formal reporting link with the external auditors. The ultimate responsibility for reviewing and approving the annual report and financial statements and the half-yearly report remains with the Board.

Governance

The Code requires that at least one member of the Audit & Risk Committee has recent and relevant financial experience. Steve Barber has over 45 years of experience working with a wide variety of companies. As a result, the Board is satisfied that the Audit Committee has recent and relevant financial experience.

Members of the Audit & Risk Committee are appointed by the Board and, whilst all three are shareholders, the Company believes they are considered to be independent in both character and judgement.

The Company's external auditor is Crowe U.K. LLP and the Audit & Risk Committee closely monitors the level of audit and non-audit services it provides to the Company.

Meetings

There were six meetings of the Audit Committee in the period to 1 January 2022 (2020: two). The key work undertaken by the Audit Committee is as follows:

- appointment and remuneration of external auditors and recommendation to the Board;
- review of audit planning and update on relevant accounting developments;
- consideration and approval of the risk management framework, appropriateness of key performance indicators;
- consideration and review of half and full-year results;
- review of internal controls; and
- consideration as to whether an internal audit function is required; the Committee confirmed that an internal audit function was not necessary in 2021 in view of the limited scale of the business

The Code states that the Audit & Risk Committee should have primary responsibility for making a recommendation on the appointment, reappointment or removal of the external auditor. The Committee recommended the reappointment of Crowe UK LLP as the external auditor to shareholders at the 2021 AGM and the reappointment was approved by the shareholders

There have been two meetings of the Audit & Risk Committee since the 2021 year end. These were primarily to review the financial statements for 2021 and to discuss the outcome of the audit with the external auditors.

Items discussed by the Audit & Risk Committee

The Audit & Risk Committee discussed the following items during its meetings in 2021:

- the accounting treatment of costs incurred on the re-admission of National World plc on 7 May 2021;
- the accounting treatment for the acquisition of JPIMedia Publishing Limited and its subsidiaries;
- the control environment, including the processing and approval of costs incurred by the Company;
- going concern and Group prospects;
- the 2020 Annual Report, 2021 Interim results, viability and related announcements;
- review of the carrying value of intangible assets for JPIMedia Publishing Limited and its Subsidiaries and the Group;
- External auditor's reports;
- risk management and internal controls;
- mitigation of litigation and complaints;
- Corporate Governance updates;
- review and discussion of the external audit planning report for the 2021 year-end audit and approval of the 2021 audit fees; and
- consideration and approval of the continued engagement of Crowe U.K. LLP as the Company's reporting accountants.

Since the 2021 year end the Committee has met twice, and considered the following:

- reviewed and discussed reports from management on the control environment;
- reviewed and assessed the Annual Report and the consolidated financial statements for the Company;
- reviewed and assessed the Preliminary results announcement for the 2021 annual results;
- considered the preliminary results announcement and in particular the annual report to ensure it provides a fair, balanced and understandable review of the business;
- reviewed and discussed the findings from the external auditor as part of the 2021 year-end audit;

- reviewed and discussed reports from management on the Review of Financial Statements, Going Concern and Group Prospects, Carrying Value of Intangible Assets, Risk Management & Internal Control and Litigations & Complaints; and
- considered the implications on the fair value of assets and liabilities on acquisition in light of changes in assumptions for the carrying value of digital intangible assets and deferred tax.

Significant time and attention was devoted to the accounting for the acquisition of JPIMedia Group and the presentation of adjusted earnings.

Subsequent to the initial assessment of the value of intangible assets relating to JPIMedia Group's web systems of £5.7 million, the fair value was revised to £0.5 million, being the assessed replacement cost of the systems, with a corresponding increase in the goodwill on the acquisition of £5.2 million. The Committee reviewed the rationale for this adjustment to the initial assessment of fair value and confirmed that it was appropriate.

The value attributed to Regional Publishing Titles of £5.3 million was based on their assessed value at the date of acquisition. Subsequent actions have increased their value considerably but this is not taken into account in the assessment as at acquisition. At 1 January 2022, the value of the titles has been determined to be significantly higher and there is a significant margin to indicate that there is no impairment.

In the contract for the acquisition it was agreed that the vendor would have access to the tax losses in the JPIMedia Group. However, as a result of the vendor being placed into liquidation during 2021, the tax losses in the JPIMedia Group are available to the Group and have (in part) been recognised through the profit and loss account as the event that triggered this was not known or anticipated at the time of the acquisition.

The Committee also addressed the disclosure of non-recurring costs and adjusted profits in order to ensure that both statutory and adjusted figures were given equal prominence.

No issues have been identified by the Audit & Risk Committee that are believed to require further disclosure.

External auditor

The Company's external auditor is Crowe U.K. LLP. The external auditor has unrestricted access to the Audit Committee Chairman. The Committee is satisfied that Crowe U.K. LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The external auditors report to the Audit Committee annually on their independence from the Company. In accordance with professional standards, the partner responsible for the audit will be changed every five years. Crowe U.K. LLP was first appointed by the Company in 2019, and therefore the current partner will rotate off the engagement after completing the audit for the period ended 31 December 2023. Having assessed the performance, objectivity and independence of the auditors, the Committee will be recommending the reappointment of Crowe U.K. LLP as auditors to the Company at the 2022 Annual General Meeting.

The audit fees payable to Crowe UK LLP for the 2021 interim review and 2021 audit are £180,000. In addition, Crowe received £67,500 in respect of their role as reporting accountants for the prospectus relating to the readmission of the Company's shares. The prospectus work was performed by a team separate from the audit team and the Committee does not believe that this impaired the auditor's independence.

Steve Barber
Chairman of the Audit & Risk Committee
17 March 2022

To the members of National World PLC

Opinion

We have audited the financial statements of National World PLC (the "Parent Company") and its subsidiaries (the "Group") for the 52 week period ended 1 January 2022 which comprise the Consolidated statement of comprehensive income, Consolidated and Company statement of changes in equity, Consolidated and Company statement of financial position, Consolidated cash flow statement 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 UK adopted international accounting standards.

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 1 January 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 public interest 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Group and Parent Company financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the cash flow requirements of the Group over the duration of the viability statement based on budgets and forecasts;
- Understanding what forecast expenditure is committed and what could be considered discretionary;
- Considering the liquidity of existing assets on the statement of financial position;
- Considering the terms of the finance facilities and the amount available for drawdown; and
- Considering potential downside scenarios and the resultant impact on available funds.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Our application of Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £650,000, based on a variety of performance based metrics, including 5% of adjusted EBITDA and 1% of revenue. Materiality for the Parent Company financial statements as a whole was set at £520,000 based on a percentage of total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. For the Group performance materiality was set at £455,000 and £364,000 for the Parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and Directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £33,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The scope of the audit work and the design of audit tests undertaken was solely for the purposes of forming an audit opinion on the consolidated financial statements of the Group. All entities included within the scope of the consolidation were included within the scope of our audit testing.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

We identified going concern as a key audit matter and have detailed our response in the conclusions relating to going concern section above.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit responded to the key audit matter
Valuation of Goodwill and intangible assets (see note 10)	
The Group has a significant balance of intangible assets at 1 January 2022 and there is a risk that it could be impaired. The valuation of the recoverable amount of goodwill and intangible assets has a high degree of estimation uncertainty, with a potential range of reasonably possible outcomes greater than our materiality for the financial statements as a whole. There is significant judgement with regard to assumptions and estimates involved in forecasting future cash flows, which form the basis of the assessment of the recoverability of goodwill balances. These include forecast revenues, operating margin, long-term growth rates and the discount rate used. The financial statements disclose the sensitivity estimated by the Group.	Our procedures included: - Assessing the Group's budgeting review and approval procedures upon which the cash flow forecasts are based. - Comparing the Group's assumptions to externally derived data in relation to key inputs such as projected economic growth, market premium and discount rates. To challenge the reasonableness of the assumptions we also assessed the historical accuracy of the Group's forecasting. - Performing scenario-specific models including changes to, and breakeven analysis on, the discount rate, long-term growth rates and forecast cash flows. - Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill. We found the resulting estimate of the recoverable amount of goodwill and intangible assets to be acceptable.
Valuation of Investments in the Parent Company (see note 13)	
We consider the carrying value of investments in the Group by the Parent Company and the risk over potential impairment to be a significant audit risk due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability. We consider the key inputs into the impairment model to be the approved business plans and assumptions for the growth and discount rates.	Our procedures included: - Assessing the Group's budgeting review and approval procedures upon which the cash flow forecasts are based. - Comparing the Group's assumptions to externally derived data in relation to key inputs such as projected economic growth, market premium and discount rates. To challenge the reasonableness of the assumptions we also assessed the historical accuracy of the Group's forecasting. - Performing scenario-specific models including changes to, and breakeven analysis on, the discount rate, long-term growth rates and forecast cash flows. We found the resulting estimate of the recoverable amount of investments to be acceptable.

Revenue recognition (see note 3)	
Revenue is recognised in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the Group's profitability, which has a consequent impact on its share price performance.	Our procedures included: - validating that revenue is recognised in accordance with the stated accounting policies in compliance with IFRS - ensuring that cut off was correctly applied across all revenue streams. - validating a sample of revenue items to confirm revenue was being recognised in line with IFRS and ensuring the services were delivered within the period. - assessing the adequacy of the Group's disclosures related to revenue. We concluded that revenue was reasonably stated.

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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the 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 the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion based on the work undertaken in the course of our 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 those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

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; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 and the part of the Directors' remuneration report to be audited 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; or
- a corporate governance statement has not been prepared by the Parent Company.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified on page 39;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate as set out on page 39:
- Directors' statement on fair, balanced and understandable as set out on pages 38 to 40**:**
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on pages 22 to 24;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on page 57; and
- The section describing the work of the Audit Committee set out on pages 60 to 61.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on pages 38 to 40, 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 and 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the Parent Company.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. The most significant identified were the Companies Act 2006, General Data Protection Regulations and the UK Corporate Governance Code. Our work included direct enquiry of Head of Legal, reviewing Board and relevant committee minutes and inspection of correspondence.

- As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas involving significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.

- We used data analytic techniques to identify any unusual transactions or unexpected relationships, including considering the risk of undisclosed related party transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed in November 2019 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the periods ending 31 December 2020 and 1 January 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin
Senior Statutory Auditor
For and on behalf of Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW, UK

17 March 2022

National World Plc
Consolidated Income Statement
For the 52 weeks ended 1 January 2022

	Note	52 weeks ended 1 January 2022 £m	52 weeks ended 31 December 2020 £m
Continuing operations			
Revenue	5	86.0	-
Cost of sales		(64.1)	-
Gross profit		**21.9**	**-**
Operating expenses before non-recurring items		(12.9)	(0.3)
Non-recurring items:	6		
Restructuring and redundancy		(3.6)	-
Onerous IT contracts		(0.7)	-
ROUA impairment		(0.9)	-
Property rationalisation		(0.9)	-
Acquisition, loan note issue and share re-listing		(0.8)	(0.8)
Total operating expenses		**(19.8)**	**(1.1)**
Operating profit / (loss)		**2.1**	**(1.1)**
Financing			
Finance costs	9	(0.9)	-
Net finance expense		**(0.9)**	**-**
Profit / (Loss) before tax		**1.2**	**(1.1)**
Tax credit	10	4.1	-
Profit / (Loss) after tax from continuing operations		**5.3**	**(1.1)**
Earnings / (Loss) per share	11		
Earnings / (Loss) per share – basic		2.8p	(2.0)p
Earnings / (Loss) per share - diluted		2.6p	(2.0)p

Note 11 includes the calculation of adjusted earnings per share and Note 29 presents the reconciliation between the statutory and adjusted results.

Consolidated Statement of Comprehensive Income
For the 52 weeks ended 1 January 2022

	52 weeks ended 1 January 2022 £m	52 weeks ended 31 December 2020 £m
Profit / (Loss) for the period	**5.3**	**(1.1)**
Total other comprehensive profit / (loss) for the period	**-**	**-**
Total comprehensive profit / (loss) for the period	**5.3**	**(1.1)**

National World Plc
Consolidated Statement of Financial Position
As at 1 January 2022

	Note	As at 1 January 2022 £m	As at 31 December 2020 £m
Non-current assets			
Goodwill	12	5.2	-
Intangible assets	13	5.3	-
Tangible assets	14	0.8	-
Right of use assets	18	1.1	-
Deferred tax	20	4.1	
		16.5	-
Current assets			
Inventory	15	0.1	-
Trade and other receivables	16	12.9	-
Cash and cash equivalents	16	23.0	12.7
		36.0	12.7
Total assets		52.5	12.7
Current liabilities			
Trade and other payables	16	(13.7)	(0.9)
Lease liabilities	18	(1.2)	-
Deferred consideration	23	(2.5)	-
Provisions	21	(1.3)	-
		(18.7)	(0.9)
Non-current liabilities			
Borrowings	22	(1.0)	(8.4)
Lease liabilities	18	(0.7)	-
Deferred consideration	23	(2.5)	-
Provisions	21	(0.8)	-
		(5.0)	(8.4)
Total liabilities		(23.7)	(9.3)
Net assets		**28.8**	**3.4**
Equity			
Share capital	27	0.3	0.1
Share premium	27	24.6	4.7
Retained earnings / (accumulated losses)	27	3.9	(1.4)
Total equity		**28.8**	**3.4**

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2022.

The notes on pages 71 to 100 form part of these financial statements.

David Montgomery

Executive Chairman

National World Plc
Consolidated Statement of Changes in Equity
For the 52 weeks ended 1 January 2022

	Note	Share capital £m	Share premium £m	Retained earnings/ (accumulated losses) £m	Total equity £m
As at 1 January 2020		**0.1**	**4.7**	**(0.3)**	**4.5**
Loss for the period				(1.1)	(1.1)
Total comprehensive loss for the period		**-**	**-**	**(1.1)**	**(1.1)**
As at 31 December 2020		**0.1**	**4.7**	**(1.4)**	**3.4**
As at 1 January 2021		**0.1**	**4.7**	**(1.4)**	**3.4**
Issue of shares 7 May 2021	27	0.2	20.4	-	20.6
Costs directly attributable to issuing new shares	27	-	(0.5)	-	(0.5)
Profit for the period	27			5.3	5.3
Total comprehensive profit for the period		**-**	**-**	**5.3**	**5.3**
As at 1 January 2022		**0.3**	**24.6**	**3.9**	**28.8**

The notes on pages 71 to 100 form part of these financial statements.

National World Plc
Consolidated Cash Flow Statement
For the 52 weeks ended 1 January 2022

	Note	52 weeks ended 1 January 2022 £m	52 weeks ended 31 December 2020 £m
Cash flow from operating activities			
Cash generated from / (used in) operations	24	8.2	(0.1)
Net cash inflow / (outflow) from operating activities		**8.2**	**(0.1)**
Investing activities			
Acquisition of subsidiaries	23	(2.2)	-
Cash acquired in subsidiaries	16, 23	0.5	-
Repayment of outstanding inter-company balance payable to JPIMedia Limited	23	(4.7)	-
Subsidiary acquisition costs	23	(0.5)	-
Purchase of Tangible assets	14	(0.2)	-
Net cash outflow from investing activities		**(7.1)**	**-**
Financing activities			
Interest paid	9	(0.1)	-
Capital repayments of lease payments	18	(1.6)	-
Interest element of lease rental payments	9,18	(0.2)	-
Debt, prospectus and share issue costs	22	(1.5)	-
Issue of debt	22	12.6	8.4
Issue of shares		-	-
Net cash generated from financing activities		**9.2**	**8.4**
Net increase in cash and cash equivalents		10.3	8.3
Cash and cash equivalents at the beginning of the period		12.7	4.4
Cash and cash equivalents at the end of the period		**23.0**	**12.7**

The notes on pages 71 to 100 form part of these financial statements.

1. General information

National World plc ('the Company') is a public limited company listed on the London Stock Exchange in England and Wales. The Company is domiciled in England and its registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT, United Kingdom. The principal activities of the Group are to provide news and information services in the United Kingdom through a portfolio of multimedia publications and websites.

The consolidated Financial Statements of the Company and its subsidiaries (together referred to as the 'Group') for the 52 weeks ended 1 January 2022 were approved by the Directors on 17 March 2022.

JPIMedia Publishing Limited and its subsidiaries ('JPIMedia Group') were acquired on 2 January 2021 by the Company from JPIMedia Limited, a subsidiary of JPIMedia Holdings Limited. Following the acquisition of JPIMedia Group, the Company has realigned its reporting period to 1 January 2022 consistent with JPIMedia Group. The period to 1 January 2022 and the balances at that date are referred to as 2021 in these financial statements and include the consolidated Group results. The comparative period, the year ended 31 December 2020 and the balances at that date, are referred to as 2020 in these financial statements, and relate to the Company only. Adjustments have been made to the statutory results to enable the commentary on the comparable results in the Financial Review section of the Strategic Report, as described in Note 3.

Significant changes in the current reporting period

COVID-19 continues to impact the UK economy and the news publishing sector, particularly on circulation and advertising revenues and supply chain costs.

The financial position and performance of the Group was particularly affected by the following events and transactions for the year 2021:

- the acquisition and reorganisation of JPIMedia Group on 2 January 2021 has led to the Group generating revenue and profits and a significant movement in the Statement of financial position items
- securing additional funding via the successful issue of £20 million convertible secured loan notes and £1 million of interest only unsecured loan notes, increasing cash
- the conversion of all convertible secured loan notes to equity on re-admission to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange on 7 May 2021 (see Notes 22 and 27 for further information).

For a detailed review of the Group's performance and financial position please refer to the Strategic Report on pages 7 to 35.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and the applicable legal requirements of the Companies Act 2006. The consolidated Financial Statements were authorised for issue by the Board of Directors on 17 March 2022.

The financial statements of the Company for the 52 weeks ended 1 January 2022, prepared in accordance with applicable law and UK Accounting Practice, including FRS 101 'Reduced Disclosure Framework', are presented on pages 94 to 100.

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

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

Going concern

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

Changes in accounting policies and disclosures

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

3. Significant accounting policies

The accounting policies adopted are consistent with those of the Company and JPIMedia Group for the previous year. The Company's 2020 annual report is available at nationalworldplc.com.

New and revised IFRS Standards in issue but not yet effective

There are no standards that are issued but not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting policies (*continued)*

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of the Company and all its subsidiary undertakings owned in the 52 weeks ended 1 January 2022. The comparative financial statements for the year ended 31 December 2020 are for the Company alone as the reporting period was prior to the acquisition of JPIMedia Group on 2 January 2021.

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

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

Business combinations

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

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

Segments

The performance of the Group is presented as a single reporting segment as this is the basis of internal reports regularly reviewed by the Board and chief operating decision makers (Executive directors) to allocate resources and to assess performance. The Group's operations are located in the UK and the Group is not subject to significant seasonality.

Revenue recognition

The Group recognises revenue when goods/services are provided and the performance obligation is fulfilled.

The categories of revenue for the Group are:

- Print publishing comprises all revenue driven by the local newspaper titles, including all digital revenue packages sold with print, COVID-19 related government spend and circulation revenue (including subscriptions).
- Digital publishing comprises all revenue sold programmatically, digital-led direct sales, subscriptions, syndication and revenue generated from the Google and Facebook content initiatives.
- Other revenue reflects grants from the BBC for local democracy reporters and from Facebook for the funding of journalists.

The Group recognises revenue from the following major sources:

Advertising revenue

Advertising revenue is recognised on publication of the advertisement, which is when the performance obligation has been fulfilled. If an advertising campaign relates to a longer duration of time, revenue will be recognised over the period of the campaign, reflecting the pattern in which the performance obligation was fulfilled.

Circulation revenue

The Group sells newspapers through wholesalers and distributors. Revenue is recognised, net of returns and discounts, when the performance obligation has been fulfilled being when the goods have been delivered to or purchased by a reader. A receivable is recognised by the Group when the wholesaler and distributor confirm the number of copies sold as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Print and digital subscriptions

Subscription revenues are recognised over the duration of the subscription with the provision of a newspaper, digital newspaper edition or full access to the website or App being the performance obligation.

Other print and digital revenue

Other revenues include syndication, provision of leaflets, readers' offers and events. The performance obligation is fulfilled, and revenue is recognised on publication of the product, holding of the event, when goods have been purchased by a reader or at a point when the service is provided, depending on the nature of the other revenue.

Other revenue

Other revenue reflects grants from the BBC for local democracy reporters and from Facebook for the funding of journalists.

Contract assets

Where the performance obligation has been fulfilled, but the customer has not yet been billed, a contract asset is recognised. The contract assets balance is released once the sales invoice has been issued.

3. Significant accounting policies (*continued)*

Contract liabilities

Sales invoices are raised in line with the contract terms and reported in contract liabilities until the performance obligations identified in the contract are fulfilled and revenue can be recognised. The contract liabilities balance is released once the performance obligation has been fulfilled.

Non-recurring items

Non-recurring items that are considered significant enough to require disclosure on the face of the income statement. See further details in Note 6.

Pension costs

The Group participates in two defined contribution schemes. The costs of the Company's contributions to the defined contribution scheme are charged to the income statement as they become due under the rules of the scheme. Further details regarding pension costs are provided in Notes 8 and 19.

Government grants

The Group participated in the Coronavirus Job Retention Scheme during the year. The furlough funding is credited to the income statement to match them with the costs they were intended to compensate for. Further details regarding government grants are provided in Note 8.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to the Group's Cash-Generating Unit "CGU" (or Groups of Cash-Generating Units "CGUs") expected to benefit from the synergies of the combination. The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

The Group's principal intangible assets are regional publishing titles. The Group does not capitalise internally generated publishing titles. Titles are recorded at fair value at the date of acquisition. These publishing titles have a finite life and consequently are amortised over their estimated useful economic life. The carrying value of the titles is reviewed when there are indicators that an impairment has occurred with testing undertaken to determine any diminution in the recoverable amount below carrying value. The recoverable amount is the higher of the fair value less costs to sell and the value in use which is based on the net present value of estimated future cash flows. The discount rate is pre-tax and reflects current market assessments of time value of money and risks specific to asset for which estimates of future cash flows have not been adjusted. Any impairment loss is recognised as an expense immediately. A reversal of an impairment loss is recognised immediately in the Group Income Statement given these assets are not carried at revalued amounts. For the purpose of impairment testing, regional publishing titles are considered as being one CGU. The CGU is determined by grouping assets at the lowest levels for which there are separately identifiable cash flows. CGUs are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of goodwill, then to reduce the carrying value of tangible and intangible assets and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Digital intangible assets

Digital intangible assets relate to the Group's local websites and computer software, which form the core platform for the Group's digital revenue activities and support the Editorial and Sales functions. These assets are being amortised using the straight-line method over the expected life, of three to five years. Amortisation for the period has been charged through cost of sales. Digital intangible assets are tested for impairment only when there is an indication that the carrying amount is less than the recoverable amount. Costs incurred in the development of websites are only capitalised if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured.

3. Significant accounting policies (*continued)*

Tangible assets

Tangible asset balances are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets, excluding land, at varying rates calculated to write-off cost over the useful lives. The principal rates employed are:

Fixtures and fittings (leasehold properties)	Over term of lease
Office equipment	6.67% to 33% straight-line

A tangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Inventories

Inventories, largely newsprint for our newspapers, are stated at the lower of cost and net realisable value. Costs incurred in bringing materials to their present location and condition comprises purchase cost on a first-in first-out basis. Net realisable value comprises selling price less any further costs expected to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the Consolidated Statement of Cash Flows can be reconciled to the related items in the consolidated reporting position.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade receivables

Trade receivables do not carry any interest. Conversion to a readily known amount of cash occurs over a short period and is subject to an insignificant risk of changes in value, therefore balances are initially recognised at transaction price and subsequently at amortised cost.

The Group recognises a loss allowance for expected credit losses (ECL) on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the debtor;
(b) A breach of contract, such as a default or past due event;
(c) It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the income statement.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. Significant accounting policies (*continued)*

Trade payables

Trade payables are not interest bearing. Payments occur over a short period and are subject to an insignificant risk of changes in value. Therefore, balances are stated at their nominal value.

Leases

At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group recognises a right of use (ROU) asset and lease liability at the commencement of the lease.

The Group has elected not to recognise ROU assets and lease liabilities for leases where the total lease term is less than or equal to 12 months, or for leases of assets with a value less than £4,000. The payments for such leases are recognised in the income statement on a straight-line basis over the lease term. Fees for components such as property taxes, maintenance, repairs and other services which are either variable or transfer benefits separate to the Group's ROU assets are separated from lease components based on their relative stand-alone selling price.

Lease liabilities are initially measured at the present value of future lease payments at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, or where this cannot be readily determined, the lessee's incremental borrowing rate. Lease payments include the following payments due within the non-cancellable term of the lease, as well as the term of any extension options where these are considered reasonably certain to be exercised:

- fixed payments
- variable payments that depend on an index or rate
- the exercise price of purchase or termination options if it is considered reasonably certain these will be exercised.

Subsequent to the commencement date, the lease liability is measured at the initial value, plus an interest charge determined using the incremental borrowing rate, less lease payments made. The interest expense is recorded in finance costs in the income statement. The liability is re-measured when future lease payments change, when the exercise of extension or termination options becomes reasonably certain, or when the lease is modified.

The ROU asset is initially measured at cost, being the value of the lease liability, plus the value of any lease payments made at or before the commencement date, initial direct costs and the cost of any restoration obligations, less any incentives received.

The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is adjusted for any re-measurement of the lease liability. The ROU asset is subject to testing for impairment where there are any impairment indicators.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. Significant accounting policies (*continued)*

Deferred tax ***(continued)***

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Equity instruments

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

Ordinary shares are classified as equity.

- The share capital account represents the nominal value of the shares issued.
- The share premium account represents premiums received on the initial issuing of the share capital. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds, net of tax.
- Retained earnings/Accumulated losses include all current period results as disclosed in the Statement of Comprehensive Income.

Share-based payments

Where share options are awarded to directors or employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition. No charge was made for the Value Creation Plan as the fair value was deemed to be zero as no acquisition was undertaken for almost 16 months following the initial listing in September 2019.

Alternative performance measures

The Company presents the results on a statutory and adjusted basis and revenue trends on a statutory and proforma basis. The Company believes that the adjusted basis and proforma trends will provide investors with useful supplemental information about the financial performance of the Group, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key performance indicators used by management in operating the Group and making decisions. Although management believes the adjusted basis is important in evaluating the Group, they are not intended to be considered in isolation or as a substitute for, or as superior to, financial information on a statutory basis. The alternative performance measures are not recognised measures under IFRS and do not have standardised meanings prescribed by IFRS and may be different to those used by other companies, limiting the usefulness for comparison purposes. Note 29 sets out the reconciliation between the statutory and adjusted results. An adjusted cash flow and reconciliation to statutory cash flow is presented in Note 30.

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

Impairment of publishing titles

The Group is required to test, whether intangible and tangible assets have suffered any impairment based on the recoverable amount of its CGUs, when there are indicators for impairment. Determining whether the regional business is impaired requires an estimation of the value in use of the CGU to which these assets are allocated. Key sources of estimation uncertainty in the value in use calculation include the estimation of future cash flows of the CGU affected by expected changes in underlying revenues and direct costs as well as corporate and central cost allocations through the forecast period, the long-term growth rates and a suitable discount rate to apply to the aforementioned cash flows in order to calculate the net present value. The discount rate selected for the regional business CGU was 15.0%, using the Capital Asset Pricing Method ("CAPM") with a long-term decline rate in perpetuity of 1.0%.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Valuation judgements

Acquisition of JPIMedia Group

On 2 January 2021 the Company acquired JPIMedia Group. The acquisition has been treated as a business combination under IFRS 3, refer to Note 23.

Intangible Assets

The acquisition of JPIMedia Group by the Company was completed at the beginning of the period, and the intangible assets are recognised at the acquired fair value. The value in use calculation prepared for the JPIMedia Group at 2 January 2021 determined the fair value of the CGU using an income approach based valuation method. The income approach is suitable for assets which generate the majority of their value from their income-generating capacity. It operates under the premise that the value of that asset can be accurately derived from the value of the future net cash flows which will be generated by it over time, discounted back to their present value at an appropriate discount rate.

5. Revenue

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

	2021 £m	2020 £m
Print publishing	71.9	-
Digital publishing	12.7	-
Other	1.4	-
Total revenue	**86.0**	**-**

The description and revenue recognition criteria (timing and performance obligations) for each revenue stream is contained within the accounting policies, in Note 2. The reconciliation for contract assets and liabilities associated with contracted revenue can be found in Note 17.

Other revenue includes Local Democracy Reporting Service funding from the BBC and Facebook to support news coverage of top-tier local authorities and other public service organisations.

6. Profit / (loss) for the period

Profit / (loss) for the period includes the following items:

	Note	2021 £m	2020 £m
Operating profit / (loss) for continuing operations is shown after charging/(crediting):			
Depreciation of tangible fixed assets	14	0.8	-
Amortisation of intangible assets	13	0.5	-
Depreciation of right of use assets	18	1.4	-
Staff costs	8	43.5	-
Cost of inventory recognised as expense		3.4	-
Non-recurring costs:			
Acquisition, loan note issue and share re-listing	a	0.8	0.8
Restructuring	b	3.6	-
Property rationalisation	c	1.8	-
Onerous contracts	d	0.7	-

a) Acquisition, loan note issue and share re-listing costs

Total acquisition, loan note and share re-listing costs of £1.3 million were incurred in the period (2020: £0.8 million). £0.5 million of the costs incurred were directly attributed to the new share issue and have been charged to share premium in the period (Note 27). The remaining £0.8 million cost in the current period has been expensed as non-recurring costs, and relates to:

- the issue of loan notes (Note 22); and
- the acquisition of JPIMedia Group which was completed on 2 January 2021 (Note 23).

The £0.8 million cost incurred in 2020 was also incurred in relation to the acquisition of JPIMedia Group (£0.5 million) and loan note issue costs (£0.3 million).

b) Restructuring costs

Restructuring costs of £3.6 million have been incurred in 2022 for the delivery of annualised cost savings of £5.1 million (net of National World management costs).

6. Profit / (Loss) for the period (*continued*)

c) Property rationalisation

A number of office locations have been vacated as the business has adopted a flexible working policy. At the year-end, the ROU assets (£0.9 million) at these locations were written off in full together with a provision for onerous occupation costs related to this vacant space (£0.9 million) until the end of the lease term (Note 21). There is no assumed increase in the dilapidation provisions for these offices.

d) Onerous contracts

A provision of £0.7million was created in the period for the remaining cost obligations over the unexpired contract term of an existing contract associated with moving technology infrastructure to the Cloud (Note 21).

7. Auditors remuneration

Crowe U.K. LLP were appointed auditors in 2019. The analysis of Crowe U.K. LLP's remuneration is as follows:

	2021 £m	2020 £m
Fees payable for the audit of the annual accounts	0.2	-
Fees payable to the Company's auditors – Reporting accountants fees	0.1	-
Total audit fees	**0.3**	**-**

Total audit fees payable to Crowe U.K.LLP in respect of the 2021 audit and interim was £180,000 (2020: £18,000). Audit fees relating to the Company totalled £57,000 (2020: £18,000).

8. Employees and Directors

The average number of employees during the period, including Directors was:

	2021 No.	2020 No.
Editorial	726	-
Sales and distribution	345	-
Production	106	-
Administration	78	-
Directors	6	5
Average number of employees	**1,261**	**5**

Staff costs, including directors' emoluments, comprised of:

	2021 £m	2020 £m
Wages and salaries	38.0	-
Social security costs	4.0	-
Other pension costs	2.0	-
Government grant	(0.5)	-
Total staff costs	**43.5**	**-**

£0.5 million of government grants were claimed from HMRC for the Coronavirus Job Retention Scheme in the period by JPIMedia Publishing Limited for the total PAYE group. Prior to the acquisition of JPIMedia Group, JPIMedia Publishing Limited claimed furlough funding of £3.9 million in 2020.

Wages and salaries include bonuses payable in the period. Restructuring costs are excluded from staff costs and are disclosed in Note 6.

The remuneration of the Directors of the Group, who are all employed by the Company, is disclosed in the Remuneration report on page 51, and presented in the table below. Remuneration included within wages and salaries of £10k was paid to Crathorne Home Services Ltd in the period for director services provided by Danny Cammiade, and is included in the table below:

	2021 £m	2020 £m
Wages and salaries	0.6	-
Social security costs	0.1	-
Other pension costs	-	-
	0.7	**-**

8. Employees and Directors *(continued)*

Executive and Non-Executive Directors' emoluments totalled £0.7 million (2020: £19,000). The highest paid director was paid £194,000 (2020: £5,000).

Highest paid director:

	2021 £m	2020 £m
Wages and salaries	0.2	-
Social security costs	-	-
Other pension costs	-	-
	0.2	**-**

9. Finance costs

	Note	2021 £m	2020 £m
Interest on convertible secured loan notes	22	0.6	-
Interest on interest only unsecured loan notes	22	0.1	-
Interest on lease liabilities	18	0.2	-
Total finance costs		**0.9**	**-**

Interest was incurred at 10% per annum on the £20.0 million of convertible secured loan notes up until 7 May 2021 at which time the loan notes and accrued interest were converted to ordinary shares (Note 27). Interest is being accrued and paid at 15% on the £1.0 million of interest only unsecured loan notes (Note 22).

10.Tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for 2021 is 19%, the same as for the full year ended 31 December 2020.

The corporation tax rate will increase to 25% for the year beginning 1 April 2023. The change to the standard rate of corporation tax rate to 25%, substantively enacted by parliament in May 2021, has been accounted for in the calculation of the deferred tax.

The tax on profit/(loss) comprises:

	2021 £m	2020 £m
Deferred tax		
Credit for the period	(4.1)	-
Total tax credit for the period	**(4.1)**	**-**

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% to the loss before tax is as follows:

	2021 £m	2020 £m
Profit / (Loss)	1.2	(1.1)
Tax at the UK corporation tax rate of 19%	0.2	(0.2)
Effects of:		
Expenses not allowable	0.1	0.2
Deferred tax asset recognised for tax losses	(4.4)	-
Effect of increase in deferred tax rate to 25%	0.1	-
Adjustment relating to acquired balance	(0.1)	-
Total tax credit for the period	**(4.1)**	**-**
Effective tax rate - credit	**355%**	**0%**

The Group has tax losses carried forward of £26.1 million (2020: £0.4 million), of which £19.7 million have been recognised in the period.

Gross brought forward losses of £19.7 million are recognised as a deferred tax asset at the period-end, calculated using a blended corporate tax rate of 23%, as the Group expects the losses will be utilised over the next three years and the tax losses can no longer be called upon by JPIMedia Limited following its liquidation on 17 May 2021 (Note 20).

The remaining tax losses of £6.4 million have not been recognised as a deferred tax asset due to uncertainty over the timing of future profits and gains.

11. Earnings/(loss) per share

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

On 7 May 2021, the Company issued 205.4 million ordinary shares (Note 27).

	2021 £m	2020 £m
Weighted average number of ordinary shares for basic earnings per share	189	54
Effect of dilutive ordinary shares in respect of potential share awards under the value creation plan[1]	16	-
Weighted average number of ordinary shares for diluted earnings per share	**205**	**54**

	Pence	Pence
Statutory earnings / (loss) per share		
Earnings / (loss) per share – basic	2.8	(2.0)
Earnings / (loss) per share – diluted[1]	2.6	(2.0)
Adjusted earnings / (loss) per share		
Earnings / (loss) per share - basic	3.7	(0.6)
Earnings / (loss) per share - diluted	3.4	(0.6)

[1]The effect of the potential dilutive shares on the statutory earnings/(loss) per share would have been anti-dilutive in 2020 and therefore were not included in the calculation of diluted statutory loss per share.

12. Goodwill

	Note	2021 £m	2020 £m
Opening balance		-	
Acquisition of subsidiaries	23	5.2	-
Carrying value at the end of the period		**5.2**	**-**

During the period the Group acquired JPIMedia Publishing Limited and its subsidiaries (JPIMedia Group) which created goodwill of £5.2 million (Note 23).

13. Intangible assets

	Note	Publishing titles - Regional £m	Digital intangible assets £m	Total £m
Opening balance		-	-	-
Acquisition of subsidiaries	23	5.3	0.5	5.8
Amortisation charge for the period	6	(0.4)	(0.1)	(0.5)
Carrying value at the end of the period		**4.9**	**0.4**	**5.3**

Intangible assets acquired on the acquisition of JPIMedia Group consist of regional publishing titles with a value of £5.3 million and software and digital development assets of £0.5 million. Intangible assets are amortised over their useful economic life and the carrying value of the titles is reviewed when there are indicators that an impairment has occurred.

Impairment assessment

The impairment review in respect of the regional publishing business cash-generating unit (CGU) concluded that no impairment charge was required.

The Group tests the carrying value of the CGU held within the Group for impairment annually or more frequently if there are indications that the carrying value is less than the recoverable amount. If an impairment charge is required, this is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU but subject to not reducing any asset below its recoverable amount.

13. Intangible assets *(continued)*

The Group has one identifiable CGU, the regional publishing business, which includes intangible publishing titles, digital intangible assets, goodwill, property, plant and equipment, trade and other receivables and trade and other payables. Within the single CGU there is an interdependency of revenue and costs within a matrix management structure, single wholesale and distribution agreements, substantial packaged advertising sales across all titles and websites and dependence on central support infrastructure.

The intangible assets acquired on the acquisition of JPIMedia Group are recognised at fair value. The value in use calculation at 1 January 2022 was prepared using consistent methodologies to that applied for the fair value on acquisition at 1 January 2021. With regard to the methodologies applied in the valuation, the intangible assets of the Group were assessed using an income approach based method. The income approach is suitable for assets which generate the majority of their value from their income-generating capacity. It operates under the premise that the value of that asset can be accurately derived from the value of the future net cashflows which will be generated by it over time, discounted back to their present value at an appropriate discount rate.

The Directors consider that the publishing titles, with a carrying value as at 1 January 2022, have finite lives of 3 to 13 years.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are:

- expected changes in underlying revenues and direct costs during the period;
- growth / decline rates; and
- discount rate.

The key assumptions underpinning the Value in Use model are:

	2021
Discount rate (pre-tax WACC)	15%
Long-term decline rate	1%

The Group prepares discounted cash flow forecasts using:

- the Board-approved budget for 2022, and projections to 2024 which reflects management's current experience and future expectations of the markets in which the CGU operates and is based on information known at the balance sheet date. This is then forecast into perpetuity from 2024. Changes in underlying revenue and direct costs are based on past practices and expectations of future changes in the market by reference to the Group's own experience and, where appropriate, publicly available market estimates. These include changes in demand for newspapers, cover prices, digital subscriptions, print and digital advertising rates as well as movements in newsprint and production costs and inflation;
- capital expenditure cash flows to reflect the cycle of capital expenditure;
- net cash inflows for future years are extrapolated beyond 2024 based on the Board's view of the estimated annual long-term performance. A long-term decline rate of 1% reflecting the market's view of the long-term decline of the newspaper industry; and
- management estimates of discount rates that reflect current market assessments of the time value of money, the risks specific to the CGUs and the risks that the regional media industry is facing.

The discount rate reflects the weighted average cost of capital of the Group. The current post-tax and equivalent pre-tax discount rate used is 12.2% and 15.0% respectively (fair value on acquisition pre-tax WACC 17.05% and post-tax WACC of 13.8%).

The impairment review is highly sensitive to reasonably possible changes in key assumptions used in the value in use calculations. A combination of reasonably possible changes in key assumptions, such as digital growth being slower than forecast or the decline in print revenue being greater, could lead to a further impairment. Based on the existing modelling:

- an increase in the long-term decline rate of 1.0% (which has the effect of increasing the decline from 1% to 2% beyond 2024), would reduce the headroom by £3.2 million. No impairment would be triggered from this sensitivity; and
- an increase in the discount rate of 1% from 15.0% to 16.0% would reduce the headroom by £3.5 million. No impairment would be triggered from this sensitivity.

14. Tangible assets

	Note	Office Equipment £m	Total £m
Cost			
Opening balance		-	-
Acquired on 2 January 2021	23	1.4	1.4
Additions		0.2	0.2
Disposals		(0.3)	(0.3)
At 1 January 2022		**1.3**	**1.3**
Accumulated impairment losses and depreciation			
Opening balance		-	-
Depreciation for the period	6	(0.8)	(0.8)
Disposals		0.3	0.3
At 1 January 2022		(0.5)	(0.5)
Carrying value at 1 January 2022		**0.8**	**0.8**

£1.4 million office equipment assets with accumulated depreciation of £0.8 million were recognised on acquisition of JPIMedia Group and there were additions of £0.2 million during 2021. The assets are depreciated over their useful lives.

15. Inventories

Inventories consist of newsprint held at outsourced locations for contract printing of publishing titles.

16. Other financial assets and liabilities

Trade and other receivables

	Note	2021 £m	2020 £m
Trade receivables		8.1	-
Allowance for doubtful debts		(0.5)	-
Trade receivable after allowance for doubtful debts		7.6	**-**
Prepayments		1.6	-
Other debtors and contract assets	17	3.7	-
Total trade and other receivables		**12.9**	**-**

Trade and other receivables of £13.3 million were recognised on acquisition of JPIMedia Group (Note 23), the reduction of £0.4 million in the current period is primarily due to revenue declines and improved debt collection.

Net trade receivables

Trade receivables net of credit loss allowance are £7.6 million. The average credit period taken on sales is 33 days. No interest is charged on the receivables. The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry (including the impact of COVID-19) in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Before accepting any new credit customer, the Group obtains a credit check from an external agency to assess the potential customer's credit quality and then defines credit terms and limits on a by-customer basis. These credit terms are reviewed regularly. In the case of one-off customers or low value purchases, pre-payment for the goods is required under the Group's policy. The Group reviews trade receivables past their due date but not impaired on a regular basis and considers, based on past experience that the credit quality of these amounts at the period end date has not deteriorated since the transaction was entered into and so considers the amounts recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the balance sheet date. The concentration of credit risk is limited due to the customer base being large and unrelated, except for the Mediaforce companies who following the acquisition of the JPIMedia Group by the Company are now related parties (Note 26). Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

16. Other financial assets and liabilities *(continued)*

Movement in the allowance for doubtful debts

	Note	2021 £m	2020 £m
Balance at the beginning of the period		-	-
Acquired on 2 January 2021		0.5	-
Balance at the end of the period		**0.5**	**-**

Ageing of impaired receivables

	Note	2021 £m	2020 £m
Current		0.2	-
<30 days		0.1	-
60 – 90 days		0.1	-
150+ days		0.1	-
		0.5	**-**

Ageing of Trade receivable after allowance for doubtful debts

	Note	2021 £m	2020 £m
Current		5.8	-
<30 days		1.4	-
30 – 60 days		0.3	-
60 – 90 days		0.1	-
		7.6	**-**

Cash and cash equivalents

	2021 £m	2020 £m
Cash and cash equivalents	23.0	12.7
Total cash and cash equivalents	**23.0**	**12.7**

Trade and other payables

	Note	2021 £m	2020 £m
Trade creditors		1.9	-
Accruals		5.5	0.9
VAT		1.3	-
Social security and PAYE		1.4	-
Contract liabilities	17	1.9	-
Other creditors		1.7	-
Total trade and other payables		**13.7**	**0.9**

Total trade and other payables of £13.7 million were acquired by the Group as part of the acquisition of JPIMedia Group (Note 23). Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. A deferred VAT liability of £1.2 million on acquisition of JPIMedia Group from Government concessions in relation to COVID-19 and assumed on acquisition, was fully repaid during the period.

17. Contract assets and liabilities

Contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date. Contract liabilities primarily relate to the consideration received from customers in advance of transferring a good or service.

	Contract asset £m	Contract liability £m
At 31 December 2020	-	-
At acquisition of trading business	2.0	(1.6)
Revenue invoiced in the period	(2.0)	-
Revenue recognised in the period	2.6	1.6
Revenue deferred to 2022	-	(1.9)
At 1 January 2022	**2.6**	**(1.9)**

For instances where the performance obligation has been fulfilled, but the customer has not yet been billed, revenue is recognised and a contract asset is recognised. The contract asset is released once a sales invoice has been issued. The largest contract asset balance is with regards to newspaper circulation revenue for the last week of the period, which was billed after the period end.

Where a performance obligation has not been fulfilled but cash has been received for the service to be provided, revenue is deferred and a contract liability is recognised. Once the performance obligation has been fulfilled, the contract liability is released and the revenue is recognised. Where cash is received in advance for a newspaper sales subscription, a contract liability is recognised until such a time as the performance obligation is fulfilled. Where cash is received in advance for advertising, a contract liability is recognised until such a time as the performance obligation is fulfilled and the sales invoice is raised.

18. Leases

Right of use assets and their associated lease liabilities arose on the acquisition of JPIMedia Group. The Group leases office buildings and motor vehicles for use in its business operations. Leases of offices generally have terms between 2 and 10 years, with longer period leases having a break clause after year 5. Motor vehicles generally have a term of 4 years and are principally utilised by the sales, editorial and IT departments. With the exception of short term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right of use asset and a corresponding lease liability.

Carrying value of right of use assets

The carrying amounts of right of use assets recognised and the movement during the period are set out below:

	Note	Property £m	Motor Vehicles £m	Total £m
Carrying amount at 1 January 2021		-	-	-
Acquisition of subsidiaries	23	2.6	0.6	3.2
Additions		-	0.2	0.2
Impairment	6	(0.9)	-	(0.9)
Depreciation charge for the period		(1.1)	(0.3)	(1.4)
Carrying amount at 1 January 2022		**0.6**	**0.5**	**1.1**

The impairment charge of £0.9 million in the period is for office locations vacated at the end of 2021 before the lease termination date (Note 6).

Carrying value of lease liabilities

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

	Note	Property £m	Motor Vehicles £m	Total £m
Carrying amount at 1 January 2021		-	-	-
Acquisition of subsidiaries	23	2.7	0.6	3.3
New leases		-	0.2	0.2
Interest charge	9	0.2	-	0.2
Lease payments		(1.4)	(0.4)	(1.8)
Carrying amount at 1 January 2022		**1.5**	**0.4**	**1.9**

	2021 £m	2020 £m
Current liabilities	1.2	-
Non-current liabilities	0.7	-
Total	**1.9**	**-**

18. Leases *(continued)*

Amounts recognised in Income statement

The following amounts are recognised in the income statement for the period:

	Note	2021 £m	2020 £m
Depreciation of right of use assets	6	1.4	-
Interest expense	9	0.2	-
Total		**1.6**	**-**

In addition to the above, the Group occupies serviced office accommodation and other short-term rental arrangements that do not meet the criteria for reporting under IFRS 16, with a total cost of £0.7 million incurred in the period.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets (less than £4,000). Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not recognised as lease liabilities and are expensed as incurred.

19. Retirement benefit obligation

The Group contributes to two defined contribution schemes: the JPIMedia Publishing Limited Retirement Savings Plan, a defined contribution master trust; and The Scotsman Stakeholder Pension plan. Both plans are administered by Scottish Widows. In the period employer contributions range from 3% of qualifying earnings for employees statutorily enrolled, through to 8% of basic salary for the majority of members on salary up to £125,000. Certain senior managers have company contributions up to 12% as these were contracted ahead of the rules for all new members being agreed at a maximum of 8%. The amount due to be paid into these schemes at the balance sheet date is £0.3 million (31 December 2020: £nil) and was paid to Scottish Widows on 21 January 2022. Refer to Note 8 for full employee salary details.

The Executive directors received a cash allowance in lieu of pension contribution of 10% of base salary, capped at £120,000 salary in 2021. From 1 April 2022, the Executive directors will receive a cash allowance in lieu of pension contribution of 8% of base salary, capped at £125,000 salary, to align their pension benefit to the wider workforce.

20. Deferred Tax

Under IFRS, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. The corporation tax rate of 19%, substantively enacted by parliament and applicable for the year beginning 1 April 2020, will increase to 25% effective from 1 April 2023. The weighted average effective annual corporate tax rate has been used to calculate the deferred tax liability for the period ending 1 January 2022.

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current reporting period.

	Tax losses £m	Accelerated tax depreciation £m	Intangible assets £m	Total £m
At 31 December 2020	-	-	-	-
Acquisition of subsidiaries	0.5	-	(0.5)	-
Credit to Income Statement	4.0	0.1	-	4.1
Increase in deferred tax rate to 25%	0.1	-	(0.1)	-
At 1 January 2022	**4.6**	**0.1**	**(0.6)**	**4.1**

Gross brought forward losses of £19.7 million are recognised as a deferred tax asset at the period-end, calculated using a blended corporate tax rate of 23%, as the Group expects the losses will be utilised over the next three years and the tax losses can no longer be called upon by JPIMedia Limited following its liquidation on 17 May 2021.

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (before offset) for financial reporting purposes.

	2021 £m	2020 £m
Deferred tax liabilities	(0.6)	-
Deferred tax assets	4.7	-
Net deferred tax asset	**4.1**	**-**

20. Deferred Tax *(continued)*

No deferred tax asset has been recognised in respect of the following net accumulated amounts carried forward (available for offset against future taxable profits) as there is uncertainty regarding the timing of when these amounts will be recovered:

	2021 £m	2020 £m
Losses carried forward – gross	6.4	0.4
Total - gross	**6.4**	**0.4**

21. Provisions

	Note	Onerous IT contracts £m	Property rationalisation £m	Dilapidations £m	Total £m
At 31 December 2020		-	-	-	-
Acquisition of subsidiaries	23	-	-	0.5	0.5
Charged in 2021	6	0.7	0.9	-	1.6
At 1 January 2022		**0.7**	**0.9**	**0.5**	**2.1**
Current provision		0.5	0.5	0.3	1.3
Non-current provision		0.2	0.4	0.2	0.8
Total provision		**0.7**	**0.9**	**0.5**	**2.1**

Onerous IT contracts

A provision of £0.7 million was created in the period for the remaining obligations over the unexpired term of remaining contract obligations on IT Infrastructure which overlap with the transition to Cloud computing (Note 6).

Property rationalisation

Certain office locations have been vacated as the business has adopted a flexible working policy. At the year-end, the ROU assets (£0.9 million) for vacated office space has been written off in full together with a provision for onerous occupation costs related to this vacant space (£0.9 million) until the end of the lease term (Note 6). There is no increase in the dilapidation provisions for these offices.

Leasehold property dilapidations provision

The provision for leasehold dilapidations relates to the contractual obligations to reinstate leasehold properties to their original state at the lease expiry date. The Group has assessed the entire portfolio and made provisions depending on the state of the property and the duration of the lease and likely rectification requirements. £0.3 million of the provision has been classified as current at the period-end as these leases expire in 2022.

22. Borrowings

	Note	2021 £m	2020 £m
Balance at 31 December 2020		8.4	-
Issue secured convertible loan notes		11.6	8.4
Issue of unsecured interest only loan notes		1.0	-
Accrued interest capitalised	9	0.6	-
Conversion of loan notes to equity	27	(20.6)	-
Balance at 1 January 2022		**1.0**	**8.4**

The Company issued £8.4 million 10% convertible secured loan notes in December 2020 to fund the acquisition of JPIMedia Group.

During the period there were a further two issues of 10% convertible secured loan notes: £5.5 million on 21 January and £6.1 million on 8 February 2021 increasing the total of convertible secured loan notes in issue to £20.0 million, the maximum allowed under the convertible loan note documentation. On 7 May 2021, the convertible secured loan notes, 10% conversion premium and accrued interest of £0.6 million were converted to 205.4 million ordinary shares.

On 12 February 2021, the Company raised £1.0 million through the issue of £1.0 million 15% interest only unsecured loan notes.

Borrowings at 1 January 2022 comprise of the £1.0 million 15% interest only unsecured loan notes, repayable on 31 December 2023.

22. Borrowings *(continued)*

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

	2021 £m	2020 £m
Two to five years	1.0	8.4
Total principal cash flows	**1.0**	**8.4**

23. Business combinations

On 2 January 2021, the Company acquired 100% of the issued shares in JPIMedia Group. The acquisition is classified as a reverse takeover, under Chapter 14 of the listing rules published by the FCA. The acquisition meets the definition of a business combination and has been accounted for using the acquisition accounting method in accordance with the Company's accounting policies.

Details of the purchase consideration are as follows:

	£m
Cash paid on completion for the equity	0.5
Additional consideration representing cash left in the business on completion and the normalised level of working capital	1.7
Deferred consideration	5.0
Total equity consideration	**7.2**
Inter-company loan payable to JPIMedia Limited	4.7
Total consideration	**11.9**

Cash paid on Completion comprised of two parts - £0.5 million for the issued share capital of the JPIMedia Group and £4.7 million due to JPIMedia Limited by JPIMedia Group.

In March 2021, £1.7 million was paid as additional equity consideration for cash left in the business at completion (£0.5 million) and the working capital at completion being in excess of normalised working capital (£1.2 million).

Deferred consideration

The £5.0 million deferred equity consideration is payable to the former owners, JPIMedia Limited, in two equal tranches of £2.5 million payable on 31 March 2022 and 31 March 2023. The deferred consideration has not been discounted as we do not believe that the impact of such discounting is material. The fair value of the assets and liabilities recognised as a result of the acquisition and goodwill are as follows:

	Note	Fair values £m
Publishing and Digital intangible assets	13	5.8
Property, plant and equipment	14	1.4
Right of use assets	18	3.2
Trade and other receivables	16	13.3
Cash	16	0.5
Trade and other payables	16	(13.7)
Provisions	21	(0.5)
Lease obligations	18	(3.3)
Outstanding inter-company balance payable to JPIMedia Limited	-	(4.7)
Net assets		**2.0**
Goodwill	12	5.2
Total equity consideration		**7.2**
Inter-company loan payable to JPIMedia Limited		4.7
Total consideration		**11.9**

The fair value of the Publishing and Digital Intangible assets reported in the 2020 annual report were provisionally estimated to be £11.0 million and this has been revised to £5.8 million. This revision increases the goodwill on acquisition to £5.2 million. The revision to the provisional fair value is based on new information arising since the acquisition, driven by operational issues with the digital infrastructure and formal termination of the digital acceleration programme that had been initiated by previous management for which significant costs had been capitalised.

The goodwill represents the potential growth opportunities and synergy effects from the acquisition. The goodwill is not deductible for tax purposes.

Acquisition related costs

Acquisition related costs of £nil (2020: £0.5 million) are included in operating expenses in the income statement (Note 6).

23. Business combinations *(continued)*

Acquired receivables

The fair value of trade and other receivables is £13.3 million and includes trade receivables with a fair value of £8.1 million. The gross contractual amount for trade receivables due is £8.6 million, of which £0.5 million is expected to be uncollectible.

Revenue and profit contribution

The acquired business contributed revenues of £86.0 million and profit before tax of £3.5 million to the Group for the 52 weeks ended 1 January 2022. This is after non-recurring costs of £6.1 million. The non-recurring comprises £6.9 million costs (Note 6) reported for the Group less the £0.8 million acquisition and loan note issue reported in the Company (Note 6).

24. Notes to the Cash Flow Statement

	Note	2021 £m	2020 £m
Operating profit / (loss)		2.1	(1.1)
Adjustments for non-cash/non-operating items:			
Amortisation of intangible assets	6	0.5	-
ROUA and tangible assets depreciation expense	6	2.2	-
ROUA Impairment	6	0.9	-
Acquisition, loan note issue and share re-listing costs	6	0.8	0.8
Operating cash flow before working capital changes		6.5	(0.3)
Net increase in provisions		1.6	-
		8.1	**(0.3)**
Changes in working capital:			
Decrease in receivables		0.2	0.1
(Decrease)/increase in payables		(0.1)	0.1
Cash generated from / (used in) operations		**8.2**	**(0.1)**

Cash and cash equivalents (which are presented as a single class of assets on the face of the Statement of Financial Position) comprise cash at bank (Note 16).

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows are, or future cash flows will be, classified in the Group's Consolidated Cash Flow Statement as cash flows from financial activities.

	Note	31 December 2020 £m	Acquisition of subsidiaries £m	Cash inflow from issue of debt £m	Cash outflow on repayment of debt £m	Non-cash movements £m	1 January 2022 £m
Leases	18	-	3.3	-	(1.8)	0.4	1.9
Borrowings	22	8.4	-	12.6	-	(20.0)	1.0
Total liabilities from financing activities		**8.4**	**3.3**	**12.6**	**(1.8)**	**(19.6)**	**2.9**

The £20.0 million secured convertible loan notes issued to fund the acquisition of JPIMedia Group together with accrued interest and conversion premium was converted to ordinary shares on 7 May 2021. The £1.0 million unsecured interest only loan notes raised to fund working capital remain outstanding at 1 January 2021 and are repayable on 31 December 2023.

25. Commitments, guarantees and contingent liabilities

Security deposit

On acquisition, JPIMedia Group held a security deposit of £1.5 million with Barclays Bank for the provision of banking services. Under the Sale and Purchase Agreement (SPA) the Company had undertaken to pay JPIMedia Limited the full deposit as soon as security was lifted by Barclays or by 31 March 2022. The security was released by Barclays on 4 October 2021 and the £1.5 million deposit plus accrued interest (£121.65) was paid to Erastro Limited (formerly named JPIMedia Limited) Joint Liquidators on 7 October 2021, the liquidator appointed on dissolution of Erastro Limited on 11 May 2021. As the cash deposit was for the benefit of Erastro Limited, it was written off as a non-recurring cost in the financial statements of JPIMedia Publishing Limited for the 52 weeks ended 2 January 2021.

25. Commitments, guarantees and contingent liabilities *(continued)*

Banking guarantee

A guarantee has been provided to Barclays Bank plc for the provision of banking services to the Group.

Security for convertible loan notes

The £20 million secured loan notes (£8.4 million issued in December 2020 and £11.6 million issued in January and February 2021) had security over the shares in JPIMedia Publishing Limited. As all the loan notes have been converted into ordinary shares in the Company on 7 May 2021, the security has been lifted.

26. Related party transactions

On 2 January 2021, the Company acquired JPIMedia Group from former ultimate parent entity JPIMedia Holdings Limited. Since the acquisition date, transactions between members of the National World plc group are not disclosed where the transactions are between wholly owned subsidiaries. The Group has traded with related parties in the normal course of operations.

Trading transactions

In December 2020 Mediaforce (Holdings) Limited subscribed to £6 million secured convertible loan notes and converted these plus accrued income into a 24% shareholding in the Company on 7 May 2021. Mediaforce (Holdings) Limited is the ultimate parent of the "Mediaforce companies" which the Group trades with. The Group also traded with Local TV Limited during the period which David Montgomery, Executive Chairman, is a Director and has a significant shareholding.

Sales of goods and services to related parties would be made at the Group's usual list prices less average volume discounts. Purchases were made at market prices discounted to reflect volume purchase and the relationship between the parties. Any outstanding amounts will be settled by cash payment.

During the period, the Group traded with the following Mediaforce companies which are considered related parties:

- Mediaforce Marketing UK Limited
- Mediaforce (London) Limited
- The Distribution Business Limited
- Closehill Limited
- The National Leaflet Company
- The Insert Company
- Mailbox Door Drop Limited

The Group traded with Mediaforce companies during the year, earning revenue of £8.5 million (2020: £nil) and incurring charges for services received of £2.1 million (2020: £nil). The amount outstanding at 1 January 2022, reflecting a stronger trading period in December 2021 and timing of the period end, is £2.5 million (2020: £nil) owed by Mediaforce companies to the Group, and £0.4 million is owed to Mediaforce companies by the Group.

The Group traded with Local TV Limited during the period, and incurred charges for services received of £0.1 million (2020: £nil). There is £nil owed by the Group to Local TV Limited at 1 January 2022 (2020: £nil) as the December invoice was issued in advance and paid prior to the period end.

Compensation of key management personnel

Key management are the executive directors. The remuneration of the executive directors is determined by the Remuneration Committee having regard to competitive market position and performance of individuals. Further information regarding the remuneration of the executive directors is provided in the Remuneration report on pages 41 to 54.

27. Share capital and reserves

	As at 1 January 2022 £m	As at 31 December 2020 £m
Share capital	0.3	0.1
Share premium	24.6	4.7
Retained earnings / (accumulated losses)	3.9	(1.4)
Total equity	**28.8**	**3.4**

At the period end, the Company had 259,432,801 shares in issue.

The 10% convertible secured loan notes were converted into 205,432,801 ordinary shares with a nominal value of 0.1 pence each on 7 May 2021. All 259,432,801 shares in issue rank equally for voting purposes, on any dividend declared and distributions made on winding up of the Company.

27. Share capital and reserves *(continued)*

The 205.4 million ordinary shares issued on 7 May 2021 at a price of £0.11 per share (including the 10% conversion premium on the £20.0 million secured convertible loan notes) giving rise to a share premium of £20.4 million. £0.5 million of costs incurred in the period were directly attributed to the new share issue and have been charged to share premium.

The Value Creation Plan (VCP) was put in place on Admission in September 2019. The overall effect of the VCP is that the three Executive director participants together will be able to earn Ordinary Shares equivalent in value to 10% of any equity value created above an 8% compound annual growth rate based on the measurement of absolute total shareholder return generated over the VCP performance period, refer to the Remuneration report for further information.

28. Financial Instruments

The Company's major financial instruments include bank balances and amounts payables to suppliers. The risks associated with these financial instruments, and the policies on how to mitigate these risks are set out below. Risk management is carried out by the Board.

The Group's treasury function supports the business and, with the Group's finance department, monitors and manages the financial risks relating to the operations of the Group through assessment of the exposures by degree and magnitude of risk.

Categories of financial instruments

		2021 £'m	2020 £'m
Financial assets (current and non-current)			
Trade and other receivables	16	11.3	-
Cash at bank	16	23.0	6.7
Cash held in escrow by lawyers	16	-	6.0
		34.3	**12.7**
Financial liabilities (current and non-current)			
Trade and other payables	16	6.3	**-**
Accruals	16	5.5	0.9
Convertible secured loan notes	22	-	8.4
Interest only unsecured loan notes	22	1.0	-
		12.8	**9.3**

Each of the financial instruments identified are measured at amortised cost.

The component parts of trade and other receivables are presented in Note 16 but excludes prepayments. The component parts of trade and other creditors are presented in Note 16 but excludes contract liabilities.

Liquidity risk management

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The contractual maturities (representing undiscounted contractual cash flows) of financial liabilities, being trade and other payables and the interest only unsecured loan notes, are as follows:

	2021 £m	2020 £m
<3 months	8.8	0.9
3 – 12 months	3.0	-
1 -2 years	1.0	-
	12.8	0.9

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a way of mitigating the risk of financial loss from defaults. The Group's policy on dealing with trade customers is described in Note 16.

The Group's largest credit exposure is with Mediaforce (Note 26) and newspaper sales distributors Menzies and Smiths. The Group's exposure and the credit ratings of its counterparties are continuously monitored. As far as possible, the aggregate value of transactions is spread across a number of approved counterparties.

28. Financial Instruments *(continued)*

Credit risk management *(continued)*

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, the latter being defined as connected entities, other than with some of the larger advertising agencies. In the case of the latter, a close relationship exists between the Group and the agencies and appropriate allowances for doubtful debts are in place. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The following table shows the total estimated exposure to credit risk for all of the Group's financial assets, excluding trade receivables which are discussed in Note 16:

	2021		2020	
	Carrying value	Exposure to credit risk	Carrying value	Exposure to credit risk
	£m	£m	£m	£m
Cash and cash equivalents	23.0	-	12.7	-

Capital risk management

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

Market and foreign currency risk management

The Group's activities do expose it to the financial risk of changes in foreign currency exchange, but this is not considered to be material. At a Group and Company level, market risk exposures are assessed using sensitivity analyses.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities at the reporting date are immaterial.

29. Alternative performance measures

To provide clarity of the underlying trading performance of the Group, the operating results are presented on an adjusted basis. Adjusted results are before non-recurring restructuring and organisational charges, IFRS 16 adoption, transaction costs, amortisation of intangible assets and impairment charges. The Directors believe that it is appropriate to additionally present the alternative performance measures used by management in running the business, and that it will present a more meaningful and comparable financial result.

The adjusted results provide supplementary analysis of the 'underlying' trading of the Group.

	Adjusted results		Statutory results	
	2021	2020	2021	2020
	£m	£m	£m	£m
Revenue	86.0	-	86.0	-
Operating costs	(75.9)	(0.3)	(74.3)	(0.3)
Depreciation and amortisation	(0.8)	-	(2.7)	-
Operating profit/(loss) pre non-recurring items	9.3	(0.3)	9.0	(0.3)
Non-recurring items	-	-	(6.9)	(0.8)
Operating profit/(loss)	9.3	(0.3)	2.1	(1.1)
Net finance expense	(0.7)	-	(0.9)	-
Profit/(loss) before tax	8.6	(0.3)	1.2	(1.1)
Tax (charge) / credit	(1.6)	-	4.1	-
Profit/(loss) after tax	**7.0**	**(0.3)**	**5.3**	**(1.1)**

The adjusted profit before tax is £8.6 million, and the adjusted tax rate is 19% with a £1.6 million tax charge in the period. The adjusted tax charge does not benefit from the brought forward tax losses so as to provide a more meaningful and comparable financial result.

29. Alternative performance measures *(continued)*

Operating profit / (loss) as determined under IFRS to adjusted operating profit/(loss):

	Note	2021 £m	2020 £m
Operating profit/(loss) as determined under IFRS		**2.1**	**(1.1)**
Adjustments:			
Lease costs		(1.6)	-
Depreciation on right of use assets	6	1.4	-
Amortisation of intangible assets	6	0.5	-
Restructuring costs	6	3.6	-
Onerous IT contracts	6	0.7	-
ROUA Impairment	6	0.9	-
Property Rationalisation	6	0.9	-
Acquisition, loan note issue and share re-listing costs	6	0.8	0.8
Adjusted operating profit/(loss)		**9.3**	**(0.3)**

EBITDA and adjusted EBITDA are:

		2021 £m	2020 £m
Operating Profit/(loss) as determined under IFRS		**2.1**	**(1.1)**
Depreciation and amortisation	6	2.7	-
ROUA Impairment	6	0.9	-
EBITDA		**5.7**	**(1.1)**
Adjusted operating profit/(loss)		**9.3**	**(0.3)**
Depreciation	14	0.8	-
Adjusted EBITDA		**10.1**	**(0.3)**

Reconciliation of revenue to proforma revenue

	52 weeks ended 1 January 2022 £m	52 weeks ended 31 December 2020 £m
Revenue	86.0	-
JPIMedia Group revenue pre-acquisition	-	88.2
Proforma revenue	**86.0**	**88.2**

The proforma revenue trend presents the prior period revenues on a like for like basis for the prior periods assuming JPIMedia Group was owned from the beginning of 2020.

30. Reconciliation of statutory to adjusted cash flow

	IFRS 2021 £m	Adjustments £m	Adjusted 2021 £m
Cash flow from operating activities			
Operating profit	2.1	7.2	9.3
Impairment on ROUA	0.9	(0.9)	-
Depreciation and amortisation	2.7	(1.9)	0.8
Adjusted EBITDA	5.7	4.4	10.1
Restructuring costs paid	-	(3.2)	(3.2)
Acquisition, loan note issue and share re-listing costs	0.8	(0.8)	-
Provisions	1.6	(1.6)	-
Working capital and other	0.1	(0.6)	(0.5)
Net cash flow generated from operations	**8.2**	**(1.8)**	**6.4**
Investing activities			
Acquisition of subsidiaries	(2.2)	-	(2.2)
Cash acquired in subsidiaries	0.5	-	0.5
Subsidiary acquisition costs	(0.5)	-	(0.5)
Purchases of tangible assets	(0.2)	-	(0.2)
Repayment of outstanding inter-company balance payable to JPIMedia Limited	(4.7)	-	(4.7)
Net cash outflow from investing activities	**(7.1)**	**-**	**(7.1)**
Financing activities			
Interest paid	(0.3)	0.2	(0.1)
Principal repayment of leases	(1.6)	1.6	-
Proceeds from issue of convertible secured loan notes	11.6	-	11.6
Proceeds from issue of interest only unsecured loan notes	1.0	-	1.0
Capital raise and share issue costs	(1.5)	-	(1.5)
Net cash generated from financing activities	**9.2**	**1.8**	**11.0**
Net increase in cash and cash equivalents	**10.3**	**-**	**10.3**

The adjustments for 2021 are:

- £7.2 million increase in operating profit reflects £1.4 million depreciation of IFRS 16 leased assets, £0.9 million impairment of ROUA, £0.5 million amortisation of intangible assets, £0.8 million of acquisition, loan note issue and share re-listing costs, £1.6 million provisions (comprising £0.7 million onerous IT contracts and £0.9 million property rationalisation) and £3.6 million restructuring costs partially offset by a lease costs charge of £1.6 million
- £1.9 million reduction in depreciation and amortisation reflects the £1.4 million depreciation of IFRS 16 lease assets and £0.5 million amortisation of intangible assets which has been added back to operating profit
- The £3.2 million reduction for restructuring costs and £0.6 million negative working capital adjustment reflects the £3.6 million restructuring costs of which £3.2 million has been paid in the period and £0.4 million remains outstanding, and £0.2 million of acquisition, capital raise and share issue costs remains outstanding
- £0.8 million acquisition, loan note issue and share re-listing costs reduction as these were added back to operating profit
- £0.2 million interest and £1.6 million principal payments on IFRS 16 leases are added back as they have already been charged to operating profit.

	31 December 2020 £m	Adjustments £m	Adjusted 2020 £m
Cash flow from operating activities			
Operating (loss)/profit	(1.1)	0.8	(0.3)
Depreciation and amortisation	-	-	-
Adjusted EBITDA	(1.1)	0.8	(0.3)
Restructuring costs paid	-	-	-
Acquisition, loan note issue and share re-listing costs	0.8	(0.8)	-
Working capital and other	(0.8)	-	(0.8)
Net cash flow generated from operations	(1.1)	-	(1.1)

The adjustment for 2020 is the £0.8 million of acquisition, loan note issue and share re-listing costs which were all outstanding at 31 December 2020. £0.6 million of these costs were paid in 2021.

National World Plc
Company Statement of Financial Position
As at 1 January 2022

	Note	As at 1 January 2022 £m	As at 31 December 2020 £m
ASSETS			
Non-current assets			
Investments	37	7.2	-
Deferred tax	36	0.4	-
		7.6	-
Current assets			
Cash and cash equivalents	39	15.5	12.7
Other receivables	40	0.1	-
Intercompany receivables	38	5.2	-
		20.8	12.7
Total assets		28.4	12.7
LIABILITIES			
Current liabilities			
Trade and other payables	40	(0.8)	(0.9)
Deferred Consideration	23	(2.5)	-
		(3.3)	(0.9)
Non-current liabilities			
Borrowings	22	(1.0)	(8.4)
Deferred Consideration	23	(2.5)	-
		(3.5)	(8.4)
Total liabilities		(6.8)	(9.3)
Net assets		**21.6**	**3.4**
EQUITY			
Share capital	27	0.3	0.1
Share premium	27	24.6	4.7
Accumulated losses		(3.3)	(1.4)
Total equity		**21.6**	**3.4**

The Company reported a statutory loss after tax for the period of £1.9 million (2020: £1.1 million). As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period.

These parent company financial statements on pages 94 to 100 were approved by the Board of Directors and authorised for issue on 17 March 2022.

The notes on pages 71 to 100 form part of these financial statements.

They were signed on its behalf by:

David Montgomery
Executive Chairman

National World Plc
Company Statement of Changes in Equity
For the 52 weeks ended 1 January 2022

	Share Capital £m	Share Premium £m	Accumulated Losses £m	Total Equity £m
As at 1 January 2020	0.1	4.7	(0.3)	4.5
Comprehensive loss				
Loss for the period	-	-	(1.1)	(1.1)
As at 31 December 2020	**0.1**	**4.7**	**(1.4)**	**3.4**
As at 1 January 2021	0.1	4.7	(1.4)	3.4
Comprehensive loss				
Loss for the period	-	-	(1.9)	(1.9)
Total comprehensive loss	-	-	(1.9)	(1.9)
Issue of shares on 7 May 2021	0.2	20.4	-	20.6
Costs directly attributable to issuing new shares	-	(0.5)	-	(0.5)
As at 1 January 2022	**0.3**	**24.6**	**(3.3)**	**21.6**

The notes on pages 71 to 100 form part of these financial statements.

31. Company information

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

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

The prior period was for the 12 months ending 31 December 2020.

32. Summary of significant accounting policies

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

Basis of preparation

These separate financial statements of the Company have been prepared on a going concern basis in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). The Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company is a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements. The following exemptions have been taken in relation to the presentation of a cash-flow statement, capital management, financial instruments, change in accounting policy, retrospective restatement or reclassification, capital management, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the Group accounts, the applicable note reference is provided.

Measurement bases

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

The preparation of the financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in Note 33.

Going concern

The Company had £15.5 million cash as at 1 January 2022 providing significant headroom to repay the £5.0 million deferred consideration (£2.5 million due on 31 March 2022 and £2.5 million due on 31 March 2023) and to fund operating expenses and costs associated with evaluating acquisitions and investments, including due diligence. On this basis, the Board considers the Company to have sufficient resources to remain in operational existence for the foreseeable future.

Functional and presentation currency

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

New standards, interpretations and amendments

There are no new standards that are issued but not yet effective which would be expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

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

Net finance costs

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

Finance expense comprises interest on £20 million secured convertible loan notes until conversion to ordinary shares on May 2021 and interest on the £1 million interest only Loan notes.

32. Summary of significant accounting policies *(continued)*

Financial assets

The Company classifies all its financial assets at amortised cost. Management determines the classification of its financial assets at initial recognition.

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

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

Financial liabilities

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

Trade and other payables

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

Convertible debt

The proceeds received on issue of the Company's short-term (less than 12 months) £20 million secured convertible debt was initially accounted for as debt. On conversion the debt was converted to equity and the costs associated with the issue of equity was recognised in share premium.

Long-term convertible debt is allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert.

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

Equity instruments

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

Income tax

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

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

33. Significant judgements and estimates

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

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

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

34. Loss before income tax

The loss before income tax is stated after charging:

		2021 £m	2020 £m
Staff costs	8,35	1.2	-
Fees payable to the Company's auditors – audit of the Company's annual accounts	7	0.1	-
Non-recurring costs:			
Acquisition, loan note issue and share re-listing	6	0.8	0.8
Finance costs:			
Interest on convertible loan notes	9	0.6	-
Interest on interest only unsecured loan notes	9	0.1	-

35. Directors and employees

The employees of the Company are all Executive and Non-Executive directors, and disclosed in the Group staff costs (Note 8).

Staff costs of £1.2 million comprise of £0.7 million remuneration paid to the Executive and Non-Executive directors (Note 8) and a £0.5 million National Insurance contribution accrual relating to the Value Creation Plan (VCP) share scheme.

Other than the salaries and fees, detailed in (Note 8), and the Executive Directors' VCP participation, no other remuneration was paid, payable or will be paid or payable for 2021. Further disclosure is included in the Remuneration Report.

36. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for 2022 is 19%, the same as for the full year ended 31 December 2020.

The corporation tax rate will increase to 25% for the year beginning 1 April 2023. The change to the standard rate of corporation tax rate to 25%, substantively enacted by parliament in May 2021, has been accounted for in the calculation of the deferred tax.

	2021 £m	2020 £m
Deferred tax		-
Credit for the period	(0.4)	-
Total tax credit for the period	**(0.4)**	**-**

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% to the loss before tax is as follows:

	2021 £m	2020 £m
Analysis of charge in period		
Loss before tax on continuing operations	**(2.3)**	(1.1)
Tax at the UK corporation tax rate of 19%	(0.4)	(0.2)
Effects of:		
Expenses not allowable	0.1	0.2
Deferred tax asset recognised for tax losses	(0.1)	-
Tax credit for the period	(0.4)	-

The Company has tax losses carried forward of £2.4 million (2020: £0.4 million), of which £1.8 million have been recognised in the period (£0.4 million deferred tax asset). The remaining tax losses of £0.6 million have not been recognised as a deferred tax asset due to uncertainty over the timing of future profits and gains.

37. Investment in Subsidiaries

	2021 £m	2020 £m
1 January 2021	-	-
Acquisition of JPIMedia Group	7.2	-
1 January 2022	7.2	-

The Company's subsidiaries as at 1 January 2022 are as follows:

	Country of incorporation and operation	**Proportion of ownership interest and voting power**	**Class of share owned**	**Nature of business**	**Status**
JPIMedia Publishing Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia Scotsman Publications Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia SWP Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia North East Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia North West Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia Off Road Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia Yorkshire Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia NMSY Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia Midlands Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia South Limited	England	100%	Ordinary	Newspaper publishers	Agency
JPIMedia NI Ltd	England	100%	Ordinary	Newspaper publishers	Agency

The registered office of all subsidiaries is No1 Leeds, 4th Floor, 26 Whitehall Road Leeds, LS12 1BE.

There is no difference in the proportions of ownership interest shown above and the voting power held. All investments in subsidiary undertakings are held at cost less, where appropriate, provisions for impairment. All subsidiaries have been included within the consolidated accounts.

38. Intercompany receivables

Amounts falling due within one year:	2021 £m	2020 £m
Intercompany receivables	5.2	-

Following the acquisition of JPIMedia Group a loan of £10.5 million was provided to JPIMedia Publishing Limited to fund the repayment of the £4.7 million loan due to the former vendor (JPIMedia Limited) and for working capital. During 2021, the strong cash generation of the JPIMedia Group has enabled the intercompany loan to be reduced to £5.2 million.

The Company has no intention to demand repayment of the balance receivables in the foreseeable future, and the intercompany receivable balance remains interest free and repayable on demand by counterparties.

39. Cash and cash equivalents

	2021 £m	2020 £m
Cash at bank	15.5	6.7
Cash held in escrow by Lawyers	-	6.0
Total cash and cash equivalent	**15.5**	**12.7**

£6.0 million cash was held in escrow by the Company's lawyers at 2020 year end in advance of the completion of the acquisition of the JPIMedia Group on 2 January 2021.

All bank balances are denominated in pounds sterling. An amount of £4.2 million held on a term deposit at the year end 2020 with Barclays was received by the Company on 23 January 2021 and the deposit account closed.

40. Other financial assets and liabilities

Other receivables

	2021 £m	2020 £m
Prepayments and other debtors	0.1	-
Total Other receivables	**0.1**	-

40. Other financial assets and liabilities *(continued)*

Trade and other payables

Amounts falling due in one year:	2021 £m	2020 £m
Trade payables	0.1	-
Accruals	0.2	0.9
Taxes and social security	0.5	-
Total Trade and other payables	**0.8**	0.9

Taxes and social security

The £0.5 million Tax and Social balance related to National Insurance contributions attributable to the Executive Directors' VCP which operates over a performance period commencing on listing (September 2019) and ending on the date of publication of the Company's results for the financial year ending 31 December 2022. Refer to the Remuneration Report.

41. Ultimate controlling party

The Company has no ultimate controlling party.

42. Commitments, guarantees and contingent liabilities

Value added tax

Following its acquisition of the JPIMedia Group on 2 January 2021, the Company joined the VAT Group headed up by JPIMedia Publishing Limited. The Company is registered for VAT purposes in a group of undertakings, which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the Group, and failure by other members of the Group to meet their VAT liabilities would give rise to additional liabilities for the Company. At January 2022 the total VAT liability of the Group amounted to £1.3 million.

43. Subsequent events

With the exception of the uncertainty in the trading environment because of inflationary pressures, in particular newsprint and printing costs, and the global instability as a result of the Ukraine war there are no post balance sheet events requiring disclosure.