

Registered number: 11473734

BROADLEAF TOPCO LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**



BROADLEAF TOPCO LIMITED

COMPANY INFORMATION

Directors	S P Farragher (appointed 25 July 2018) J R S J Lenane (appointed 19 July 2018) D McGovern (appointed 19 July 2018) J A Tye (appointed 1 October 2018)
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Registered number	11473734
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Registered office	31-32 Alfred Place London WC1E 7DP United Kingdom
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Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
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BROADLEAF TOPCO LIMITED

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BROADLEAF TOPCO LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The Directors present their strategic report, the report of the Directors and the audited financial statements of Broadleaf Topco Limited ("the company") and its subsidiaries ("the Group" "Broadleaf Topco Limited Group"), for the 18 month period ("period") ended 31 December 2019.

Principal activities

The company was incorporated on 19 July 2018 and its immediate parent undertaking is Exponent Fund IV, a fund managed by Exponent Private Equity Partners GP IV LLP ("Exponent"). The company's principal activity is the acquisition and holding of investments. The results included in these financial statements represent the 15 months of trading of the Group from 3 October 2018 to 31 December 2019.

The company's subsidiaries are engaged in the publication, and promotion of editorial content in the current affairs, financial, automotive, special interest and technology sectors. Revenue is earned from the following:

- The sale of printed and digital magazines and mobile apps in the form of subscriptions;
- The sale of printed magazines through third party retail outlets;
- The sale of advertising in the magazines and websites and through lead generation;
- The syndication of content to third parties; and
- Events.

The Group also operates an ecommerce business selling used cars, under the brand of BuyaCar.

On 3 October 2018, Broadleaf Bidco Limited, a company in the Broadleaf Topco Limited Group, acquired 100% of the share capital of Dennis Publishing Limited and its subsidiaries ("the Dennis Group"). Broadleaf Bidco Limited also acquired the intellectual property rights to certain magazines published by the Dennis Group and licensed the publication rights of these to the Dennis Group.

On 3 October 2018, Broadleaf Bidco US Inc., a company in the Broadleaf Topco Limited Group, acquired 100% of the share capital of The Week Publications Inc. ("The Week US"). Broadleaf Bidco US Inc. also acquired the intellectual property rights to the magazines published by The Week US. The intellectual property rights were subsequently sold to The Week Publications Inc.

On 27 February 2019, Broadleaf Bidco US Inc. acquired 100% of the share capital of Kiplinger Washington Editors Inc. ("Kiplinger").

On 2 August 2019, Dennis Publishing Limited acquired 100% of the share capital of Car Throttle Limited.

Further information on the acquisitions of the Group are included in note 30.

Business review, key performance indicators and future developments

The revenue for the period was £227.6m with an operating loss of £10.3m and a loss before tax of £28.1m. The results for the year are set out on page 12 of these financial statements.

BROADLEAF TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

The key indicators of financial performance of the Group are:

	18 months ended 31 December 2019 (£m)
Turnover	227.6
Adjusted EBITDA	29.4
Loss before tax	(28.1)
Net external debt (note 28)	108.1

Adjusted EBITDA

Adjusted EBITDA is used by the directors as an indicator of on-going trading profitability of the Group. In addition to excluding exceptional costs, this measure excludes certain other one-off or non-trading items; as described below:

	£m
EBITDA*	14.7
Exceptional costs (note 5)	7.8
Launch costs and costs of new initiatives	3.4
Management fees (note 37)	0.7
Share-based payment accounting (note 29)	1.5
Write offs in relation to the acquired businesses	0.4
Other significant adjusting items	<u>0.9</u>
Adjusted EBITDA	<u>29.4</u>

*EBITDA is defined as operating profit before depreciation and amortisation

Launch costs and costs of new initiatives include costs of starting new business lines and titles and the one-off costs of certain business initiatives. In the period under review launch and initial start-up costs were incurred on the new titles Driving Electric and Science & Nature, which were launched in 2019, and The Week Junior US which launched in March 2020. New initiative costs include one-off marketing initiatives trialled in 2019.

Management fees include service fees paid for advisory, strategic and governance services to Exponent and the Group's independent Chairman.

The share based payment accounting charge is the annual accounting charge relating to the provision of shares to employees via a management incentive scheme and employee incentive trust (note 29), which were issued in the period. These shares, under FRS 102, meet the definition of equity settled shared based payments and the non-cash accounting charge in the period is £1.3m, with a leavers provision of £0.2m also created.

Following the acquisitions during the period a number of historic balances were written off resulting in one-off, non-cash costs of £0.4m.

Other significant adjusting items of £0.9m relate to costs which will not recur as a result of changes made to business operations.

BROADLEAF TOPCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

External debt

Following the acquisition of the Group's subsidiaries in October 2018, the Group secured a 7-year term loan with a £63.0m tranche and US\$42.2m tranche (note 23). Following the acquisition of Kiplinger in February 2019, a further acquisition and capital expenditure loan of £15.0m was drawn. The Group also secured a 6-year revolving credit facility of £9.0m and a rolling 364-day overdraft facility of £1.0m. Gross drawings on these external facilities was £112.6m and net external debt stood at £108.1m at the period-end.

Since acquiring the media businesses, the Group has invested significant sums in new and existing products and in improving internal capabilities. Key initiatives in the year include a detailed review and modelling of the pricing of certain of its key publications, an exceptional investment in marketing programmes and office moves in the US. The Group has made a significant investment in its digital infrastructure including the development of a new platform for the Group's Brands websites, capitalised as an intangible asset (note 15).

Building on these initiatives, the Group has continued to invest in launching its market leading children's weekly current affairs magazine, The Week Junior, in the US market. The first edition was sold and released in mid-March 2020. Additionally, management expects to continue to invest in and develop its lead generation capabilities and to migrate all its media titles to a new internet platform in 2020.

Management have also performed a strategic review of the Group's brands which has resulted in the sale of brands and the joint venture investment that were deemed not core to future of the Group, generating £3.2m of net proceeds. The profit on disposal of the brands of £1.5m is treated as exceptional income (note 5) and the profit on disposal of the joint venture of £1.3m is detailed in note 7.

The Group has net current liabilities of £38.3m and net liabilities of £25.6m primarily driven by deferred subscription revenue of £53.4m.

The Directors are satisfied with the results for the year and the Group's balance sheet.

Future developments

Since March 2020, the significant disruption resulting from the global measures taken to contain the spread of COVID-19 has led to a reduction in Group revenues from the sale of advertising, the sale of magazines in retail shops and the sale of cars. However despite the significant challenges to these revenue streams, subscription revenue continues to be strong with limited impact. The Directors believe the Group is well placed to deliver increased growth in revenue from other existing streams and new initiatives including the successful launch of The Week Junior in the USA, further development of new lead generation activities, the replatforming of key titles' websites which will launch across 2020 and the growth of subscription income.

BROADLEAF TOPCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Principal risks and uncertainties

The key risks and uncertainties facing the Group are listed below.

Changing consumer preferences

The media sector is experiencing significant structural change with consumers increasingly preferring to access media content digitally and to consume the content in mobile form. Changing preferences have the potential to negatively impact the circulation, subscription and advertising revenues generated from printed media.

Whilst the Group's product portfolio has substantially outperformed the wider printed media market in the recent past, the nature and extent of further changes in consumer preferences is uncertain and may negatively impact the Group's business.

To mitigate this risk, the Group continues to invest significantly in developing and enhancing its digital product portfolio.

Increasing fragmentation and competitive pressure on online advertising

The barriers to entry for web publishing continue to lower, leading to an increasingly large amount of content becoming available to users. This oversupply places a downward pressure on internet advertising yields although this is balanced by the improved response rate of specialised sectors such as finance, motoring and technology reviews.

To mitigate this risk, the Group continues to reduce its dependence on advertising revenue by investing in the quality and diversity of its content and its subscription products which contributed 56% of Group revenue excluding ecommerce in this period.

UK economic situation

The UK formally left the EU on 29 January 2020 and in the absence of a new trading deal, the transition period governing the UK's current trade with the EU expires on 31 December 2020. There is currently significant uncertainty over the terms of any trading deal that the UK will be able to negotiate with the EU.

The Group has performed a risk assessment of the impact of the UK's exit and has concluded that its business should not be significantly disrupted. However, the negative effect on consumer confidence that is being caused by the uncertainty could still affect the Group's performance in 2020 and beyond.

To mitigate this risk, the Group will continue to monitor the progress of the trade deal negotiations and work closely with its suppliers to ensure that any disruption will be minimal. Sales from outside the UK amounted to 46% of Group revenue, excluding ecommerce, in this period.

BROADLEAF TOPCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

IT security

IT security is a risk that has the potential to cause significant business interruption as a result of security vulnerability, cyber-attack or data breach.

To mitigate risk, the Group's core internal infrastructure deploys a third-party operated firewall to provide perimeter security and firmware and signatures are updated as and when available through the third-party provider's cloud console. The Group deploys up to date technology to prevent malware and other digital threats from damaging its business cloud infrastructures. The Group carries out annual penetration testing and acts upon recommendations which arise from such tests. Key cloud application accounts are protected with two-factor authentication.

An IT security roadmap has been developed to and the Group's employees have been provided with security awareness training and cyber-security workshops to encourage risk awareness and risk mitigation actions.

The Group maintains a number of security policies including a data breach policy, data protection policy, physical security policy, employee confidentiality policy and a cyber security policy.

Business continuity risk

Business continuity risk can arise from a sudden removal of access to the Group's workplace locations or to the Group's operating systems. A prolonged period of business interruption resulting from the lack of access could significantly affect the ability of the Group to operate.

To mitigate this risk, the Group has invested in remote working capabilities for all its staff and maintains a disaster recovery site which could be accessed if required. The Group regularly tests its disaster recovery procedures to ensure they remain operational. 100% of Group employees are able to work remotely and 90% of Group technical infrastructure is cloud based. The Group has no single site dependency for its workflows.

Despite these risks the directors are confident about the long-term prospects of the Group.

The Group's risk management policies are set out in note 2.27 to the financial statements.

Employees

All employees receive equal opportunities for training and career development. The sole criterion for selection and promotion is the individual's suitability for the position of employment offered. The Group supports the employment of disabled persons wherever appropriate.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Company Intranet. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

This report was approved by the board on 25 June 2020 and signed on its behalf.


J A Tye
Director

BROADLEAF TOPCO LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

The directors present their annual report and the audited financial statements of the Company and the Group for the period ended 31 December 2019.

Results and dividends

The loss for the period, after taxation and minority interests, amounted to £27.7m.

The net liabilities of the Group total £25.6m.

The directors do not recommend the payment of a dividend.

Matters covered in the strategic report

The strategic report can be found on pages 1 to 5. This contains the business review, details of the group's risks and uncertainties, employee policies, future developments and post balance sheet events.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

BROADLEAF TOPCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Directors

The directors who served during the period were:

S P Farragher (appointed 25 July 2018)

J R S J Lenane (appointed 19 July 2018)

D McGovern (appointed 19 July 2018)

J A Tye (appointed 1 October 2018)

B W Reynolds (appointed 1 October 2018, resigned 30 September 2019)

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Financial risk management

The Group's risk management policies are set out in note 2.27 to the financial statements.

Subsequent events

Details of the subsequent events are set out in note 38 to the financial statements.

BROADLEAF TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

Going concern

The directors have adopted the going concern basis in preparing the financial statements. In the light of the non-adjusting subsequent event described in note 38, the directors have modelled various Covid-19 recovery scenarios to assess the impact on the Group of longer periods of social isolating and lock down.

The scenarios reviewed include both a continuation of Covid-19 trading run rate experienced by the Group by revenue channel and region and a plausible and severe downturn case where the existing revenue trends worsen significantly until April 2021. The plausible and severe downside scenario considers the following key assumptions; a reduction in advertising sales worse than experienced to date during COVID-19 and a decline in subscription volume against the backdrop of strong subscription performance in the 2019 financial period and FY20 to date. The directors have also factored into these scenarios different yet reasonable actions which can be taken to compensate for a potential prolonged period of reduced revenue. Central to the directors' assumptions is the expectation that the Group remains able to produce and publish all of its weekly and monthly periodicals. As this has been the case during the initial UK and US lock-downs, this is considered achievable.

During the Covid-19 pandemic, since the UK and USA lockdowns, subscriber acquisition and retention rates have been in line with or better than the same period in 2019, supporting the directors' reasonable expectation that subscription revenue, the Group's largest revenue stream, will remain relatively stable over the next fifteen months. However even when considering the plausible and severe downside assumptions the Group has no material issues with liquidity or covenant projections for the period to 30 September 2021; with appropriate headroom.

The Group has net current liabilities of £38.3m and net liabilities of £25.6m primarily driven by deferred subscription revenue due within 1 year of £40.6m, which represents a future obligation to deliver subscribed publications not a future obligation to pay for a trading liability. The Group's net liabilities of £25.6m arise from further long-term deferred subscription revenue of £12.8m, long-term debt for which the associated interest and limited amortisation payments have been factored into the directors' going concern assessment and long-term shareholder loan notes which have non-cash settled interest and no scheduled amortisation payments in the going concern period. The profile of these liabilities has been reflected in the going concern assessment.

The directors have considered the Group's result for the period ended 31 December 2019, the result to date in FY20, its projected losses and cash forecasts for an extended period through FY21, the net current liabilities and net liabilities, COVID-19, potential impacts of Brexit and the Group's ongoing cash and financing requirements. As a result of these considerations and the scenarios performed, the directors are confident that the Group has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 June 2020 and signed on its behalf.



J A Tye
Director

BROADLEAF TOPCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADLEAF TOPCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Broadleaf Topco Limited's Group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the company's affairs as at 31 December 2019 and of the Group's loss and cash flows for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheet as at 31 December 2019; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statement of Changes in Equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and company's ability to continue as a going concern.

BROADLEAF TOPCO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADLEAF TOPCO LIMITED
(CONTINUED)**

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

BROADLEAF TOPCO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADLEAF TOPCO LIMITED
(CONTINUED)**

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Gemma Clark

Gemma Clark (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2020

BROADLEAF TOPCO LIMITED

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

	Note	Period ended 31 December 2019 £000
Turnover	4	227,642
Cost of sales		(123,463)
Exceptional cost of sales	5	(727)
Gross profit		103,452
Distribution costs		(62,164)
Administrative expenses		(44,553)
Exceptional administrative expenses	5	(7,038)
Operating loss	6	(10,303)
Share of profit of joint venture	7	(7)
Total operating loss		(10,310)
Profit on disposal of joint venture	7	1,295
Interest receivable and similar income	11	48
Interest payable and similar expenses	12	(17,920)
Share of joint venture interest payable	12	(15)
Other financing costs	13	(1,198)
Loss before taxation		(28,100)
Tax on loss	14	420
Loss for the financial period		(27,680)
Currency translation differences		442
Other comprehensive income for the period		442
Total comprehensive expense for the period		(27,238)
Loss for the period attributable to:		
Non-controlling interests	31	(590)
Owners of the parent Company		(27,090)
		(27,680)

BROADLEAF TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

		Period ended 31 December 2019
Total comprehensive expense for the period attributable to:		
Non-controlling interest	31	(590)
Owners of the parent Company		(26,648)
		<hr/>
		(27,238)
		<hr/> <hr/>

There were no recognised gains and losses for the period other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 21 to 78 form part of these financial statements.

BROADLEAF TOPCO LIMITED
REGISTERED NUMBER: 11473734

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 £000
Fixed assets		
Goodwill	15	99,547
Other intangible assets	15	102,578
Tangible assets	16	2,601
		<u>204,726</u>
Current assets		
Stocks	18	516
Debtors due within 1 year		20,582
Debtors due after more than 1 year	19	954
Cash at bank and in hand	20	4,523
Deferred tax asset	24	1,203
		<u>27,778</u>
Creditors: amounts falling due within one year	21	(66,087)
Net current liabilities		<u>(38,309)</u>
Total assets less current liabilities		<u>166,417</u>
Creditors: amounts falling due after more than one year	22	(185,044)
Provisions for liabilities		
Deferred tax liability	24	(6,398)
Other provisions	25	(613)
		<u>(7,011)</u>
Net liabilities		<u><u>(25,638)</u></u>

BROADLEAF TOPCO LIMITED
REGISTERED NUMBER: 11473734

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	31 December 2019 £000
Capital and reserves		
Called up share capital	26	26
Share premium account	27	950
Foreign exchange reserve		442
Share based payments reserve		1,283
Profit and loss account		(27,090)
Non-controlling interests	31	(1,249)
Total shareholders' deficit		<u>(25,638)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2020.


J A Tye
Director

The notes on pages 21 to 78 form part of these financial statements.

BROADLEAF TOPCO LIMITED
REGISTERED NUMBER: 11473734

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 £000
Fixed assets		
Investments	17	940
		<u>940</u>
Current assets		
Debtors due within 1 year	19	1,320
		<u>1,320</u>
Creditors: amounts falling due within one year	21	(905)
		<u>415</u>
Net current assets		<u>415</u>
Total assets less current liabilities		<u>1,355</u>
Provisions for liabilities		
Other provisions	25	(474)
		<u>(474)</u>
Net assets		<u>881</u>
Capital and reserves		
Called up share capital	26	26
Share premium account	27	950
Share based payments reserve		1,283
Profit and loss account		(1,378)
		<u>881</u>
Total shareholders' funds		<u>881</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2020.


J A Tye
 Director

The notes on pages 21 to 78 form part of these financial statements.

BROADLEAF TOPCO LIMITED

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

	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Share based payments reserve £000	Profit and loss account £000	Non- controlling interests £000	Total equity £000
Comprehensive (expense)/income for the period							
Loss for the period	-	-	-	-	(27,090)	(590)	(27,680)
Currency translation differences	-	-	442	-	-	-	442
Other comprehensive income for the period	-	-	442	-	-	-	442
Total comprehensive expense for the period	-	-	442	-	(27,090)	(590)	(27,238)
Contributions by and distributions to owners							
Shares issued during the period	26	950	-	-	-	-	976
Non-controlling interest arising on business combination	-	-	-	-	-	(659)	(659)
Share based payments	-	-	-	1,283	-	-	1,283
Total transactions with owners	26	950	-	1,283	-	(659)	1,600
At 31 December 2019	26	950	442	1,283	(27,090)	(1,249)	(25,638)

BROADLEAF TOPCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Called up share capital £000	Share premium account £000	Share based payments reserve £000	Profit and loss account £000	Total equity £000
Comprehensive expense for the year					
Loss for the period	-	-	-	(1,378)	(1,378)
Other comprehensive income for the period					
	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	(1,378)	(1,378)
Contributions by owners					
Shares issued during the period	26	950	-	-	976
Share based payments	-	-	1,283	-	1,283
Total transactions with owners	26	950	1,283	-	2,259
At 31 December 2019	26	950	1,283	(1,378)	881

The notes on pages 21 to 78 form part of these financial statements.

BROADLEAF TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Note	Period ended 31 December 2019 £000
Cash flows from operating activities		
Loss for the financial period		(27,680)
Adjustments for:		
Amortisation of intangible assets	15	24,137
Depreciation of tangible assets	16	887
Impairments of intangible assets	15	727
Loss on disposal of tangible assets	16	144
Profit on disposal of intellectual property rights	15	(1,508)
Interest payable	12	17,935
Other financing costs	13	1,198
Interest receivable	11	(48)
Taxation credit	14	(420)
Decrease in stocks		699
Decrease in debtors		2,910
Increase in amounts owed by related parties	37	(25)
Decrease in creditors		(10,057)
Increase in provisions	25	446
Share based payments	29	1,283
Share of operating profit in joint ventures	7	7
Profit on disposal of joint ventures	7	(1,295)
Corporation tax paid		(502)
Net cash generated from operating activities		8,838
Cash flows from investing activities		
Purchase of intangible fixed assets	15	(7,349)
Sale of intellectual property rights	15	1,317
Purchase of tangible fixed assets	16	(978)
Sale of tangible fixed assets		4
Purchase of fixed asset investments	30	(159,209)
Sale of share in joint ventures	7	258
Net cash used in investing activities		(165,957)
Cash flows from financing activities		
Issue of ordinary shares	26,27	976
New secured loans	23	113,684

BROADLEAF TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Note	Period ended 31 December 2019 £000
Repayment of loans		(1,185)
Finance arrangement fee		(5,697)
Shareholder loan notes	23	62,708
Bank interest paid		(8,876)
Net cash generated from financing activities		161,610
Net increase in cash and cash equivalents		4,491
Foreign exchange gains and losses		32
Cash and cash equivalents at the end of period		4,523
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	20	4,523
		4,523

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

1. General information

The Company is a private company limited by shares, registered in England and Wales. The address of the registered office is 31-32 Alfred Place, London, WC1E 7DP.

The Company was incorporated on 19 July 2018. The trading period in these financial statements relates to period from 3 October 2018 to 31 December 2019, following the acquisition by Exponent.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of Broadleaf Topco Limited is considered to be pounds sterling as this is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling, rounded to the nearest thousand pound.

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The Company made a loss after tax of £1,378,000 in the period.

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

The following principal accounting policies have been applied:

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The cost of the business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Where control of a subsidiary is lost, the gain or loss is recognised in the Consolidated Statement of Comprehensive Income. The cumulative amounts on any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The directors have adopted the going concern basis in preparing the financial statements. In the light of the non-adjusting subsequent event described in note 38, the directors have modelled various Covid-19 recovery scenarios to assess the impact on the Group of longer periods of social isolating and lock down.

The scenarios reviewed include both a continuation of Covid-19 trading run rate experienced by the Group by revenue channel and region and a plausible and severe downturn case where the existing revenue trends worsen significantly until April 2021. The plausible and severe downside scenario considers the following key assumptions; a reduction in advertising sales worse than experienced to date during COVID-19 and a decline in subscription volume against the backdrop of strong subscription performance in the 2019 financial period and FY20 to date. The directors have also factored into these scenarios different yet reasonable actions which can be taken to compensate for a potential prolonged period of reduced revenue. Central to the directors' assumptions is the expectation that the Group remains able to produce and publish all of its weekly and monthly periodicals. As this has been the case during the initial UK and US lock-downs, this is considered achievable.

During the Covid-19 pandemic, since the UK and USA lockdowns, subscriber acquisition and retention rates have been in line with or better than the same period in 2019, supporting the directors' reasonable expectation that subscription revenue, the Group's largest revenue stream, will remain relatively stable over the next fifteen months. However even when considering the plausible and severe downside assumptions the Group has no material issues with liquidity or covenant projections for the period to 30 September 2021; with appropriate headroom.

The Group has net current liabilities of £38.3m and net liabilities of £25.6m primarily driven by deferred subscription revenue due within 1 year of £40.6m, which represents a future obligation to deliver subscribed publications not a future obligation to pay for a trading liability. The Group's net liabilities of £25.6m arise from further long-term deferred subscription revenue of £12.8m, long-term debt for which the associated interest and limited amortisation payments have been factored into the directors' going concern assessment and long-term shareholder loan notes which have non-cash settled interest and no scheduled amortisation payments in the going concern period. The profile of these liabilities has been reflected in the going concern assessment.

The directors have considered the Group's result for the period ended 31 December 2019, the result to date in FY20, its projected losses and cash forecasts for an extended period through FY21, the net current liabilities and net liabilities, COVID-19, potential impacts of Brexit and the Group's ongoing cash and financing requirements. As a result of these considerations and the scenarios performed, the directors are confident that the Group has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.5 Revenue recognition (continued)

Revenue is earned from the following:

- The sale of printed and digital magazines and mobile apps in the form of subscriptions;
- The sale of printed magazines through third party retail outlets;
- The sale of advertising in the magazines and websites and through lead generation;
- The syndication of content to third parties; and
- Events.

The Group also operates an ecommerce business selling used cars.

Subscription income is recognised in the statement of comprehensive income as revenue on a receivable basis with that portion relating to subsequent periods included in accruals and deferred income.

Revenue earned through third party retail outlets is recognised net of returns in the statement of comprehensive income in the month the magazine is published.

Print advertising revenue is recognised on publication. Digital advertising is recognised as page impressions are served or evenly over the period depending on the terms of the contract. Income from advance billings is deferred and released to revenue when conditions for its recognition are met.

Income from events is recognised at the date of the event and syndication income is recognised over the term of the license.

Car sales income is recognised in the Consolidated Statement of Comprehensive Income at the point the car is delivered to the customer.

2.6 Operating leases: the Group as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease. Incentives received are recorded as an accrual and spread over the term of the lease on a straight-line basis.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Borrowing costs

Borrowing costs are charged to the Consolidated Statement of Comprehensive Income during the period they relate to. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and charged to the Consolidated Statement of Comprehensive Income at a constant rate over the term of the debt.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its UK employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

401k savings plans

The Group operates 401k saving plans for its US employees. The contributions to the plans are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plans are held separately from the Group in independently administered funds.

2.11 Share based payments

The Group provides share-based payment arrangements to certain employees. Equity-settled arrangements are measured at fair value (excluding the effect on nonmarket based vesting conditions) at the date of the grant.

The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the Consolidated Statement of Comprehensive Income.

Company

The Company has no employees and thus there is no charge in the income statement for share-based payments.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. Costs incurred in the period which are classified as exceptional are those which are material in nature and derive from events or transactions that do not fall within the ordinary activities of the Group and which are individually, or in aggregate, of such size or incidence to require specific disclosure.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.14 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Brands	-	10-20 years
Goodwill	-	10 years
Subscriber relationships	-	7-13 years
Computer software	-	3-5 years
Other intangible assets	-	5-10 years

The amortisation is recorded in the Consolidated Statement of Comprehensive Income:

The amortisation of goodwill and brands is accounted for in administrative expenses, the amortisation of subscriber relationships and other intangibles is accounted for in cost of sales and the amortisation of computer software is within distribution expenses.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.15 Development costs

Costs associated with maintaining computer software are recognised as an expense as incurred.

Costs associated with research activities are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Development costs which are recognised as intangible assets can include the direct labour costs of staff who are identified as working directly on the design and testing of software products that meet the above capitalisation criteria.

Other development expenditure that does not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Asset in the course of construction

Development costs meeting the above criteria for capitalisation are initially recognised as an asset in the course of construction at cost. These assets are not amortised until it is available for use whereupon the assets are recognised as computer software and amortised in accordance with the amortisation policy.

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Lease improvements	- 10%
Plant and machinery	- 25%
Fixtures, fittings and equipment	- 25%
Computer hardware	- 12.5% - 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.17 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

In the Group financial statements investments in joint ventures are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint venture.

2.19 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. The Group's stock consists of new and second hand cars for sale and paper used in the printing of the magazines.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.20 Debtors

Debtors are measured at transaction price, less any impairment, and are classified as current assets unless the creditor has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Loans receivable are measured at fair value, net of transaction costs, less any impairment.

2.21 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.22 Creditors

Creditors are measured at the transaction price and are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Other financial liabilities, including loans, are measured at fair value, net of transaction costs.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Sabbatical provision

All employees, whose employment with Dennis Publishing Limited and Dennis Buyacar Limited commenced before 1 January 2008, are entitled to paid sabbatical leave after every five years of full service. Employees who started after 1 January 2008 are entitled to one sabbatical after the first five years' full service. The Group recognises a provision to reflect the amount likely to be paid to employees becoming eligible for the scheme in the foreseeable future. The exact amount to be paid is reliant upon employees meeting the criteria of five years' service.

Other provisions

The other provisions held by the Group relate to the Group's management incentive plan and an obligation under a non-trading contract.

The Group's management incentive plan includes leaver provisions as the vesting conditions are based on the participants remaining employees of the Group. Should a participant leave employment before the plan vests, the terms of the plan may entitle them to receive a fair return for their shares. The Group recognises a provision for its obligation under the plan terms applicable to leavers.

The Group also recognises a provision for its existing obligation under a non-trading contract which will be payable in the future subject to the terms of the contract.

2.24 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from related parties and loans to related parties.

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.24 Financial instruments (continued)

a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Preference shares, which result in fixed returns to the holder or are mandatorily

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.26 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.27 Financial risk management

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk. Financial risk management is an integral part of the way that the Group is managed. Financial risk management policies are set by the Board of Directors.

Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures). The Group invariably has some customers or suppliers that transact in a foreign currency. The Group is therefore exposed to the changes in foreign currency exchange rates between a number of different currencies but the Group's primary exposures relate to the US Dollar and to the Euro.

Interest rate risk

Interest rate risk arising from borrowing at variable rates is not hedged.

Liquidity risk

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining adequate committed lines of funding.

Credit risk

Credit risk arises because a counterparty may fail to perform its obligations. The Group is exposed to credit risk on financial assets such as cash balances, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts recognised in the Balance Sheet are net of appropriate allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Trade receivables are subject to credit limits and control and approval procedures in the operating companies. 70% of the Group's revenue is earned from subscriptions and the sale of cars and the customers of these revenue streams pay up front, therefore as a result the Group is not exposed to material concentrations of credit risk on its trade receivables. Credit risk associated with cash balances is managed by transacting with financial institutions with high quality credit ratings. Accordingly the Group's associated credit risk is limited. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Group balance sheet.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of critical judgement and estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of intangible assets on acquisition

A fair value at the date of acquisition is attributed to the intangible assets owned by the acquired businesses. The directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon a number of criteria including the consideration paid, the nature of the asset and the future potential. The useful lives and carrying values are reviewed for impairment each year.

Determining the useful economic lives of intangible fixed assets

The Group depreciates intangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The Group also take due notice of the generally accepted treatments in place within their industry when determining those useful lives.

The actual lives of these assets can vary depending on a variety of factors, including technological innovation and product life cycles.

Establishing recoverable values of assets

At a Group level, the carrying value of goodwill, intangible assets, joint ventures and tangible fixed assets are reviewed for impairment on an annual basis and also whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Loans and receivables are evaluated based on collectability.

At a company level, the carrying values of investments in subsidiaries and the recoverability of intercompany debt are subject to the same review process.

Changes in estimates could impact recoverable values of these assets.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

3. Judgements in applying accounting policies (continued)

Deferred tax recognition

The Group's tax expense for the year is the sum of the total current and deferred tax charges. The calculation of the total tax expense necessarily involves a degree of estimation and judgement in respect of certain items.

A deferred tax asset item is recognised when it has become probable that future taxable profit will allow the deferred asset to be recovered. Recognition, therefore, involves an estimate regarding the prudent forecasting of future taxable gains and profits of the business.

Management believes that the estimates made to evaluate the recoverability of deferred tax assets are reasonable and that a recoverable amount of deferred tax asset is recognised. However, these estimates include uncertainties that are beyond the control of management. Therefore, the Group may need to adjust the asset in the future if there is a change in the estimates related to the evaluation of recoverability due to unforeseen changes in assumptions and other factors.

Valuation of share based payments

The Group operates a management incentive plan through which ordinary shares are issued to key management personnel. The directors are required to measure the fair value of the shares at the date of issue using an appropriate methodology. The directors use a Monte Carlo pricing model and apply their judgement to the various inputs into the model including estimates of the exit date of the plan, the risk free rate and asset volatility.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 31 December 2019 £000
Subscriptions	85,170
Third party retail outlets	10,677
Advertising, syndication and events	57,601
Ecommerce - sale of cars	73,743
Ecommerce - publishing	451
	<hr/> 227,642 <hr/>

Analysis of turnover by country of destination:

	Period ended 31 December 2019 £000
United Kingdom	155,432
Rest of Europe	8,116
USA and Rest of the World	64,094
	<hr/> 227,642 <hr/>

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

5. Exceptional items

	Period ended 31 December 2019 £000
Exceptional administrative expenses	
Restructuring costs	3,180
Finance transformation costs	764
Exceptional legal costs	506
Explorative acquisition activity	250
Strategic review and corporate simplification	1,682
Compensation for change to a non-trading contract	900
One-off professional costs	1,064
Profit on disposal of intellectual property rights and tangible fixed assets	(1,308)
	<hr/> 7,038
Exceptional cost of sales	
Impairment of intangible assets (note 15)	727
	<hr/> <hr/> 7,765

BROADLEAF.TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

5. Exceptional items (continued)

Following the acquisition in October 2018 by the Group of Dennis Publishing Limited and The Week Publications Inc, and of Kiplinger Washington Editors Inc in February 2019, the Group undertook a programme of substantial restructuring. The restructuring costs deemed to be exceptional were redundancies (£2,503,000) and other people costs (£677,000).

The Group has also undertaken a finance transformation project incurring £764,000 of exceptional costs which primarily related to the hire of senior temporary staff who were focussed on this one-off, non-recurring, project.

The Group incurred £506,000 of costs relating to non-recurring legal matters.

The Group incurred £250,000 of costs whilst undertaking explorative acquisition activity.

Other creditors and provisions include £900,000 for potential costs payable in relation to a revision of a non-trading agreement.

The Group incurred £1,064,000 of one off professional costs for support associated with the reorganisation following the acquisition and restructuring of the subsidiaries during the period.

The Group incurred costs of £1,682,000 on advice taken on a strategic review and group structure reorganisation undertaken following the creation of the Group by Exponent.

During the period the Group sold various intellectual property rights and associated deferred revenue liabilities for total consideration (net of selling expenses) of £1,317,000. The deferred revenue liabilities were held at £216,000 and the intellectual property rights were either fully amortised assets on the balance sheet or had not previously been valued. Therefore, a profit on disposal of £1,533,000 has been recognised in the Statement of Comprehensive Income. The Group also disposed of certain tangible fixed assets generating an exceptional loss of £225,000.

On 29 May 2019 Broadleaf US Bidco Inc acquired a subscription list from a third party for total consideration of £2,558,000 (\$3,231,000). On review of the value of this subscription list at period end it was considered to have a fair value of £1,773,000 (\$2,300,000) resulting in an impairment charge of £727,000 (\$931,000) being recognised in cost of sales with a foreign exchange loss of £58,000 in the foreign exchange reserve.

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

6. Operating loss

The operating loss is stated after charging:

		Period ended 31 December 2019 £000
Impairment of debtors	19	1,340
Depreciation of tangible fixed assets	16	887
Amortisation of goodwill	15	13,160
Amortisation of brands	15	4,274
Amortisation of subscriber relationships and other intangibles	15	5,122
Amortisation of computer software	15	1,581
Exchange losses		101
Exceptional items	5	7,765
Operating lease expense - property	36	3,090
Share based payment related expenses	29	1,457
Stock recognised as an expense*		<u>68,763</u>

* £67.0m of stock recognised as an expense relates to the group's e-commerce business of selling cars which incurs the cost of acquiring used cars

7. Disposal of joint venture

On 12 December 2019 the Group sold its 50% interest in Den of Geek World Limited to DoG Tech LLC. During the period 3 October 2018 - 12 December 2019 the joint venture contributed post-tax loss of £7,000. The Group received consideration of £1,708,000 (\$2,250,000) before selling expenses of £413,000 (\$542,000), of which £1,328,000 (\$1,750,000) is deferred and receivable over six years. The value of investment at the date of disposal was £nil and a profit on disposal of £1,295,000 was recognised in the Consolidated Statement of Comprehensive Income.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

8. Auditors' remuneration

	Period ended 31 December 2019 £000
Fees payable to the Group's auditors in respect of audit services:	
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	502
Audit of the Company's subsidiaries	164
	<hr/> 666
Fees payable to the Group's auditors in respect of non-audit services:	
Other assurance services	5
Tax compliance	58
Tax advisory	44
Corporate simplification	89
Acquisition related services	156
Other consultancy services	155
	<hr/> 507
Total fees payable	<hr/> 1,173 <hr/>

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Group Period ended 31 December 2019 £000	Company Period ended 31 December 2019 £000
Wages and salaries	40,819	-
Social security costs	4,423	-
Other pension costs (note 35)	910	-
Share based payments	1,457	174
Staff costs capitalised	(1,233)	-
	<u>46,376</u>	<u>174</u>

Included in the above is £1,233,000 which has been capitalised within costs of computer software in the period.

The average monthly number of employees, including the directors, during the period was as follows:

	Period ended 31 December 2019 Number
Editorial	192
Sales and distribution	213
Administrative	180
	<u>585</u>

The Company has no employees.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

10. Directors' remuneration

	Period ended 31 December 2019 £000
Directors' emoluments	1,031
Company contributions to defined contribution pension schemes	26
Compensation for loss of office	340
	<u>1,397</u>

During the period retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £461,000 and compensation for loss of office of £340,000.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000.

Key management compensation

Key management includes the directors and members of the senior management. The compensation paid or payable to key management for employee services is shown below:

	Period ended 31 December 2019 £000
Salaries and other short-term benefits	3,649
Post-employment benefits	63
Compensation for loss of office	340
Share based payments	1,283
	<u>5,335</u>

During the period there has been an issue of shares to key management personnel.

See note 29 for disclosure of the share based payments.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

11. Interest receivable and similar income

	Period ended 31 December 2019 £000
Other interest receivable	48
	<u>48</u>

12. Interest payable and similar expenses

	Period ended 31 December 2019 £000
Bank interest payable	9,766
Shareholder loan note interest payable	7,972
Share of joint venture's interest payable	15
Other interest payable	182
	<u>17,935</u>

13. Other financing costs

	Period ended 31 December 2019 £000
Amortisation of debt financing costs	998
Other costs of borrowing	200
	<u>1,198</u>

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

14. Tax on loss

	Period ended 31 December 2019 £000
Group	
Corporation tax	
UK tax on income for the year	-
Foreign tax on income for the year	53
	<u>53</u>
Total current tax	<u>53</u>
Origination and reversal of timing differences	(473)
Total deferred tax (note 24)	<u>(473)</u>
Taxation on loss	<u><u>(420)</u></u>

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

14. Tax on loss (continued)

Factors affecting tax credit for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Period ended 31 December 2019 £000
Loss before tax	(28,100)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19%	(5,339)
Effects of:	
Expenses not deductible for tax purposes	3,090
Impact of overseas tax rates	338
Non-taxable income	(12)
Utilisation of historic losses	(39)
Change in tax rates	(150)
Deferred tax not recognised	1,692
Total tax credit for the period	(420)

Factors that may affect future tax charges

Under legislation in existence at the balance sheet date, the UK main corporation tax rate will be reduced to 17% from 1 April 2020.

In March 2020, the UK Government announced that the reduction in tax rate to 17% will be cancelled and the UK main corporation tax rate will remain at 19%. Had this change been enacted by the balance sheet date, the Group's deferred tax liability would have increased by £420,000.

The Company had a tax charge of £nil in the period.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

15. Intangible assets

Group

	Goodwill £000	Brands £000	Subscriber relationships £000	Computer software £000	Other intangible assets £000	Assets in the course of construction £000	Total £000
Cost							
Additions	-	-	2,548	4,689	-	112	7,349
Disposals	-	-	-	(26)	(223)	-	(249)
On acquisition of subsidiaries (note 30)	112,448	60,872	44,084	1,057	913	445	219,819
Foreign exchange movement	259	(153)	(251)	(10)	-	-	(155)
At 31 December 2019	112,707	60,719	46,381	5,710	690	557	226,764
Accumulated amortisation							
Charge for the year	13,160	4,274	4,642	1,581	480	-	24,137
Disposals	-	-	-	(2)	(223)	-	(225)
Impairment charge	-	-	727	-	-	-	727
At 31 December 2019	13,160	4,274	5,369	1,579	257	-	24,639
Net book value							
At 31 December 2019	99,547	56,445	41,012	4,131	433	557	202,125

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

15. Intangible assets (continued)

Included in computer software are capitalised staff costs of £1,233,000.

The Company does not hold any intangible fixed assets.

During the period, intellectual property rights which had either been fully amortised or not previously valued were sold for £1,508,000; of which £1,317,000 had been received by the period end. At the period end, other intangible assets held relate to domain names.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

16. Tangible assets

Group

	Lease improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Computer hardware £000	Total £000
Cost or valuation					
Additions	68	69	318	523	978
On acquisition of subsidiaries (note 30)	1,419	50	417	792	2,678
Disposals	(49)	(8)	(80)	(44)	(181)
Exchange adjustments	(2)	(3)	(8)	(7)	(20)
At 31 December 2019	1,436	108	647	1,264	3,455
Accumulated depreciation					
Charge for the period	216	18	221	432	887
Disposals	(11)	-	(19)	(3)	(33)
At 31 December 2019	205	18	202	429	854
Net book value					
At 31 December 2019	1,231	90	445	835	2,601

The Company does not hold any tangible fixed assets.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

17. Investments

Group

	Investment in joint ventures £000
Disposals	-
On acquisition of subsidiaries (note 30)	22
Share of loss and interest payable	(22)
	<hr/>
At 31 December 2019	-
	<hr/>
Net book value	
At 31 December 2019	-
	<hr/>

On 12 December 2019 the Group sold its 50% interest in Den of Geek World Limited to DoG Tech LLC. See note 7 for further details.

Company

	Investments in subsidiary companies £000
Cost or valuation	
Additions	940
	<hr/>
At 31 December 2019	940
Net book value	
At 31 December 2019	940
	<hr/>

On 3 October 2018 the Company acquired 100% of the share capital in Broadleaf Midco Limited for total consideration of £940,000.

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

17. Investments (continued)

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company at 31 December 2019:

Name	Registered office	Principal activity	Class of shares	Holding
Broadleaf Midco Limited	31-32 Alfred Place, London, WC1E 7DP	Holding company	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Broadleaf Holdco Limited	31-32 Alfred Place, London, WC1E 7DP	Holding company	Ordinary	100%
Broadleaf Bidco Limited	31-32 Alfred Place, London, WC1E 7DP	Holding company	Ordinary	100%
Dennis Publishing Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
The Week Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
I Feel Good (Holdings) Limited	31-32 Alfred Place, London, WC1E 7DP	Publishing and service activities	Ordinary	100%
I Feel Good Limited	31-32 Alfred Place, London, WC1E 7DP	Publishing and service activities	Ordinary	100%
Choice Publishers Limited	31-32 Alfred Place, London, WC1E 7DP	Publishing and service activities	Ordinary	100%
Octane Media Holdings Limited	31-32 Alfred Place, London, WC1E 7DP	Holding company	Ordinary	100%
Octane Media Limited	31-32 Alfred Place, London, WC1E 7DP	Publishing and service activities	Ordinary	100%
Halo Publishing Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
Evo Publications Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
The Golden Gate Production Company Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
Three PM Limited	31-32 Alfred Place, London, WC1E 7DP	Publishing and service activities	Ordinary	100%
Moneyweek Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
First Post Newsgroup Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
First Post Newsgroup IPR Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
DOG Holdings Limited	31-32 Alfred Place, London, WC1E 7DP	Holding company	Ordinary	100%
Den of Geek World Limited**	31-32 Alfred Place, London, WC1E 7DP	Web Portals	Ordinary	50%

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

17. Investments (continued)

Indirect subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Dennis Buyacar Limited	31-32 Alfred Place, London, WC1E 7DP	Ecommerce - sale of cars	Ordinary	85%
Broadleaf US Bidco Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA	Holding company	Ordinary	100%
The Week Publications Inc	155 E 44th St 22nd Floor NY, NY 10017	Publishers	Ordinary	100%
Kiplinger Washington Editors Inc	1100 13th Street, NW Suite 750 Washington, DC 20005	Publishers	Ordinary	100%
Dennis Interactive Limited*	31-32 Alfred Place, London, WC1E 7DP	Dormant	Ordinary	100%
Dennis Interactive Inc*	155 E 44th St 22nd Floor NY, NY 10017	Dormant	Ordinary	100%
Euphoria Holdings Limited*	31-32 Alfred Place, London, WC1E 7DP	Dormant	Ordinary	100%
Euphoria Limited*	31-32 Alfred Place, London, WC1E 7DP	Dormant	Ordinary	100%
Car Throttle Limited	31-32 Alfred Place, London, WC1E 7DP	Publishers	Ordinary	100%
Circle Six Media Inc	2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808	Publishers	Ordinary	100%

All of the above subsidiaries are included in the consolidation.

* Dormant entity for which individual financial statements are not prepared.

**Investment in joint venture

When the group acquired Dennis Publishing Limited it acquired a joint venture with DoG Tech LLC acquiring a 50% interest in Den of Geek World Limited the principal activity of which was the ownership, administration and management of the Den of Geek intellectual property. On 12 December 2019 the group disposed of its 50% interest in the joint venture to DoG Tech LLC for consideration of \$2,250,000, see note 7.

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

18. Stocks

	Group Period ended 31 December 2019 £000
Finished goods	516
	<u>516</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The stock held at the balance sheet date is paper used in the printing of the Group's magazines.

The carrying value of stocks are stated net of impairment provisions totalling £nil. Impairment losses totalling £nil were recognised in profit and loss.

The Company does not hold any stock.

19. Debtors

	Group Period ended 31 December 2019 £000	Company Period ended 31 December 2019 £000
Due after more than 1 year		
Other debtors	954	-
Due within 1 year		
Trade debtors	9,882	-
Amounts owed by group undertakings	-	1,295
Amounts owed by related parties	25	25
Taxation and social security	846	-
Other debtors	4,460	-
Tax recoverable	1,412	-
Prepayments and accrued income	3,957	-
	<u>21,536</u>	<u>1,320</u>

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

19. Debtors (continued)

Trade debtors are stated after provisions for impairment of £1,006,000.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Other debtors includes consideration of £1,328,000 on the sale of Den of Geek World Limited which is receivable over six years, £954,000 of which is due after more than one year. See note 7 for further details.

20. Cash at bank and in hand

Cash at bank and in hand

Group
Period
ended 31
December
2019
£000
4,523

4,523

The Company does not hold any cash.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

21. Creditors: Amounts falling due within one year

	Group Period ended 31 December 2019 £000	Company Period ended 31 December 2019 £000
Bank loans and overdrafts	7,273	-
Deferred financing costs	(834)	-
Trade creditors	5,533	-
Amounts owed to group undertakings	-	13
Taxation and social security	1,701	-
Other creditors	1,934	600
Accruals and deferred income	50,480	292
	<u>66,087</u>	<u>905</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Deferred income

Deferred income due within one year represents deferred subscription revenue.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

22. Creditors: Amounts falling due after more than one year

	Group Period ended 31 December 2019 £000
Bank loans and overdrafts	105,357
Deferred financing costs	(3,854)
Shareholder loan notes	70,680
Deferred consideration	50
Accruals and deferred income	12,811
	<hr/> 185,044 <hr/>

Bank loans and loan notes

Refer to note 23 for details of terms and conditions attached to the loans.

Deferred consideration

The deferred consideration is in relation to the acquisition of Car Throttle Limited. The deferred consideration is payable on 2 February 2021. The amount has not been discounted, as the effect of discounting is not material.

Deferred income

Deferred income due after more than one year represents deferred subscription revenue.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

23. Loans

	Group Period ended 31 December 2019 £000
Amounts falling due within one year	
Bank loans	7,273
Amounts falling due 1-2 years	
Bank loans	2,370
Amounts falling due 2-5 years	
Bank loans	7,110
Amounts falling due after more than 5 years	
Bank loans	95,877
Shareholder loan notes	70,680
	183,310

Bank loans

The Group's financing facility includes a base currency loan of £63,000,000, a dollar term loan of \$42,201,600 and a multicurrency acquisition and capital expenditure loan of £15,000,000. All loans accrue interest at 5.75% plus LIBOR for a period of between two and six months, as selected by the Group at the end of each preceding interest period. The currency loan and dollar term loan require bi-annual repayments of £787,500 and \$527,520 respectively commencing from the 31 December 2019 through to the termination date of the loans at which point the remaining balances of £53,550,000 and \$35,871,360 respectively are repaid. The multicurrency acquisition and capital expenditure loan is repaid in full at the termination date. The termination date is 7 years from the completion of the acquisition being 3 October 2025.

The Group also has access to a revolving credit facility of £9,000,000 of which £3,755,000 was drawn down at the period end. The facility accrues interest at 2.5% plus LIBOR for a period of between two and six months, as selected by the Group at the end of each preceding interest period. The facility is repaid in full at the termination date. The termination date is 6 years from the completion of the acquisition being 3 October 2024.

The loans are secured by a charge over certain assets of the Group.

Shareholders loan notes

The 10 year unsecured loan notes were issued on 3 October 2018. Interest accrues on the principal amount of £62,708,000 at 10% per annum and rolls into the principal annually. The loan notes will be redeemed on 3 October 2028.

The company had no external loans.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

24. Deferred taxation

Group

	Period ended 31 December 2019 £000
Credited to the Statement of Comprehensive Income	473
Foreign exchange	(13)
Arising on business combinations - intangible assets	(7,172)
Arising on business combinations – short term timing differences	1,517
At end of period	(5,195)
	Period ended 31 December 2019 £000
Deferred tax liability on timing differences associated with intangible assets	(6,398)
Deferred tax asset on short term timing differences	1,203
	(5,195)

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

24. Deferred taxation (continued)

Deferred tax liability

The deferred tax liability required to be recognised on the acquisition of the subsidiaries relating to intangible assets was £7,172,000. The liability will unwind as the intangible assets are amortised and a deferred tax credit of £787,000 was accounted for in the Consolidated Statement of Comprehensive Income in the period. The closing balance of the deferred tax liability was £6,398,000 of which £5,783,000 is expected to unwind after more than one year.

Deferred tax asset

The subsidiaries acquired in the year that are tax resident in the United States have incurred historic losses that are available to be utilised against future profits earned. It is expected that these subsidiaries will generate sufficient future profits against which these losses can be offset and so a deferred tax asset of £1,517,000 equal to the future tax benefit relating to the use of the losses was recognised on the acquisition of the subsidiaries.

Some of these losses were utilised during the course of the period resulting in a deferred tax charge of £314,000 being accounted for in the Consolidated Statement of Comprehensive Income. The closing balance of the deferred tax asset was £1,203,000.

The Group has an unprovided deferred tax asset of £3,537,000, relating to pre-acquisition carried forward losses of the Group's UK subsidiaries (£1,938,000), losses incurred in the period that are carried forward (£1,349,000) and other timing differences in the period (£250,000). No deferred tax asset is recognised on these amounts as it is not regarded as more likely than not that there will be suitable taxable profits/gains against which they can be deducted in the foreseeable future.

The company does not have a recognised or unrecognised deferred tax asset or liability at the period end.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

25. Other provisions

Group

	Sabbatical £000	Other £000	Total £000
Charged to profit or loss	187	474	661
Arising on business combinations	167	-	167
Utilised in period	(215)	-	(215)
At 31 December 2019	139	474	613

Company

	Other £000
Charged to profit or loss	474
At 31 December 2019	474

Other provisions relate to a leavers provision linked to the share based payment arrangements (£174,000) and an obligation under a revision of a non-trading contract (£300,000).

26. Called up share capital

	Period ended 31 December 2019 £
Group and Company	
Authorised	
765,003 A1 Ordinary Shares of £0.001 each	765
24,997 A2 Ordinary Shares of £0.001 each	25
25,000 B1 Ordinary Shares of £1.000 each	25,000
185,000 B2 Ordinary Shares of £0.001 each	185
	25,975

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

26. Called up share capital (continued)

	Period ended 31 December 2019 £
Allotted, called up and fully paid	
765,003 A1 Ordinary Shares of £0.001 each	765
24,997 A2 Ordinary Shares of £0.001 each	25
25,000 B1 Ordinary Shares of £1.000 each	25,000
161,307 B2 Ordinary Shares of £0.001 each	161
	25,951

On incorporation the Company issued 1 Ordinary share of £1 each for consideration of £1 per share.

On 3 October 2018 the 1 Ordinary share was subdivided and re-designated as 1,000 A1 Ordinary shares of £0.001 each. In addition on this date the following shares were issued:

Class of share	Number	Nominal value per share	Price paid per share
A1 Ordinary shares	765,696	£0.001	£1.00
A2 Ordinary shares	23,304	£0.001	£1.00
B1 Ordinary shares	25,000	£1.000	£1.00
B2 Ordinary shares	145,307	£0.001	£1.00

On 30 October 2018 1,693 A1 Ordinary shares were re-designated as A2 Ordinary share.

On 27 February 2019 the Company issued 4,000 B2 Ordinary shares with nominal value of £0.001 each for consideration of £1.00 per share.

On 5 June 2019 the Company issued 12,000 B2 Ordinary shares with nominal value of £0.001 each for consideration of £1.00 per share.

A Ordinary shares and B Ordinary shares rank *pari passu* with each other in respect of dividend payments.

A Ordinary shares and B Ordinary shares rank *pari passu* with each other in respect of the return of capital upon liquidation or otherwise.

B Ordinary shares can have up to a maximum of 25% of all votes. The percentage of votes attaching to A Ordinary shares is equal to 100 minus the percentage attributable to B Ordinary shares, and must be no less than 75%.

BROADLEAF TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

27. Reserves

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. At the period end, the share premium account was as follows:

Class of share	Number	Nominal value per share	Price paid per share	Share Premium
A1 Ordinary shares	765,003	£0.001	£1.00	£764,238
A2 Ordinary shares	24,997	£0.001	£1.00	£24,972
B1 Ordinary shares	25,000	£1.000	£1.00	£-
B2 Ordinary shares	161,307	£0.001	£1.00	<u>£161,146</u>
				<u>£950,356</u>

Foreign exchange reserve

The foreign exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share based payments reserve

This comprises all current and accumulated profits and loss associated with the Group's share based payments.

Profit and loss account

This includes all current period and accumulated retained profits and losses.

28. Analysis of net debt

	Cash flows £000	Acquisition of subsidiaries £000	Other non- cash changes £000	At 31 December 2019 £000
Cash at bank and in hand	(10,609)	15,164	(32)	4,523
Bank loan	(98,331)	-	(14,299)	(112,630)
Shareholder loan	(62,708)	-	(7,972)	(70,680)
	<u>(171,648)</u>	<u>15,164</u>	<u>(22,303)</u>	<u>(178,787)</u>

Other non-cash changes includes interest payable of £7,972,000 on the Shareholder loan, interest payable of £9,766,000 on the Bank loan, deferred financing costs of £5,697,000 and a foreign exchange credit of £1,132,000 which has been accounted for in the Group's foreign exchange reserve.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

29. Share based payments

On 31 October 2018 and 27 February 2019, the company issued shares to key management personnel as part of a management incentive plan.

The shares issued on 31 October 2018 comprised 24,997 Ordinary A2 shares, 25,000 Ordinary B1 shares and 145,307 of Ordinary B2 Shares. On 27 February 2019 a further 4,000 Ordinary B2 Shares were issued. Each share was issued at a price of £1 which was paid by the recipients.

In May 2019, the company issued 12,000 Ordinary B2 shares to Estera Trust (Jersey) Ltd to establish the Dennis Group Employee Incentive Trust and acquire, and hold in trust, ordinary share capital in the company for the benefit of certain employees of subsidiary companies.

In September 2019, a Director who had received 20,200 Ordinary B2 shares and 5,000 Ordinary B1 shares, left the employment of the Group and their shares were returned to the company. The returned shares were transferred to the Estera Trust (Jersey) Ltd and at the balance sheet date have not been granted to employees. A former Director has retained 3,774 Ordinary A2 shares.

The issued shares are required to be measured at their fair value at their respective issue date. The fair value of the shares is influenced by different factors including the value of shareholder debt, which has a priority of return over the shares, and the timing of the shares being sold. Therefore the Monte Carlo option pricing model was used to determine the fair value of the shares by modelling various uncertain future outcomes and eventualities associated with the shares, based on market inputs as at the respective issue dates.

The fair value of the shares issued during the period and allocated to employees at the balance sheet date is £5,501,000. The fair value is accounted for on a straight line basis over the vesting period of 5 years. The fair value associated with the 3,774 Ordinary A2 shares retained by a former Director is required to be accounted for in full in the period. The total amount charged to the Consolidated Statement of Comprehensive Income in the period to 31 December 2019 was £1,283,000.

Leaver provisions apply to the incentive plan and so the company has recognised a provision of £174,000 for its leaver obligation under the terms of the plan, see note 25.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations

On 3 October 2018, the Group acquired control of Dennis Publishing Limited and The Week Publications Inc. for a total consideration of £167,365,000 through the purchase of intellectual property rights and 100% of the share capital. The fair value of the intellectual property rights acquired was £55,159,000, the fair value of the subscriber and customer relationships acquired was £39,196,000 and the net liabilities at the date of acquisition were £13,988,000. The resulting goodwill of £86,339,000 (net of non-controlling interest acquired of £659,000) from the acquisition is attributable to significant further opportunities available through the combining of key management expertise, sharing of know-how, process efficiencies and leveraging the existing customer bases.

On acquisition, the UK intellectual property rights were licensed to Dennis Publishing Ltd and its subsidiary companies and the US intellectual property rights were sold to The Week Publications Inc. No profit or loss was recognised on the sale.

The intellectual property will be amortised over a period of 10-20 years, the subscriber and customer relationships over 10-13 years and goodwill over 10 years.

Following the acquisition, information became available to the Directors which has enabled the fair value of the acquired assets and liabilities to be assessed. In determining the fair value of net liabilities acquired at the date of acquisition of £13,988,000 the most significant adjustments made were:

- An increase in the fair value of acquired trade debtors due to better than expected recoverability of the balances;
- The removal of goodwill previously accounted for in the acquired balance sheet;
- A reduction in the fair value of other accruals held in the acquired balance sheet which were subsequently not required;
- The identification of additional deferred subscription liabilities;
- The recognition of a deferred tax asset on historic tax losses in the US which are available to be utilised against post acquisition profits;
- The reduction of property lease liabilities resulting from a rent-free period which occurred pre-acquisition; and
- The recognition of a deferred tax liability on the value of the intangibles acquired.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

Acquisition of Dennis Publishing Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible	2,462	-	2,462
Intangible	13,512	51,737	65,249
Investments	22	-	22
	<u>15,996</u>	<u>51,737</u>	<u>67,733</u>
Current assets			
Stock	-	-	-
Debtors	14,655	669	15,324
Tax recoverable	800	-	800
Cash at bank and in hand	11,679	-	11,679
	<u>43,130</u>	<u>52,406</u>	<u>95,536</u>
Total assets			
Creditors			
Creditors: Due within one year	(35,761)	1,239	(34,522)
Provisions	(167)	-	(167)
Deferred tax provision	-	(3,938)	(3,938)
	<u>7,202</u>	<u>49,707</u>	<u>56,909</u>
Total identifiable net assets			
			<u>659</u>
Non-controlling interests			51,294
Goodwill			<u>108,862</u>
Total purchase consideration			

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

	£000
Cash	105,919
Directly attributable costs	2,943
Total purchase consideration	108,862

	£000
Purchase consideration settled in cash, as above	105,919
Directly attributable costs	2,943
	108,862
Less: Cash and cash equivalents acquired	(11,679)
Less: Cash loaned by subsidiaries prior to acquisition	(2,711)
Less: Amounts paid subsequent to period end	(227)
Net cash outflow on acquisition	94,245

	Period since acquisition £000
Turnover	168,192
Profit for the period	3,011

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

Acquisition of The Week Publications Inc.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible	96	-	96
Intangible	3	31,018	31,021
	<u>99</u>	<u>31,018</u>	<u>31,117</u>
Current assets			
Debtors	19,069	-	19,069
Tax recoverable	21	168	189
Deferred tax assets	247	1,212	1,459
Cash at bank and in hand	3,002	-	3,002
Total assets	<u>22,438</u>	<u>32,398</u>	<u>54,836</u>
Creditors			
Creditors: Due within one year	(18,366)	(3,333)	(21,699)
Creditors: Due more than one year	(9,094)	-	(9,094)
Deferred tax provision	-	(585)	(585)
Total identifiable net assets	<u>(5,022)</u>	<u>28,480</u>	<u>23,458</u>
 Goodwill			 35,045
Total purchase consideration			<u><u>58,503</u></u>

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

	£000
Cash	58,503
Directly attributable costs	-
Total purchase consideration	58,503

	£000
Purchase consideration settled in cash, as above	58,503
Directly attributable costs	-
	<u>58,503</u>
Less: Cash and cash equivalents acquired	(3,002)
Less: Cash loaned by subsidiaries prior to acquisition	(12,114)
Net cash outflow on acquisition	43,387

The results of since its acquisition are as follows:

	Period since acquisition £000
Turnover	36,722
Profit for the period	2,770

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

On 28 February 2019, the Group acquired control of Kiplinger Washington Editors Inc. through the purchase of 100% of the share capital for total consideration of £20,541,000. The fair value of the intellectual property rights acquired was £5,713,000, the fair value of the subscriber and customer relationships acquired was £5,384,000 and the net liabilities at the date of acquisition were £15,210,000. The resulting goodwill of £24,654,000 from the acquisition is attributable to significant further opportunities available through the combining of key management expertise, sharing of know-how and leveraging the existing customer base. The intellectual property will be amortised over a period of 20 years, the subscriber and customer relationships over 11 years and goodwill over 10 years.

Following the acquisition, information became available to the Directors which has enabled the fair value of the acquired assets and liabilities to be assessed. In determining the fair value of net liabilities acquired at the date of acquisition of £15,210,000 the most significant adjustments made were:

- A reduction in the fair value of acquired trade debtors due to worse than expected recoverability of the balances;
- An increase in the fair value of other accruals held in the acquired balance sheet for expenditure incurred prior to the acquisition; and
- The recognition of a deferred tax liability on the value of the intangibles acquired.

Acquisition of Kiplinger Washington Editors Inc.

	Book value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible	87	-	87
Intangible	5	11,096	11,101
	<u>92</u>	<u>11,096</u>	<u>11,188</u>
Current assets			
Stock	1,267	(52)	1,215
Debtors	2,484	(299)	2,185
Deferred tax asset	32	41	73
Cash at bank and in hand	386	-	386
	<u>4,261</u>	<u>10,786</u>	<u>15,047</u>
Total assets	<u>4,261</u>	<u>10,786</u>	<u>15,047</u>
Creditors: Due within one year	(11,828)	(94)	(11,922)
Creditors: Due more than one year	(4,575)	-	(4,575)
Deferred tax provision	-	(2,663)	(2,663)
	<u>(12,142)</u>	<u>8,029</u>	<u>(4,113)</u>
Total identifiable net liabilities	<u>(12,142)</u>	<u>8,029</u>	<u>(4,113)</u>
 Goodwill			 24,654
Total purchase consideration			<u><u>20,541</u></u>

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

	£000
Cash	19,593
Directly attributable costs	948
Total purchase consideration	20,541

	£000
Purchase consideration settled in cash, as above	19,593
Directly attributable costs	948
	20,541
Less: Cash and cash equivalents acquired	(385)
Net cash outflow on acquisition	20,156

The results of Kiplinger Washington Editors Inc since its acquisition are as follows:

	Period since acquisition £000
Turnover	21,781
Profit for the period	730

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

On 2 August 2019, the Group acquired control of Car Throttle Limited through the purchase of 100% of the share capital for total consideration of £1,688,000. The net assets at the date of acquisition were £233,000 and the goodwill of £1,455,000 arising from the acquisition is attributable to further opportunities available through leveraging the existing customer base.

The goodwill will be amortised over a period of 5 years.

At the balance sheet date, no adjustments to the fair value of the acquired net assets have been identified.

Acquisition of Car Throttle Limited and Circle Six Media Inc.

	Book value £000	Fair value adjustment £000	Fair value £000
Fixed assets			
Tangible	33	-	33
	<u>33</u>	<u>-</u>	<u>33</u>
Current assets			
Debtors	296	-	296
Cash at bank and in hand	96	-	96
	<u>425</u>	<u>-</u>	<u>425</u>
Total assets			
Creditors			
Creditors: Due within one year	(192)	-	(192)
Creditors: Due more than one year	-	-	-
	<u>233</u>	<u>-</u>	<u>233</u>
Total identifiable net assets			
			<u>1,455</u>
Goodwill			
			<u>1,688</u>
Total purchase consideration			

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

	£000
Cash	1,688
Directly attributable costs	-
Total purchase consideration	1,688

	£000
Purchase consideration settled in cash, as above	1,688
Directly attributable costs	-
	<u>1,688</u>
Less: Cash and cash equivalents acquired	(96)
Less: Deferred consideration	(50)
Less: Payments made subsequent to period end	(120)
Net cash outflow on acquisition	<u>1,422</u>

The results of Car Throttle Limited since its acquisition are as follows:

	Period since acquisition £000
Turnover	946
	<u> </u>
Profit for the period	<u>200</u>

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

30. Business combinations (continued)

Consolidated net cash outflow from acquisitions during the period

	£000
Cash consideration	185,703
Directly attributable costs	3,891
	<u>189,594</u>
Less: Cash and cash equivalents acquired	(15,163)
Less: Deferred consideration	(50)
Less: Cash loaned by subsidiaries prior to acquisition	(14,825)
Less: Payments made subsequent to period end	(347)
	<u>159,209</u>
Net cash outflow on acquisition	<u><u>159,209</u></u>

31. Non-controlling interests

Group

The movement in non-controlling interests was as follows:

	2019 £000
Acquisition of Dennis Buyacar Limited	(659)
Total comprehensive expense attributable to non-controlling interests	(590)
	<u>(1,249)</u>
At 31 December 2019	<u><u>(1,249)</u></u>

32. Hive up of trade and assets

On 31 December 2019 the trading subsidiaries directly owned by Dennis Publishing Limited, with the exception of Dennis Buyacar Limited, hived up their trade and assets into Dennis Publishing Limited in settlement of intercompany loans.

The companies involved in the restructuring were Car Throttle Limited, First Post Newsgroup Limited, Moneyweek Limited, Choice Publishers limited, I Feel Good Limited, Octane Media Holdings Limited, Evo Publications Limited, Halo Publishing Limited, The Golden Gate Production Company Limited, DOG Holdings Limited, The Week Limited, Octane Media Limited, First Post Newsgroup IPR Limited, I Feel Good (Holdings) Limited, Euphoria Holding Limited, Euphoria Limited, Dennis Interactive Limited and Three PM Limited.

This had no impact on the Group results or balance sheet at 31 December 2019.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

33. Contingent liabilities

Certain companies within the Broadleaf Group operate under an intercompany guarantee of unlimited security which are secured over the Group's assets.

There is a legal charge over the trademark to certain magazines of the Group which were licensed from Broadleaf Bidco Limited during the period ended 31 December 2019.

From time to time, the Group and Company is engaged in litigation in the ordinary course of business. There are no material contingent liabilities requiring disclosure at 31 December 2019.

34. Capital commitments

At 31 December 2019 the Group had capital commitments as follows:

	Group 31 December 2019 £000
Software development costs	172
	<hr/> 172 <hr/>

The Company had no capital commitments at 31 December 2019.

35. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £910,000. Contributions totalling £152,000 were payable to the fund at the balance sheet date and are included in creditors.

The Company had no pension commitments at 31 December 2019.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

36. Commitments under operating leases

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2019 £000
Group	
Not later than 1 year	2,694
Later than 1 year and not later than 5 years	8,589
Later than 5 years	7,549
	<hr/>
	18,832

All commitments relate to the leasing of property.

The Company had no commitments under non-cancellable operating leases at the balance sheet date.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

37. Related party transactions

Group

Transactions with key management personnel

See note 10 for disclosure of the directors' remuneration and key management compensation.

Transactions with subsidiaries which are not wholly owned

During the period Dennis Publishing Limited recharged Dennis Buyacar Limited £1,035,000 of management recharges. At 31 December 2019 an intercompany loan of £5,790,000 was owed from Dennis Buyacar Limited to Dennis Publishing Limited. Interest of 0.15% below the Bank of England base rate is charged on the intercompany loan. This totalled £37,000.

The Group has accounted for £900,000 of potential costs payable in relation to a revision of a non-trading agreement with the minority investors of a subsidiary company.

Transactions with Exponent

The Group paid fees of £964,000 on behalf of Exponent which were incurred in the acquisition of subsidiary companies. The fees were accounted for as part of the purchase consideration of the acquisitions.

Management fees

During the course of the period, fees and expenses paid to Exponent for Director's services totalled £332,000 and fees paid to the independent Chairman of the Group for services totalled £387,000.

Shareholder loans (note 23)

Shareholder loan notes totalling £60,724,000 were issued to Exponent and £1,984,000 to certain employees of the Group on 3 October 2018. Interest accrues on the principal amount at 10% per annum and rolls into the principal annually. The loan notes will be redeemed on 3 October 2028.

Other related parties

J A Tye is also a director of the Professional Publishers Association Ltd. During the course of the period the Professional Publishers Association Ltd provided services to the Group of £304,000. At the period end an amount of £65,000 was payable.

Company

Other related parties

During the course of the year, the company provided a non-interest bearing loan of £25,000 to Estera Trust (Jersey) Ltd to establish the Dennis Group Employee Incentive Trust and acquire, and hold in trust, ordinary share capital in the company for the benefit of certain employees of subsidiary companies.

Other than the transactions disclosed in note 10, the Company's other related party transactions were with wholly owned subsidiaries.

BROADLEAF TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

38. Subsequent events

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruption to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Group has determined that these events are non-adjusting subsequent events for the period ended 31 December 2019. Accordingly, the financial position and results of the Group as of and for the period ended 31 December 2019 have not been adjusted to reflect the impact.

The most immediate impact on the Group's financial position was the reduction in revenues from the sale of advertising due to the sudden decline in the global advertising market and the reduction in the sale of magazines in retail shops and the reduction in the sale of cars due to the forced closure of retail outlets and car dealerships since mid-March 2020; with some re-openings beginning in June 2020. The Group's supply chain has been affected with disrupted subscription call centres, closed retail outlets and car dealerships; albeit all magazines and publications continue to be published as planned. In response to these challenges the Group is actively managing its cost base and liquidity and, as at the date of this report, has taken a number of significant measures including furloughing c.20% of UK-based employees under the UK government's Coronavirus Job Retention Scheme, making a number of UK and US based employees redundant, reducing other selling, general and administrative costs and renegotiating and rescheduling payment of significant liabilities with key stakeholders and authorities. The Group has also drawn its full Revolving Credit Facility of £9.0m. The directors note that the Group's subscription revenue, the Group's largest revenue stream, has been and is expected to remain very stable over this period, with new subscribers having been acquired and subscription renewal rates remaining at pre COVID-19 levels.

The Group has continued to produce and publish all of its weekly and monthly periodicals throughout the period of social distancing and city lockdowns, with all of its working employees able to work remotely effectively, facilitated by the Group's flexible and robust IT infrastructure.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. Given the future outcome of the outbreak is uncertain, the numbers in the financial statements could be different in the future as a result of COVID-19. However, the directors have reviewed the recoverability of the Group's balance sheet as well as the critical estimates and significant judgements in the financial statements and do not deem these to be materially impacted by the situation at this time; however the potential risk to the carrying value of the Group's car selling ecommerce business and to the carrying value of the Group's goodwill and intangibles is noted.

Appreciating there is uncertainty, based on the going concern scenarios which have been prepared, the directors do not expect a long-term material impact on the stability of the business and this has been considered in the scenarios presented in the going concern note 2.3 in these financial statements.

No other subsequent events were noted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

39. Controlling party

At the date of signing these financial statements the immediate parent undertaking is Exponent Fund IV, a limited partnership registered in England and Wales.

At the date of signing these financial statements the Company considers Exponent Private Equity Partners GP IV LLP, a limited liability partnership incorporated in England and Wales as the ultimate parent undertaking and the Company considers Exponent Private Equity LLP, through its managed funds, to be the ultimate controlling party.

The smallest and largest Group in which the results of the Company and its subsidiaries are consolidated is Broadleaf Topco Limited. Copies of these financial statements can be obtained from 31-32 Alfred Place, London, WC1E 7DP.