London Stock Exchange

RNS Final Results

Full Year Results

FUTURE PLC

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Future plc

Diversified strategy delivers record results

Future plc (LSE: FUTR, "Future", "the Group"), the global platform for specialist media, today publishes results for the year ended 30 September 2020 (FY2020).

Highlights

Financial results for the year ended 30 September 2020

Adjusted results	FY2020	FY2019	Var
Revenue (£m)	339.6	221.5	+53%
Adjusted operating profit[1] (£m)	93.4	52.2	+79%
Adjusted operating profit margin (%)	28%	24%	+4ppt
Adjusted free cash flows[2] (£m)	96.0	53.7	+79%
Adjusted diluted EPS (p)	74.7	47.5	+57%

Statutory results			
Operating profit (£m)	50.7	26.7	+90%
Profit before tax (£m)	52.0	12.7	+309%
Cash generated from operations (£m)	91.9	53.7	+71%
Diluted EPS (p)	45.4	9.3	+388%

Financial Highlights

- Group revenue up 53% to £339.6m, driven by a combination of organic[3] growth and acquisitions, underpinned by continued online audience growth (+56%) to 281.8m[4] (48% organic growth)
- Group organic revenue growth of 6% (H1: 11%; H2: 1%) as our diversified strategy offset any impact of COVID-19:
    - Strong organic Media revenue growth of 23%; eCommerce growth of 58% and digital advertising growth of 15% offset the impact of event cancellations, which declined organically by 43%
    - Magazines division (21% of Group organic revenue in FY2020) more impacted with organic revenue decline of 29% (H1: (12)%; H2: (45)%)
- Adjusted operating profit up 79% to £93.4m, with adjusted diluted EPS up 57% to 74.7p (2019: 47.5p)
- Adjusted free cash flow of £96.0m (2019: £53.7m), representing 103% of adjusted operating profit (2019: 103%):

- Continued cash generation enabled rapid deleveraging to finish the year with net debt of £62.1m (2019: £40.3m) (down from around £93m in April 2020 on completion of the acquisition of TI Media), representing 0.6x leverage[5] and headroom of over £100m on committed facilities.

Operational and Strategic Highlights

Continued progress on our strategy to build a specialist global media platform that drives intent, powered by technology and insight with scalable, diversified brands:

- Total investment of £50m in content creation during the year, with editorial headcount now accounting for 46% of total workforce
- Launched eight new websites, many in new verticals introduced by the TI Media acquisition, which utilise the content expertise of the TI Media team, while our scalable digital advertising and eCommerce technology stack enables a strong path to revenue growth
- Developed Falcon, a new lead generation technology, as we seek to continue the diversification of our revenue streams and the expansion of our technology stack
- Integration of TI Media, acquired in April 2020, now complete. Performance has been ahead of expectations and synergies arising from the transaction are now expected to be £20m per annum (versus original forecasts of £15m per annum), with £3m delivered in FY2020 results
- Integration of Barcroft Studios, acquired in November 2019, now complete. Barcroft adds another significant new revenue stream in video production and presents opportunities for the Group to further monetise through video
- Post-period events:
    - Announced acquisition of CinemaBlend in October 2020, a high-growth digital brand focused on the TV, film and entertainment market

Recommended offer for GoCo Group plc

Future plc has today separately announced that it has agreed the terms of a recommended offer to acquire the entire issued and to be issued share capital of GoCo Group plc. We believe that the Combination will significantly strengthen the Future Group's proposition of seeking to address the growing consumer demand for informed and value driven purchasing decisions enabled by intent driven content. We also believe the Combination provides a truly unique opportunity to capitalise on the combination of Future's deep audience insight with GoCo's expertise in price comparison and the proprietary technology of both the Future Group and the GoCo Group.

We expect the Combination to result in a number of strategic advantages including: creating a leading global specialist media platform that drives intent; adding key capabilities and adjacent routes to monetisation; substantially growing the addressable market; lowering customer acquisition costs through combined expertise; an enhanced proposition for advertisers and lead generation partners; and integrated technology platforms built for innovation, driving intent.

Zillah Byng-Thorne, Future's Chief Executive said:

"Our exceptional results, which are ahead of expectations, demonstrate the continued strength of our strategy, as well as the innovation, fortitude and agility of our business, focused on its purpose, delivered by its people. I am extremely proud of the way our colleagues have rapidly adapted to address the challenging market resulting from the COVID-19 pandemic over recent months, and want to thank them for their hard work and commitment this year.

Future has continued to thrive by knowing what our audiences value most, enabling us to take advantage of the changing market landscape to continue to deliver incredible content to our communities in whatever way meets their needs.

Our content now reaches one in three adults in the UK and US, and our leadership positions are underpinned by a track record of strong, consistent organic growth, and accelerated through acquisitions. The long-term fundamentals of growing global digital advertising spend and eCommerce growth add to our confidence that, despite continued market uncertainty, we remain well-positioned to continue our strong growth.

Alongside these results, we are delighted to announce a Recommended Offer for GoCo Group plc, which we believe will deliver significant long-term shareholder value. Through the acquisition, we expect to create a leading offering for consumers, providing complementary insights that enable consumers to make informed choices in their passions, interests and key purchasing decisions. The transaction will bring together our depth of audience insight and reach with GoCo's expertise in price comparison, underpinned by the proprietary technology of both groups."

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Presentation

A live webcast of the analyst presentation will be available at 08.30 (UK time) today at https://webcasting.brrmedia.co.uk/broadcast/5fb24649be1fd642a3ef1d09

A copy of the presentation will be available on our website at https://investor.futureplc.com/results-home/

A recording of the webcast will also be made available.

1) Adjusted operating profit represents earnings before share-based payments (relating to equity settled awards with vesting periods longer than 12 months) and related social security costs, interest, tax, amortisation of acquired intangible assets, fair value movements on contingent consideration (and unwinding of associated discount) and currency option, and exceptional items and any related tax effects.

2) Adjusted free cash flow is defined as adjusted operating cash inflow less capital expenditure. Adjusted operating cash inflow represents operating cash inflow adjusted to exclude cash flows relating to exceptional items and settlement of employer's NI on share based payments, and to include lease repayments following adoption of IFRS 16 *Leases*.

3) Organic growth defined as the portfolio at constant FX rates (i) excluding acquisitions and disposals made during FY2019 and FY2020 and (ii) including the impact of closures and new launches.

4) Online audience defined as monthly online users from Google Analytics and, unless otherwise stated, is the monthly average over the financial year. Forums are excluded as they are non-commercial websites for which Future does not write content, and are not actively managed or monetised. FY2019 online users restated due to re-classification of SmartBrief online newsletter subscribers to email newsletters.

5) Leverage is defined as debt as a proportion of EBITDA adjusted for the impact of IFRS 16 and including the 12 month trailing impact of acquired businesses (in line with the Group's bank covenants definition).

Note to editors

Future is a global platform business for specialist media with diversified revenue streams. Its content reaches over 1 in 3 adults online in both the UK and the US.

The Media division is high-growth with three complementary revenue streams: eCommerce, events and digital advertising including advertising within newsletters. It operates in a number of sectors including technology, games & entertainment, music, home & gardens, sports, TV & film, real life, women's lifestyle and B2B. Its brands include TechRadar, PC Gamer, Tom's Guide, Android Central, Truly, Digital Camera World, Homebuilding & Renovating Show, GamesRadar+, The Photography Show, Top Ten Reviews, Marie Claire, Live Science, Guitar World, MusicRadar, Space.com, What to Watch, Gardening Etc, Adventure and Tom's Hardware.

The Magazine division focuses on publishing specialist content, with a combined global circulation of over 3 million delivered through more than 115 magazines, and 410 bookazines published a year. The portfolio spans technology, games & entertainment, sports, music, photography & design, homes & garden, country lifestyle, TV & film and B2B. Its titles include Country Life, Wallpaper, Woman & Home, Classic Rock, Decanter, Guitar Player, FourFourTwo, Homebuilding & Renovating, Digital Camera, Guitarist, How It Works, Total Film, What Hi-Fi? and Music Week.

Overview

Our Strategy & performance review

Our strategy remains clear and simple, to build a specialist global media platform that drives intent, enabled by technology and insight with scalable, diversified brands. Our strategy continues to deliver despite macro uncertainty, and we have been able to keep investing in our ongoing growth whilst ensuring that we manage costs effectively during the challenging macro environment. The recommended offer for GoCo Group is in line with this strategy and will create a leading specialist media platform, providing consumers with insights, informing them and enabling them to save money on their key purchasing decisions.

Content is at the heart of what we do and this works hand in hand with our technology and business model to meet our audiences' changing needs. Over the last financial year we have invested over £50m in content creation, with editorial headcount now accounting for around 46% of total workforce. As a result of our focus to grow TI Media brands in the US and digitally, coupled with our ongoing investment in new content areas, we announced in October 2020 that we would be investing in over 150 new positions in Editorial, Video and Engineering this year.

Online we reach one in three people in the US and UK, generating a total of 281.8m online users[4]. We hold 23 market-leading positions across 11 of our verticals and across online, print and events. We have seen phenomenal audience growth this year, bolstered by the increase in online activity during the pandemic lockdown period. Total online users grew 56% year-on-year, with organic growth of 48%. Additionally, 25 websites grew over 50% on a proforma basis for acquisitions made in 2019 and 2020. We were able to adapt our content to suit the needs of our audience, by producing COVID-19 related content such as Live Science's informative articles on the pandemic, to buying guides for at-home office equipment and at-home education advice through our Tech & Learning brand.

As part of the development of our audience strategy we launched eight new websites this financial year, six in the last three months of the financial year. The strength of our operating leverage means we were able to continue the fast pace of our development pipeline, despite the impact of COVID-19. Many of these new launches are in new verticals, introduced by the TI Media acquisition. For example, new website launches Advnture, Fit & Well, Gardening Etc, Petsradar, Whatowatch and My Imperfect Life utilise the content expertise of the TI Media team in these verticals, while our scalable advertising and eCommerce technology stack enables a strong path to revenue growth.

We are significantly progressed with our strategy to migrate the TI Media ".com" brands to our proprietary Vanilla website platform which allows a standardised approach to online content creation, ensuring it can be reused, published in different languages and analysed effectively. Woman&Home, Livingetc and Homes&Garden were all migrated during the Autumn. In addition, as outlined above, our strategy to launch new ".com" websites in pre-existing TI Media audience verticals is well progressed. We are excited about the online revenue potential of these new launches.

Through our Future Labs team, established earlier this financial year, we have developed a new lead generation technology, Falcon, as we seek to continue the diversification of our revenue streams and the expansion of our technology stack. We have significant audience reach of 394m across all our channels and Falcon will provide the opportunity to add a further incremental revenue stream to our model.

Execution underpinned by values

We pride ourselves on being a values-led business that is underpinned by its purpose of helping people through sharing our knowledge and expertise. We are committed to embedding our values throughout the business, as we believe that businesses with strong cultures are the most successful, particularly in times of market uncertainty. It is a testament to the success of this approach and our employees that we have delivered strong results this year; their passion and ability to adapt and innovate during the initial lockdown has meant that rather than simply survive during these unprecedented times, we have thrived, while also ensuring that we have continued to support our wider stakeholder base.

Our values encompass the way we operate as a business externally as well as internally, from our commitment to sustainability to the inclusion and diversity of our workforce. We strive to create an inclusive culture that embraces the breadth of experience that a truly diverse workforce can offer. We have launched our "I am Future" Inclusion and Diversity initiative and the Future Foundation which aims to help increase social mobility and support our most vulnerable. This included making financial donations towards the provision of free school meals in the UK. In response to Black Lives Matter, we have committed to ten pledges to ensure we are equally representing black people - covering advertising, editorial content & photography, to training and awareness and diversity targets, including ensuring our editorial represents our communities.

COVID-19 Update

Our main focus is to protect our staff, clients and stakeholders and as such we have taken a three-pronged approach to navigate the challenges brought by the COVID-19 pandemic.

The health and safety of our staff is our utmost priority and so from the middle of March, we moved to globally working from home ahead of local government enforced lockdowns. Due to our global-first operating model, the business was already set up for remote working and therefore the change has been almost seamless. Our colleagues have been outstanding and have adapted quickly to the new environment. We place great importance on good communication, and so to adapt to the reduction in contact time, we have increased communication frequency including weekly CEO letters, weekly leadership team calls, consisting of around 100 colleagues, and virtual town halls, as well as increasing mental health support including weekly virtual yoga and mental health first aiders. During this time we also set up a COVID-19 Hardship Fund for colleagues who, as a result of issues beyond their employment at Future, may have suffered hardship.

It has been important for us to support our communities during the pandemic. In the UK we allowed all staff to take one day of leave per week to volunteer for the NHS should they wish to. We considered it equally important for us to support our partners during these times, as a consequence we launched a number of initiatives including evolving the magazine distribution model to make it easier for warehouse and shop staff to handle our magazines safely, cancelling events swiftly to minimise costs for partners, and processing customer requested refunds promptly.

At the start of the lockdown we did not know what lay ahead and as a result, the business pivoted quickly to ensure it exercised financial restraint while assessing the wider impact of the pandemic on the business. The Board and senior leaders, plus staff volunteers took up to 20% pay cuts. Additionally, as a precaution, Future (and TI Media pre-transfer) accessed £0.5m of UK Government support from the Coronavirus Job Retention Scheme. This ensured that if the outcomes were more severe, we would protect jobs at a time of great uncertainty.

It quickly became apparent that the impact of the pandemic would be less material to the Group than first anticipated. As a consequence, all employees (with the exception of the Board who took a pay reduction during March-May) were repaid their salary reductions, and full pay was restored. Similarly, all government support in the UK and US was repaid in full.

Overall the Group has performed very strongly during the COVID-19 pandemic period. The two areas most impacted by the pandemic were magazine sales and events, reflecting the closure of high-street stores and restrictions on holding in-person events. As a result, we cancelled 27 in-person events, which in 2019 delivered £8.9m of revenue. For three of our larger events brands (The Photography Show, The National Homebuilding & Renovating Franchise and New York City TV Week) we pivoted to host these virtually with great success. The Photography and Video Show was held at the end of September with 16,890 attendees enjoying 175 seminars and 130 exhibitors. A total of 32 virtual events were held this year, contributing £1.4m of revenue, which demonstrates the flexibility of not just our operating model, but also our colleagues. We estimate the impact of retail closures resulted in approximately £20m of lost magazine sales.

Despite the impact on retail, the lockdown period presented us with a valuable opportunity to trial new titles and launch into print media sectors that reflected the sudden shift in reader interests. Market data highlighted a surge in popularity of topics such as well-being & mindfulness, hobbies, puzzles and pastimes, and we were able to respond with a number of new bookazines that have proven to be popular with readers. The ability to respond to our readers' needs has been further reflected in our bookazine sales channel, and as retail outlets globally have reopened these sales have recovered more quickly than magazines.

Acquisitions

A core part of our strategy is to buy and build where we identify assets which, we believe combined with Future, present a unique opportunity to add value. We have a systematic approach to all acquisitions, resulting in a number of transactions to date being originated in-house.

We have made significant progress on the integration of TI Media, which is now complete. The Finance and magazine subscription systems have been migrated onto our common platforms, and our ad stack and Hawk widgets have been integrated across all non-Vanilla websites, alongside the migration of Homes & Gardens, Living Etc and Woman & Home websites to our web platform Vanilla. Delivery on synergies continues to progress well with £20m already secured ahead of earlier forecasts of £15m per annum, of which £3m benefits our FY2020 results. We continue to expect the cost to deliver the synergies to be in the region of £12m, of which £9.9m (being £9.1m restructuring and £0.8m impairment of the TI Media legacy finance system) is reflected in our FY2020 results as a charge to profit.

In November 2019 we acquired Barcroft Studios for a total consideration of £23.4m, of which 40% was satisfied by the issue of shares, with the remainder paid in cash. Barcroft is an award-winning TV and digital video production company that creates original content, which is then published on a variety of owned and operated social sites in addition to being distributed across mass media channels. Barcroft's videos, which focus on real life stories, are watched by millions. Now fully integrated, this is an exciting acquisition as it has added another significant new revenue stream in video production to the Future Wheel and presents opportunities for the Group to further monetise through video. In addition, by utilising Barcroft's expertise in monetising and engaging with social audiences, we are able to drive social media engagement across our other Future verticals and brands.

In October 2020 we acquired CinemaBlend, a high-growth digital brand focused on the TV, film and entertainment market, based in the US. The addition of CinemaBlend boosts our presence in the TV & Film and Games & Entertainment verticals. Additionally, the acquisition also provides an opportunity to accelerate the development of our recently launched website Whattowatch.com by establishing a strong market position from which to grow both online brands, as well as benefiting from collaboration, content sharing and new expertise.

Today we have announced that we have agreed the terms of a recommended offer for GoCo Group plc, the price comparison business, which values the entire issued and to be issued share capital of GoCo Group at £594m on a fully diluted basis. We believe that the Combination will significantly strengthen the Future Group's proposition of seeking to address the growing consumer demand for informed and value driven purchasing decisions enabled by intent driven content. We believe the Combination provides a truly unique opportunity to capitalise on the combination of Future's deep audience insight with GoCo's expertise in price comparison and the proprietary technology of both the Future Group and the GoCo Group.

Current trading and outlook
The new financial year (FY2021) has started well, and we benefit from ongoing momentum from the organic business as well as from acquisitions. Our online audience continues to show strong growth, which was underpinned by our recently successful Amazon Prime Day in October.

We meet the ongoing challenges of the COVID-19 pandemic through our three-pronged approach focusing on our employees, clients and stakeholders as we consider how to lessen the impact to the business.

The strength of our performance in FY2020 combined with the long-term fundamentals of growing global digital advertising spend and eCommerce growth add to our confidence that, despite market uncertainty, we remain well-positioned to continue our strong growth.

Our diversified strategy continues to offset the impacts of the ongoing macro uncertainty, and, as a result, the positive trends we have seen in FY2020 are expected to continue in FY2021.

Financial summary

	FY2020 £m	FY2019 £m
Revenue	**339.6**	221.5
Adjusted operating profit[1]	**93.4**	52.2
Adjusted profit before tax[1]	**90.9**	50.3
Operating profit	**50.7**	26.7
Profit before tax	**52.0**	12.7
Basic earnings per share (p)	**46.4**	9.9
Diluted earnings per share (p)	**45.4**	9.3
Adjusted basic earnings per share (p)[1]	**76.3**	50.1
Adjusted diluted earnings per share (p)[1]	**74.7**	47.5

[1] Adjusted operating profit represents earnings before share-based payments (relating to equity settled awards with vesting periods longer than 12 months) and related social security costs, interest, tax, amortisation of acquired intangible assets, fair value movements on contingent consideration (and unwinding of associated discount) and on currency option and exceptional items.

Revenue

Revenue	**Segment**		**FY2020 £m**	Segment		FY2019 £m		
	UK £m	**US £m**	**Total £m**	UK £m	US £m	Total £m	YoY Var	Organic YoY Var
Digital display advertising on platform	**31.6**	**68.0**	**99.6**	22.7	57.8	80.5	24%	16%
Digital display advertising off platform	**11.2**	**29.4**	**40.6**	-	8.5	8.5	378%	(19)%
eCommerce	**24.5**	**54.8**	**79.3**	15.3	31.9	47.2	68%	58%
Events, digital licensing other	**12.5**	**5.3**	**17.8**	12.4	6.3	18.7	(5)%	(26)%

online								
Total Media	**79.8**	**157.5**	**237.3**	50.4	104.5	154.9	53%	23%
Print & digital content	**70.2**	**3.5**	**73.7**	38.7	4.1	42.8	72%	(30)%
Print advertising, licensing, publisher services and other print	**21.9**	**6.7**	**28.6**	13.6	10.2	23.8	20%	(27)%
Total Magazines	**92.1**	**10.2**	**102.3**	52.3	14.3	66.6	54%	(29)%
Total revenue	**171.9**	**167.7**	**339.6**	102.7	118.8	221.5	53%	6%

Group revenue increased 53% or £118.1m to £339.6m (2019: £221.5m), achieved organically (increase of 6% at constant currency and actual currency) and through acquisition, with FY2019 and FY2020 acquisitions net of disposals contributing £105.6m to revenue growth in the year.

UK revenue growth of 67% or £69.2m to £171.9m (2019: £102.7m) included £64.0m of revenue from the TI Media acquisition and £11.1m from the Barcroft acquisition. UK organic digital revenues (which include digital display advertising and eCommerce) grew strongly by 33%. UK events and magazine divisions were materially impacted by the pandemic and total UK organic revenues declined by 7%.

Performance has been strong in the US where growth of 41% or £48.9m to £167.7m (2019: £118.8m) was boosted by underlying organic growth of 19% and increased further by the inclusion of £23.2m incremental year-on-year revenue from the SmartBrief acquisition.

Media revenue increased by £82.4m or 53% and by 23% organically despite the cancellation of in-person events due to the COVID-19 pandemic. Organic digital advertising on platform revenue grew 16% and organic eCommerce revenue was 58% ahead of the prior year. Strong digital advertising and eCommerce revenue growth has been the product of the effective monetisation of Future's online audience. In the year, Future saw its online audience increase to 281.8m[4] through the increased scale and diversification of the Group, with organic audience growth of 48%.

Magazine division revenue increased by 54% to £102.3m (2019: £66.6m), following the acquisition of TI Media. Magazine organic revenue performance declined by 29%, with the decline materially impacted by store closures as a consequence of COVID-19.

Operating profit

Statutory operating profit increased by £24.0m to £50.7m (2019: £26.7m) and statutory operating margin increased to 15% (2019: 12%). Adjusted operating profit increased by £41.2m to £93.4m (2019: £52.2m) with adjusted operating margin increasing to 28% (2019: 24%), reflecting the strong growth of the Media division and the operating leverage provided by the increased scale of the Group.

Earnings per share

	FY2020	FY2019
Basic earnings per share (p)	**46.4**	9.9
Adjusted basic earnings per share (p)	**76.3**	50.1
Diluted earnings per share (p)	**45.4**	9.3
Adjusted diluted basic earnings per share (p)	**74.7**	47.5

Basic earnings per share are calculated using the weighted average number of ordinary shares in issue during the year of 95.6m (2019: 82.2m), the increase reflecting the weighted impact of the issue of 8.2m shares to fund the acquisition of TI Media, 1.8m to settle the Mobile Nations deferred consideration, and 0.7m to fund the acquisition of Barcroft Studios, as well as the issue of 3.8m shares to settle vested share options.

Adjusted earnings per share is based on profit after taxation which is then adjusted to exclude share-based payments (relating to equity-settled share awards with vesting periods longer than 12 months) and associated social security costs, fair value movements on contingent consideration (and unwinding of associated discount) and on the currency option, exceptional items, amortisation of intangible assets arising on acquisitions and any related tax effects. Adjusted profit after tax was £72.9m (2019: £41.2m).

Exceptional items

Exceptional costs amounted to £17.1m (2019: £3.4m) and relate largely to acquisition and restructuring related costs in respect of the TI Media acquisition (£3.8m and £9.1m respectively), SmartBrief integration costs of £0.1m, onerous property costs of £1.8m, impairment of the TI Media legacy finance system of £0.8m and £1.5m on disposals relating to the sale of Amateur Photographer, WorldSoccer and Trustedreviews.com, as required by the Competition and Markets Authority as well as UK Cycling Events Limited and International Craft and Hobby Fair Limited, following the acquisition of TI Media.

TI Media restructuring costs charged in the year are associated with realised acquisition synergy savings. Onerous property costs relate to ongoing operating costs and the impairment of right-of-use assets in respect of the Bromsgrove and Bournemouth offices which were permanently closed following the onset of the COVID-19 pandemic.

Net finance costs and refinancing

The Group agreed a new £30m multi-currency Revolving Credit Facility ("RCF") in April 2020. The RCF, which stands alongside Future's existing debt facilities, was arranged in order to provide the Group with additional working capital headroom to maintain the underlying growth momentum of the combined business, whilst navigating the impact of COVID-19. This facility has not been required (and has not been drawn) as at 30 September 2020 and has been subsequently cancelled.

Net finance income of £2.8m was recognised in the year (2019: net expense of £14.2m) which includes a £7.6m reduction in the fair value of the contingent consideration payable for the SmartBrief acquisition offset by £1.1m arising on the unwinding of the associated discount on the contingent consideration and a £1.2m loss on the currency option obtained to hedge the Group's currency exposure to the Mobile Nations earnout (settled in February 2020).

Net adjusted finance costs increased to £2.5m (2019: £2.1m) which includes external interest payable of £1.8m reflecting the drawdown of the core RCF to fund the TI Media acquisition and £0.4m in respect of the amortisation of issue costs relating to both the Group's original £135m facility and the additional £30m facility that was agreed during the year. A further £0.8m of interest was recognised in relation to lease liabilities (offset by £0.1m of interest income on sublet properties) recognised following the adoption of IFRS 16. This is offset by £0.4m of finance income which was generated whilst the Group was in a net cash position, following the receipt of placing proceeds ahead of the completion of the TI Media acquisition in April 2020 and the Group's strong cash generation. Leverage at 30 September 2020 was 0.6x.

Taxation

The tax charge for the year amounted to £7.7m (2019: £4.6m), comprising a current tax charge of £9.8m (2019: £7.0m) and a deferred tax credit of £2.1m (2019: £2.4m) The current tax charge arises in the UK where the standard rate of corporation tax is 19% and in the US where the Group pays a blended Federal and State tax rate of 28%.

The Group's adjusted effective tax rate is 19.8% (2019: 18%), which includes a credit of £1.5m arising on the part release of a provision recognised for uncertain tax positions on the basis that certain tax risks are now considered less likely to crystallise. Further information is provided in note 6.

The Group's statutory effective tax rate is 15% (2019: 36%), with the difference between the statutory rate and adjusted effective rate being the impact of certain exceptional items being deductible for tax purposes and the fair value gain on the SmartBrief contingent consideration being non-taxable. This is significantly lower than the FY2019 statutory effective rate, which was increased by the fair value loss on the contingent consideration recognised in respect of the Mobile Nations acquisition in the prior year.

Dividend

The Board is recommending a final dividend of 1.6p per share for the year ended 30 September 2020, payable on 16 February 2021 to all shareholders on the register at close of business on 15 January 2021.

Cash flow and net debt

Net debt at 30 September 2020 was £62.1m (2019: £40.3m) reflecting the additional drawdown of debt to fund the TI Media acquisition offset by strong cash generation.

During the year, there was a cash inflow from operations of £91.9m (2019: £53.7m) reflecting the Group's strong trading performance.

Excluding exceptional items, adjusted operating cash inflow was £100.0m (2019: £57.7m). A reconciliation of cash generated from operations to adjusted free cash flow is included below:

	FY2020 £m	FY2019 £m
Cash generated from operations	**91.9**	53.7
Cash flows related to exceptional items	**8.0**	4.0
Settlement of NI on share based payments	**4.0**	-
Lease payments following adoption of IFRS 16 *Leases*	**(3.9)**	-
Adjusted operating cash inflow	**100.0**	57.7
Cash flows related to capital expenditure	**(4.0)**	(4.0)
Adjusted free cash flow	**96.0**	53.7

Other significant movements in cash flows include £4.0m (2019: £4.0m) of capital expenditure, drawdown of bank loans and overdraft (net of repayments and arrangement fees) of £75.7m (2019: £19.3m), payments of £75.8m (2019: £65.8m) to fund acquisitions (including disposals), proceeds from the issue of shares (net of costs of share issue) of £101.0m (2019 £nil), and the acquisition of own shares of £8.5m (2019 £nil). The Group paid a dividend in the year of £1.0m (2019: £0.4m). Foreign exchange and other movements accounted for the balance of cash flows.

Adjusted free cash flow increased to £96.0m (2019: £53.7m), representing 103% of adjusted operating profit (2019: 103%) reflecting the ongoing efficient cash management by the Group and including a one-off operating cash benefit realised as a result of completing the TI Media acquisition mid-month.

Consolidated income statement

for the year ended 30 September 2020 (unaudited)

		2020			**2019**		
	Note	**Non - GAAP Adjusted results £m**	**Adjusting items £m**	**Statutory results £m**	**Non - GAAP Adjusted results £m**	**Adjusting items £m**	**Statutory results £m**
Revenue	1,2	**339.6**	**-**	**339.6**	221.5	-	221.5
Net operating expenses	3	**(246.2)**	**(42.7)**	**(288.9)**	(169.3)	(25.5)	(194.8)
Operating profit		**93.4**	**(42.7)**	**50.7**	52.2	(25.5)	26.7
Finance income	5	**0.5**	**7.6**	**8.1**	-	0.8	0.8
Finance costs	5	**(3.0)**	**(2.3)**	**(5.3)**	(2.1)	(12.9)	(15.0)
Net finance income/(costs)		**(2.5)**	**5.3**	**2.8**	(2.1)	(12.1)	(14.2)
Other (expense)/income		**-**	**(1.5)**	**(1.5)**	0.2	-	0.2

Profit before tax	1	**90.9**	**(38.9)**	**52.0**	50.3	(37.6)	12.7
Tax charge	6	**(18.0)**	**10.3**	**(7.7)**	(9.1)	4.5	(4.6)
Profit for the year attributable to owners of the parent		**72.9**	**(28.6)**	**44.3**	41.2	(33.1)	8.1

Earnings per 15p Ordinary share

	Note	**2020 pence**	2019 pence
Basic earnings per share	8	**46.4**	9.9
Diluted earnings per share	8	**45.4**	9.3

Consolidated statement of comprehensive income

for the year ended 30 September 2020 (unaudited)

	2020 £m	2019 £m
Profit for the year	**44.3**	8.1
Items that may be reclassified to the consolidated income statement		
Currency translation differences	**(8.3)**	8.3
Other comprehensive (loss)/profit for the year	**(8.3)**	8.3
Total comprehensive income for the year attributable to owners of the parent	**36.0**	16.4

Consolidated statement of changes in equity

for the year ended 30 September 2020 (unaudited)

	Note	**Issued share capital £m**	**Share premium account £m**	**Merger reserve £m**	**Treasury reserve £m**	**Accumulated losses £m**	**Total equity £m**
Balance at 1 October 2018		12.2	97.2	124.9	(0.3)	(61.4)	172.6
Profit for the year		-	-	-	-	8.1	8.1
Currency translation differences		-	-	-	-	8.3	8.3
Other comprehensive income for the year		-	-	-	-	8.3	8.3
Total comprehensive income for the year		-	-	-	-	16.4	16.4
Share capital issued during the year	15	0.3	-	15.5	-	-	15.8
Share schemes							
- Value of employees' services		-	-	-	-	3.4	3.4
- Deferred tax on options		-	-	-	-	5.6	5.6
Dividends paid to shareholders	7	-	-	-	-	(0.4)	(0.4)
Balance at 30 September 2019		12.5	97.2	140.4	(0.3)	(36.4)	213.4
Retained earnings impact of adopting IFRS 16		-	-	-	-	(0.8)	(0.8)
Restated balance at 1 October 2019		**12.5**	**97.2**	**140.4**	**(0.3)**	**(37.2)**	**212.6**
Profit for the year		-	-	-	-	44.3	44.3
Currency translation differences		-	-	-	-	(8.3)	(8.3)
Other comprehensive loss for the year		-	-	-	-	(8.3)	(8.3)
Total comprehensive income for the year		-	-	-	-	36.0	36.0
Share capital issued during the year	15	2.2	99.8	30.5	-	-	132.5
Acquisition of own shares		-	-	-	(8.5)	(0.6)	(9.1)
Share schemes							
- Value of employees' services		-	-	-	-	5.6	5.6
- Current tax on options						8.4	8.4
- Deferred tax on options		-	-	-	-	(3.7)	(3.7)
Dividends paid to shareholders	7	-	-	-	-	(1.0)	(1.0)
Balance at 30 September 2020		**14.7**	**197.0**	**170.9**	**(8.8)**	**7.5**	**381.3**

Consolidated balance sheet

as at 30 September 2020 (unaudited)

	Note	**2020 £m**	2019 £m
Assets			
Non-current assets			

Property, plant and equipment		**20.9**	2.5
Intangible assets - goodwill	10	**309.7**	218.7
Intangible assets - other	10	**183.9**	110.3
Investments		**-**	0.2
Deferred tax		**1.0**	3.7
Total non-current assets		**515.5**	335.4
Current assets			
Inventories		**0.7**	-
Corporation tax recoverable		**1.7**	1.1
Trade and other receivables		**72.4**	41.9
Cash and cash equivalents	11	**19.3**	6.6
Financial asset - derivative		**-**	1.4
Finance lease receivable		**1.6**	-
Total current assets		**95.7**	51.0
Total assets		**611.2**	386.4
Equity and liabilities			
Equity			
Issued share capital	15	**14.7**	12.5
Share premium account		**197.0**	97.2
Merger reserve		**170.9**	140.4
Treasury reserve		**(8.8)**	(0.3)
Accumulated profit/(losses)		**7.5**	(36.4)
Total equity		**381.3**	213.4
Non-current liabilities			
Financial liabilities - interest-bearing loans and borrowings	12	**73.6**	42.6
Lease liability due in more than one year		**18.7**	-
Deferred tax		**2.5**	0.4
Provisions	13	**5.1**	2.1
Other non-current liabilities		**-**	0.4
Contingent consideration	14	**-**	10.9
Total non-current liabilities		**99.9**	56.4
Current liabilities			
Financial liabilities - interest-bearing loans and borrowings	12	**7.8**	4.3
Trade and other payables		**116.2**	62.4
Corporation tax payable		**-**	6.0
Lease liability due within one year		**6.0**	-
Deferred consideration	14	**-**	43.9
Total current liabilities		**130.0**	116.6
Total liabilities		**229.9**	173.0
Total equity and liabilities		**611.2**	386.4

Consolidated cash flow statement

for the year ended 30 September 2020 (unaudited)

	2020 £m	2019 £m
Cash flows from operating activities		
Cash generated from operations	**91.9**	53.7
Interest paid	**(1.4)**	(1.5)
Interest paid on lease liabilities	**(0.7)**	-
Tax paid	**(8.4)**	(3.1)
Net cash generated from operating activities	**81.4**	49.1
Cash flows from investing activities		
Purchase of property, plant and equipment	**(0.9)**	(1.4)
Purchase of computer software and website development	**(3.1)**	(2.6)
Purchase of magazine titles and websites	**(0.1)**	(1.6)
Purchase of subsidiary undertakings, net of debt and cash acquired	**(73.5)**	(64.6)
Disposal of subsidiaries, magazine titles and websites	**(2.2)**	0.4
Net cash used in investing activities	**(79.8)**	(69.8)
Cash flows from financing activities		
Proceeds from issue of Ordinary share capital	**104.4**	-
Costs of share issue	**(3.4)**	-
Acquisition of own shares	**(8.5)**	-
Draw down of bank loans	**142.1**	84.2
Repayment of bank loans	**(220.7)**	(68.4)
Draw down of overdraft	**3.5**	4.3
Bank arrangement fees	**(0.6)**	(0.8)
Repayment of principal element of lease liabilities	**(3.9)**	-
Settlement/(purchase) of derivative	**0.2**	(0.7)
Dividends paid	**(1.0)**	(0.4)
Net cash generated from financing activities	**12.1**	18.2
Net increase/(decrease) in cash and cash equivalents	**13.7**	(2.5)
Cash and cash equivalents at beginning of year	**6.6**	6.4
Effects of exchange rate changes on cash and cash equivalents	**(1.0)**	2.7
Cash and cash equivalents at end of year	**19.3**	6.6

Notes to the Consolidated cash flow statement

for the year ended 30 September 2020

A. Cash generated from operations

The reconciliation of profit for the year to cash generated from operations is set out below:

	2020 £m	2019 £m
Profit for the year	**44.3**	8.1
Adjustments for:		
Depreciation and impairment charge	**6.9**	0.9
Amortisation of intangible assets and impairment charge	**25.1**	14.5
Share schemes		
- Value of employees' services	**5.6**	3.4
Net finance (income)/costs	**(2.8)**	14.2
Tax charge	**7.7**	4.6
Loss/(gain) on the sale of operations	**1.5**	(0.2)
Cash generated from operations before changes in working capital and provisions	**88.3**	45.5
Movement in provisions	**-**	(0.7)
Decrease in inventories	**0.5**	-
Decrease in trade and other receivables	**2.6**	3.5
Increase in trade and other payables	**0.5**	5.4
Cash generated from operations	**91.9**	53.7

B. Analysis of net debt

	1 October 2019 £m	Cash flows £m	On acquisition £m	Other non-cash changes £m	Exchange movements £m	30 September 2020 £m
Cash and cash equivalents	6.6	(15.5)	29.2	-	(1.0)	**19.3**
Debt due within one year	(4.3)	(3.5)	-	-	-	**(7.8)**
Debt due after more than one year	(42.6)	78.7	(111.0)	0.2	1.1	**(73.6)**
Net debt	**(40.3)**	**59.7**	**(81.8)**	**0.2**	**0.1**	**(62.1)**

	1 October 2018 £m	Cash flows £m	Other non-cash changes £m	Exchange movements £m	30 September 2019 £m
Cash and cash equivalents	6.4	(2.5)	-	2.7	6.6
Debt due within one year	(8.5)	4.2	-	-	(4.3)
Debt due after more than one year	(15.7)	(23.5)	(0.5)	(2.9)	(42.6)
Net debt	(17.8)	(28.1)	(0.5)	(0.2)	(40.3)

C. Reconciliation of movement in net debt

	2020 £m	2019 £m
Net debt at start of year	**(40.3)**	(17.8)
Increase/(decrease) in cash and cash equivalents	**13.7**	(2.5)
Increase in borrowings	**(35.8)**	(19.3)
Other non-cash changes	**0.2**	(0.5)
Exchange movements	**0.1**	(0.2)
Net debt at end of year	**(62.1)**	(40.3)

Accounting policies

Compliance statement and basis of preparation
Future plc (the Company) is incorporated and registered in the United Kingdom and is a public company limited by shares. The financial statements consolidate those of Future plc and its subsidiaries (the Group).

The financial statements of the Group and the individual financial statements of the parent company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee's (IFRS IC) interpretations as adopted by the European Union, applicable as at 30 September 2020, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies have been applied consistently to all years presented, unless otherwise stated below. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments, and contingent and deferred consideration, which are measured at fair value.

The going concern basis has been adopted in preparing these financial statements.

Status of this preliminary announcement
The financial information contained in this preliminary announcement is unaudited and does not constitute the Company's statutory accounts for the years ended 30 September 2020 or 2019. Statutory accounts for 2019, which were prepared under International Financial Reporting Standards as adopted by the EU, have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. Full financial statements for the year ended 30 September 2020 will shortly be posted to shareholders.

New or revised accounting standards and interpretations adopted in the year
The following standards and amendments became effective in the year:

- IFRS 16 *Leases*;
- IFRIC 23 *Uncertainty over income tax treatments*;
- amendment to IFRS 9 *Prepayment features with negative compensation and modifications of financial liabilities*; and
- amendments as a result of Annual Improvements 2015-2017 Cycle.

There has been no material impact from the adoption of new standards, amendments to standards or interpretations which are relevant to the Group, other than as set out below.

The Group has adopted IFRS 16 *Leases* from 1 October 2019, resulting in the recognition on balance sheet of assets and liabilities relating to leases previously accounted for as operating leases. On transition the Group has applied the modified retrospective approach, with the right-of-use asset measured as if IFRS 16 had always applied and the difference between lease assets and lease liabilities recognised within retained earnings. Comparative periods have not been restated.

Adoption of the standard has resulted in an increase in reported assets of £16.0m, which includes a deferred tax asset of £0.7m, and an increase in reported liabilities of £16.8m, with the balance of £0.8m being recognised within retained earnings at 1 October 2019.

In the income statement the operating lease rent expense has been replaced by depreciation of right-of-use assets and finance costs on lease liabilities.

The Group has taken advantage of the following practical expedients on transition to:

- rely on our assessment of where leases exist under current reporting standards IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease;*
- exclude low-value leases;
- exclude short-term leases, being those with a term of 12 months or less from 1 October 2019;
- rely on our assessment of onerous leases under IAS 37 *Provisions, contingent liabilities and contingent assets* applied immediately before the date of initial application as an alternative to performing an impairment review;
- use hindsight when determining the lease term where the contract includes options to extend or terminate; and
- exclude initial direct costs from the measurement of the right-of-use asset.

Although there is no change to actual cash outflows, under IFRS 16 repayments relating to the principal portion of the lease liability are presented within cash flows from financing activities and the portion relating to the repayment of interest presented within cash flows from operating activities. Payments relating to short-term and low-value leases will continue to be included in cash flows from operating activities.

The Group's accounting policy for leases under IFRS 16 is as follows:

Property leases are recognised on the balance sheet as a right-of-use asset and corresponding lease liability at the date the leased asset is available for use. Lease liabilities are measured at the present value of payments less lease incentives receivable. Right-of-use assets are measured equal to the value of the lease liability plus restoration costs.

Lease payments are discounted using the interest rate implicit in the lease (for leases existing on transition the incremental borrowing rate).

Short-term and low-value leases (as defined by IFRS 16) are recognised on a straight-line basis as an expense in the income statement.

Finance costs are charged to the income statement over the lease term, at a constant periodic rate of interest. Right-of-use assets are depreciated over the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost.

IFRIC 23 *Uncertainty over income tax treatments* provides guidance and clarifies how to apply the recognition and measurement requirements in IAS 12 *Income taxes* where there is uncertainty over income tax treatments. IFRIC 23 has been applied in the measurement of the provision recognised. The adoption of the standard has not had a material impact on the financial statements.

New accounting standards, amendments and interpretations that are issued but not yet applied by the Group

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 October 2020 and which the Group has chosen not to adopt early. These include the following standards which are relevant to the Group:

- amendment to IFRS 3 *Clarifying the definition of a business*;
- amendment to IAS 1 *Definition of Material* and *Classification of liabilities*;
- IAS 8 *Definition of Material;*
- IAS 37 *Costs to include when assessing whether a contract is material;*
- amendment to IFRS 7, IFRS 9 and IFRS 16 *Amendments regarding pre-replacement issues in the context of the IBOR reform*; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The Group does not expect that the standards and amendments issued but not yet effective will have a material impact on results or net assets.

Presentation of non-statutory measures

The Directors believe that adjusted results and adjusted earnings per share provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. The term 'adjusted' is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit.

Adjustments are made in respect of:

Share-based payments - share-based payment expenses (relating to equity-settled share awards with vesting periods longer than 12 months), together with associated social security costs, are excluded from the adjusted results of the Group as the Directors believe they result in a level of charge that would distort the user's view of the core trading performance of the Group.

Exceptional items - the Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its size, is material and not related to the core underlying trading of the Group so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 4.

Amortisation of acquired intangible assets - the amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are non-cash charges arising from non-trading investment activities. As such, they are not considered to be reflective of the core trading performance of the Group.

Change in the fair value of contingent consideration - the Group excludes the remeasurement of these acquisition-related liabilities from its adjusted results as the impact of remeasurement can vary significantly depending on the underlying acquisition's performance. The unwinding of the discount on contingent consideration is also excluded from the Group's adjusted results on the basis that it is non-cash and the balance is driven by the Group's assessment of the relevant discount rate to apply. Excluding these items ensures comparability with prior years.

Changes in the fair value of currency option - the Group has excluded this from its adjusted results as the option was acquired in order to hedge USD exposure to acquisition related contingent consideration and does not relate to the core underlying trading performance of the Group.

The tax related to adjusting items is the tax effect of the items above, calculated using the standard rate of corporation tax in the relevant jurisdiction.

A reconciliation of adjusted operating profit to profit before tax is shown below:

	2020 £m	2019 £m
Adjusted operating profit	**93.4**	52.2
Adjusted finance costs	**(2.5)**	(2.1)
Other income	**-**	0.2
Adjusted profit before tax	**90.9**	50.3
Adjusting items:		
Share-based payments (including social security costs)	**(5.5)**	(9.0)
Exceptional items (note 4)	**(17.1)**	(3.4)
Amortisation of acquired intangibles	**(21.6)**	(13.1)
Decrease/(increase) in fair value of contingent consideration	**7.6**	(11.7)
Unwinding of discount	**(1.1)**	(1.2)
Fair value (loss)/gain on currency option	**(1.2)**	0.8
Profit before tax	**52.0**	12.7

A reconciliation of cash generated from operations to adjusted free cash flow is shown below:

	2020 £m	2019 £m
Cash generated from operations	**91.9**	53.7
Cash flows related to exceptional items	**8.0**	4.0
Settlement of NI on share based payments	**4.0**	-
Lease payments following adoption of IFRS 16 *Leases*	**(3.9)**	-
Adjusted operating cash inflow	**100.0**	57.7
Cash flows related to capital expenditure	**(4.0)**	(4.0)
Adjusted free cash flow	**96.0**	53.7

A reconciliation between adjusted and statutory earnings per share measures is shown in note 8.

Notes

1. Segmental reporting

The Group is organised and arranged primarily by reportable segment. The Executive Directors consider the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not reported separately due to its size. The Group also uses a sub-segment split of Media (websites and events) and Magazines for further analysis. The Group considers that the assets within each geographical segment are exposed to the same risks.

(a) Reportable segment
(i) Segment revenue

	Sub-segment		**2020 £m**	Sub-segment		2019 £m
	Media £m	**Magazines £m**	**Total £m**	Media £m	Magazines £m	Total £m
Segment:						
UK	**79.8**	**92.1**	**171.9**	50.4	52.3	102.7
US	**157.5**	**10.2**	**167.7**	104.5	14.3	118.8
Total	**237.3**	**102.3**	**339.6**	154.9	66.6	221.5

Transactions between segments are carried out at arm's length.

(ii) Segment adjusted operating profit

Adjusted operating profit is used by the Executive Directors to assess the performance of each segment. Operating profit for the Media and Magazines sub-segments is not reported internally, as overheads are not fully allocated on this basis. The table below shows the impact of intragroup adjustments on the adjusted operating profit for the UK and US segments:

			2020 £m			2019 £m
	Underlying adjusted operating profit £m	**Intragroup adjustments £m**	**Adjusted operating profit £m**	Underlying adjusted operating profit £m	Intragroup adjustments £m	Adjusted operating profit £m
UK	**10.6**	**48.5**	**59.1**	10.7	18.4	29.1
US	**82.8**	**(48.5)**	**34.3**	41.5	(18.4)	23.1
Total	**93.4**	**-**	**93.4**	52.2	-	52.2

Intra-group adjustments relate to the net impact of charges from the UK to the US in respect of management fees (for back office revenue functions such as finance, HR and IT which are based in the UK) and license fees for the use of intellectual property. The increase in the year is driven by the growth in media revenue in the US.

A reconciliation of total segment adjusted operating profit to profit before tax is provided as follows:

	2020 £m	2019 £m
Total segment adjusted operating profit	**93.4**	52.2

Share-based payments (including social security costs)	**(5.5)**	(9.0)
Amortisation of acquired intangibles	**(21.6)**	(13.1)
Exceptional items (note 4)	**(15.6)**	(3.4)
Net finance income/(costs)	**2.8**	(14.2)
Other (expense)/income	**(1.5)**	0.2
Profit before tax	**52.0**	12.7

(b) Business segment

(i) Gross profit by business segment

	2020 Sub segment				**2020 £m**	2019 Sub segment				2019 £m
	Media £m	**Magazines £m**	**Other £m**	**Add back distribution expenses £m**	**Total £m**	Media £m	Magazines £m	Other £m	Add back distribution expenses £m	Total £m
Segment:										
UK	**65.0**	**56.4**	**(59.5)**	**11.5**	**73.4**	42.5	32.8	(35.2)	4.5	44.6
US	**138.9**	**6.4**	**(43.8)**	**1.7**	**103.2**	84.7	8.6	(33.9)	2.5	61.9
Total	**203.9**	**62.8**	**(103.3)**	**13.2**	**176.6**	127.2	41.4	(69.1)	7.0	106.5

Revenue of £43.4m arose from sales to the Group's largest single customer which operates as an intermediary for digital advertising customers (2019: £38.2m). No end customer, or other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior year. The above analysis excludes the impact of intra-group adjustments.

2. Revenue

The Group applies IFRS 15 *Revenue from contracts with customers*. See note 1 for disaggregation of revenue by sub-segment.

Timing of satisfaction of performance obligations

Revenue is recognised in the income statement when control passes to the customer. If the customer simultaneously receives and consumes the benefits of the contract, revenue is recognised over time. Otherwise, revenue is recognised at a point in time.

The table below disaggregates revenue according to the timing of satisfaction of performance obligations:

			2020 £m			2019 £m
	Over time £m	**Point in time £m**	**Total revenue £m**	Over time £m	Point in time £m	Total revenue £m
Total revenue	**12.3**	**327.3**	**339.6**	6.4	215.1	221.5

3. Net operating expenses

Operating profit is stated after charging:

			2020			2019
	Adjusted results £m	**Adjusting items £m**	**Statutory results £m**	Adjusted results £m	Adjusting items £m	Statutory results £m
Cost of sales	**(163.0)**	**-**	**(163.0)**	(115.0)	-	(115.0)
Distribution expenses	**(13.2)**	**-**	**(13.2)**	(7.0)	-	(7.0)
Share-based payments (including social security costs)	**(3.2)**	**(5.5)**	**(8.7)**	(1.2)	(9.0)	(10.2)
Exceptional items (note 4)	**-**	**(15.6)**	**(15.6)**	-	(3.4)	(3.4)
Depreciation	**(5.8)**	**-**	**(5.8)**	(0.9)	-	(0.9)
Amortisation	**(2.7)**	**(21.6)**	**(24.3)**	(1.4)	(13.1)	(14.5)
Other administration expenses	**(58.3)**	**-**	**(58.3)**	(43.8)	-	(43.8)
	(246.2)	**(42.7)**	**(288.9)**	(169.3)	(25.5)	(194.8)

4. Exceptional items

	2020 £m	2019 £m
Acquisition and integration related costs	**3.9**	2.5
Restructuring and redundancy costs	**9.1**	-
Vacant property provision movements	**1.8**	0.1
Impairment of assets	**0.8**	-
Premium listing costs	**-**	0.8
Total operating charge	**15.6**	3.4
Disposals	**1.5**	-
Total charge	**17.1**	3.4

The acquisition and integration related costs represent expenses incurred in respect of the acquisition of TI Media (£3.8m), and the finalisation of the integration of SmartBrief (£0.1m), which was acquired in July 2019. Restructuring and redundancy costs relate to the integration of the TI Media acquisition. An impairment of £0.8m relates to the TI Media legacy finance system which is no longer required following the integration and the £1.5m loss on disposals relates to the sale of Amateur Photographer, WorldSoccer, and Trustedreviews.com, as required by the Competition and Markets Authority, as well as UK Cycling Events Limited and International Craft and Hobby Fair Limited, following the acquisition of TI Media. Vacant property costs of £1.8m relate to ongoing operating costs and the impairment of right-of-use assets in respect of the Bromsgrove and Bournemouth offices which were permanently closed following the onset of the COVID-19 pandemic.

Further details in respect of the acquisitions are shown in note 19.

5. Finance income and costs

	2020 £m	2019 £m
Interest receivable on interest-bearing loans and borrowings	**0.4**	-
Interest receivable on lease liabilities	**0.1**	-
Adjusted finance income	**0.5**	-
Decrease in fair value of contingent consideration	**7.6**	-
Fair value gain on currency option	**-**	0.8
Total reported finance income	**8.1**	0.8
Interest payable on interest-bearing loans and borrowings	**(1.8)**	(1.5)
Amortisation of bank loan arrangement fees	**(0.4)**	(0.6)
Interest payable on lease liabilities	**(0.8)**	
Adjusted finance costs	**(3.0)**	(2.1)
Increase in fair value of contingent consideration	**-**	(11.7)
Fair value loss on currency option	**(1.2)**	-
Unwinding of discount on contingent consideration	**(1.1)**	(1.2)
Total reported finance costs	**(5.3)**	(15.0)
Net finance income/(costs)	**2.8**	(14.2)

The Group agreed a new £30 million multi-currency Revolving Credit Facility ("RCF") in April 2020. The RCF, which stands alongside Future's existing debt facilities, was arranged in order to provide the Group with additional working capital headroom to maintain the underlying growth momentum of the combined business, whilst navigating the impact of COVID-19. This facility has not been required (and has not been drawn) as at 30 September 2020 and has been subsequently cancelled.

The £7.6m decrease (2019: £11.7m increase) in fair value of contingent consideration arose in respect of the SmartBrief, Inc acquisition (2019: MoNa Mobile Nations, LLC acquisition). During the year the fair value of the contingent consideration was finalised at £3.6m ($4.6m) and was paid in September 2020. Similarly, £1.1m (2019: £1.2m) arose from unwinding of the discount on the contingent consideration in the year, of which £0.8m relates to the acquisition of SmartBrief and £0.3m to Mobile Nations.

6. Tax on profit

The tax charged in the consolidated income statement is analysed below:

	2020 £m	2019 £m
Corporation tax		
Current tax on the profit for the year	**9.7**	7.5
Adjustments in respect of previous years	**0.1**	(0.5)
Current tax charge	**9.8**	7.0
Deferred tax origination and reversal of temporary differences		
Current year charge/(credit)	**0.4**	(3.2)
Adjustments in respect of previous years	**(2.5)**	0.8
Deferred tax	**(2.1)**	(2.4)
Total tax charge	**7.7**	4.6

The tax assessed in each year differs from the standard rate of corporation tax in the UK for the relevant year. The differences are explained below:

	2020 £m	2018 £m
Profit before tax	**52.0**	12.7
Profit before tax at the standard UK tax rate of 19% (2019: 19%)	**9.9**	2.4
Losses not previously recognised	**-**	(6.6)
Provision for uncertain tax positions	**(1.5)**	5.2
Expenses not deductible for tax purposes	**0.9**	3.5
Share-based payments	**0.1**	(0.1)
Non-taxable gain on deferred consideration	**(1.9)**	-
Effect of different rates of subsidiaries operating in other jurisdictions	**2.7**	(0.2)
Difference in tax rates	**(0.1)**	0.1
Adjustments in respect of previous years	**(2.4)**	0.3
Total tax charge	**7.7**	4.6

The Directors have assessed the Group's uncertain tax positions and have released £1.5m in the year on the basis that certain tax risks are now considered less likely to cystallise. Following this release (and the recognition of an additional provision of £0.4m from acquired businesses which has not impacted the consolidated income statement) the Group has an overall provision for uncertain tax provisions of £4.5m.

7. Dividends

Equity dividends	**2020**	2019

Number of shares in issue at end of year (million)	**98.0**	83.6
Dividends paid in year (pence per share)	**1.0**	0.5
Dividends paid in year (£m)	**(1.0)**	(0.4)

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which they are approved. The dividend in respect of the year ended 30 September 2019 was paid on 14 February 2020. On 24 November 2020 the Board proposed a dividend of 1.6p per share in respect of the year ended 30 September 2020, which subject to shareholder consent at the AGM, will be paid on 16 February 2021 to shareholders on the register on 15 January 2021.

8. Earnings per share

		2020				2019
	Adjusted results pence	**Adjusting items pence**	**Statutory results pence**	Adjusting results pence	Adjusted items pence	Statutory results pence
Basic earnings/(loss) per share	**76.3**	**(29.9)**	**46.4**	50.1	(40.2)	9.9
Diluted earnings/(loss) per share	**74.7**	**(29.3)**	**45.4**	47.5	(38.2)	9.3

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the year. Diluted earnings per share have been calculated by taking into account the dilutive effect of shares that would be issued on conversion into Ordinary shares of awards held under employee share schemes, and in the prior year contingent consideration.

Adjusted earnings per share is based on profit after taxation which is then adjusted to exclude share-based payments (relating to equity-settled share awards with vesting periods longer than 12 months) and related security costs, interest, tax, amortisation of acquired intangible assets, fair value movements on contingent consideration (and unwinding of associated discount) and on currency option, and exceptional items and any related tax effects.

	2020	2019
Adjustments to profit after tax:		
Profit after tax (£m)	**44.3**	8.1
Share-based payments (including social security costs) (£m)	**5.5**	9.0
Exceptional items (£m)	**17.1**	3.4
Amortisation of intangible assets arising on acquisitions (£m)	**21.6**	13.1
(Decrease)/increase in fair value of contingent consideration (£m)	**(7.6)**	11.7
Unwinding of discount (£m)	**1.1**	1.2
Fair value loss/(gain) on currency option (£m)	**1.2**	(0.8)
Tax effect of the above adjustments (£m)	**(10.3)**	(4.5)
Adjusted profit after tax (£m)	**72.9**	41.2
Weighted average number of shares in issue during the year:		
- Basic	**95,553,034**	82,190,827
- Dilutive effect of share options	**2,026,649**	4,536,480
- Diluted	**97,579,683**	86,727,307
Basic earnings per share (in pence)	**46.4**	9.9
Adjusted basic earnings per share (in pence)	**76.3**	50.1
Diluted earnings per share (in pence)	**45.4**	9.3
Adjusted diluted earnings per share (in pence)	**74.7**	47.5
The adjustments to profit after tax have the following effect:		
Basic earnings per share (pence)	**46.4**	9.9
Share-based payments (including social security costs) (pence)	**5.8**	11.0
Exceptional items (pence)	**17.9**	4.1
Amortisation of intangible assets arising on acquisitions (pence)	**22.6**	15.9
(Decrease)/increase in fair value of contingent consideration (pence)	**(8.0)**	14.2
Unwinding of discount (pence)	**1.2**	1.5
Fair value (loss)/gain on currency option (pence)	**1.3**	(1.0)
Tax effect of the above adjustments (pence)	**(10.9)**	(5.5)
Adjusted basic earnings per share (pence)	**76.3**	50.1
Diluted earnings per share (pence)	**45.4**	9.3
Share-based payments (including social security costs) (pence)	**5.6**	10.4
Exceptional items (pence)	**17.5**	3.9
Amortisation of intangible assets arising on acquisitions (pence)	**22.1**	15.1
(Decrease)/increase in fair value of contingent consideration (pence)	**(7.8)**	13.5
Unwinding of discount (pence)	**1.1**	1.4
Fair value (loss)/gain on currency option (pence)	**1.2**	(0.9)
Tax effect of the above adjustments (pence)	**(10.4)**	(5.2)
Adjusted diluted earnings per share (pence)	**74.7**	47.5

9. Property, plant and equipment

Adoption of IFRS 16 *Leases*

The Group has adopted IFRS 16 *Leases* from 1 October 2019, resulting in the recognition on balance sheet of assets and liabilities relating to property leases previously accounted for as operating leases. On transition the Group has applied the modified retrospective approach, with the right-of-use asset measured as if IFRS 16 had always applied and the difference between lease assets and lease liabilities recognised within retained earnings. Comparative periods have not been restated.

The balance sheet impact at transition on 1 October 2019 is included in the table below:

	1 October 2019 £m
Right-of use assets	13.5
Finance lease receivables (net investment in subleases)	1.8
Deferred tax asset	0.7
Total assets	**16.0**
Lease liabilities due within one year	(4.6)
Lease liabilities due in more than one year	(13.0)
Net release of provisions for vacant property and dilapidations	0.4
Derecognition of lease incentive	0.4
Total liabilities	**(16.8)**
Retained earnings reduction on transition	**(0.8)**

Lease liabilities were measured at the present value of remaining lease payments, discounted using the incremental borrowing rate on 1 October 2019 on a lease-by-lease basis.

Although there is no change to actual cash outflows, under IFRS 16 repayments relating to the principal portion of the lease liability are presented within cash flows from financing activities and the portion relating to the repayment of interest presented within cash flows from operating activities. Payments relating to short-term and low-value leases will continue to be included in cash flows from operating activities.

Acquisition of TI Media - IFRS 16 impact

IFRS 16 was applied to the leases acquired with TI Media. The following assets and liabilities were recognised on the balance sheet acquired:

	20 April 2020 £m
Right-of use assets	8.3
Deferred tax asset	0.1
Total assets	**8.4**
Lease liabilities due within one year	(2.4)
Lease liabilities due in more than one year	(9.5)
Net release of provisions for vacant property and dilapidations	1.9
Derecognition of lease incentive	1.6
Total liabilities	**(8.4)**
Retained earnings reduction on transition	**-**

Post-transition impact of IFRS 16

Following the adoption of IFRS 16 *Leases*, the Chief Operating Decision Maker ("CODM") reviews adjusted operating profit as a key financial metric, rather than adjusted EBITDA, to include depreciation on right-of-use assets. There has been an increase in operating profit in the period of £0.5m a result of applying the standard, due to the charge being split between depreciation and interest, with a decrease of £0.2m in total earnings. The income statement impact for the year to 30 September 2020 is included in the table below:

	Year to 30 September 2020	
	Applying IFRS 16 £m	Applying previous accounting standard IAS 17 £m
Rent expense	-	4.2
Depreciation	3.7	-
Interest payable	0.8	-
Interest receivable	(0.1)	-
Total	**4.4**	**4.2**

10. Intangible assets

	Goodwill £m	Acquired intangibles £m	Other £m	Total £m
Cost				
At 1 October 2018	364.0	121.6	20.0	505.6
Additions through business combinations	78.1	51.6	0.1	129.8
Other additions	-	-	2.6	2.6
Adjustments to fair value on prior year acquisitions	39.2	(37.8)	-	1.4
Disposal	(0.2)	-	-	(0.2)
Exchange adjustments	3.6	5.1	0.5	9.2
At 30 September 2019	**484.7**	**140.5**	**23.2**	**648.4**
Additions through business combinations	**97.2**	**94.3**	**4.2**	**195.7**
Other additions	**-**	**-**	**3.1**	**3.1**
Exchange adjustments	**(7.6)**	**(4.3)**	**(0.5)**	**(12.4)**
At 30 September 2020	**574.3**	**230.5**	**30.0**	**834.8**
Accumulated amortisation and impairment				
At 1 October 2018	(264.2)	(20.1)	(17.9)	(302.2)
Charge for the year	-	(13.1)	(1.4)	(14.5)
Exchange adjustments	(1.8)	(0.4)	(0.5)	(2.7)
At 30 September 2019	**(266.0)**	**(33.6)**	**(19.8)**	**(319.4)**
Charge for the year	**-**	**(21.6)**	**(2.7)**	**(24.3)**
Impairment	**-**	**-**	**(0.8)**	**(0.8)**

Exchange adjustments	**1.4**	**1.5**	**0.4**	**3.3**
At 30 September 2020	**(264.6)**	**(53.7)**	**(22.9)**	**(341.2)**
Net book value at 30 September 2020	**309.7**	**176.8**	**7.1**	**493.6**
Net book value at 30 September 2019	218.7	106.9	3.4	329.0
Net book value at 1 October 2018	99.8	101.5	2.1	203.4

Acquired intangibles relate mainly to brands, subscriber databases, trademarks, advertising relationships, creative services relationships, customer relationships, publishing rights, content, non-compete agreements and customer lists. These assets are amortised over their estimated economic lives, typically ranging between one and fifteen years.

Impairment assessments for goodwill

The net book value of goodwill at 30 September 2020 consists of £170.9m (2019: £73.9m) relating to the UK and £138.8m (2019: £144.8m) relating to the US.

At 30 September 2020 the Group performed its annual impairment assessment of goodwill and concluded that no impairment of goodwill was required.

11. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statements:

	2020 £m	2019 £m
Cash and cash equivalents	**19.3**	6.6

12. Financial liabilities - loans, borrowings and overdrafts

Non-current liabilities

	Interest rate at 30 September 2020	Interest rate at 30 September 2019	**2020 £m**	2019 £m
Sterling revolving loan	**1.80%**	2.5%	**66.6**	14.3
US dollar revolving loan	**1.90%**	3.8%	**7.0**	28.3
Total			**73.6**	42.6

Current liabilities

	Interest rate at 30 September 2020	Interest rate at 30 September 2019	**2020 £m**	2019 £m
Multi-currency overdraft	**2.01%**	1.95%	**7.8**	4.3
Total			**7.8**	4.3

The interest-bearing loans are repayable as follows:

	2020 £m	2019 £m
Within one year	**7.8**	4.3
Between two and five years	**73.6**	42.6
Total	**81.4**	46.9

During the period the Group agreed a new £30m multi-currency Revolving Credit Facility ("RCF"), which stands alongside Future's existing debt facilities (of £135m which mature in February 2023). This facility was arranged in order to provide the Group with additional working capital headroom to maintain the underlying growth momentum of the combined business, whilst navigating the impact of COVID-19. This facility has not been required (and has not been drawn) as at 30 September 2020 and has been subsequently cancelled.

As the term of facilities spans the proposed LIBOR end date of 2021, it is the intention of the Group to agree an alternative reference rate with the Lenders ahead of the LIBOR end date.

13. Provisions

	Property 2020 £m	Property 2019 £m
At 1 October	**2.1**	2.8
Adoption of IFRS 16 *Leases*	**(0.4)**	-
On acquisition	**3.8**	-
Charged in the year	**0.8**	0.7
Utilised in the year	**(1.2)**	(0.7)
Released in the year	**-**	(0.7)
At 30 September	**5.1**	2.1

The provision for property relates to dilapidations and obligations under short leasehold agreements on vacant property. The majority of the vacant property provision is expected to be utilised over the next five years.

14. Financial instruments

The Group applies IFRS 9 *Financial Instruments*. For the Group's financial assets, the following table shows the measurement categories under IFRS 9:

Financial asset	IFRS 9 classification
Cash and cash equivalents	Amortised cost
Trade and other receivables	Amortised cost
Derivative - purchased option	Fair value through profit or loss

There has not been a significant impact on the carrying amounts of assets held.
All financial assets and liabilities are classed as level 1.

Deferred and contingent consideration

At 30 September 2019 deferred consideration of £43.9m related to the acquisition of MoNa Mobile Nations, LLC ("MoNa"). The MoNa deferred consideration was settled in the period with around 50% being issued in shares (1,792,534 shares in Future plc issued in October 2019), and around 50% (£21.4m) in cash (which was paid on 28 February 2020).

At 30 September 2019 contingent consideration of £10.9m related to the acquisition of SmartBrief, LLC ("SmartBrief"). Following the completion of the earnout period on 31 July 2020 the fair value of the contingent consideration was finalised at £3.6m ($4.6m) and paid in September 2020. This resulted in a fair value gain of £7.6m in the year, (after discounting of £0.8m) being recognised in the income statement.

Financial asset - derivative

In the comparative period, a derivative foreign currency option to buy $30m in June 2020 was acquired in order to hedge the currency exposure arising on the MoNa contingent consideration. Following the acceleration of settlement of contingent consideration for MoNa, the currency option was closed out early, resulting in a fair value loss of £1.2m being charged to the income statement in the year. There were no transfers between levels in the current or prior period.

15. Issued share capital

	2020		2019	
	Number of shares	**£m**	Number of shares	£m
Allotted, issued and fully paid Ordinary shares of 15p each				
At beginning of year	**83,595,421**	**12.5**	81,518,591	12.2
Share placing to fund acquisition	**8,184,906**	**1.2**	-	-
Issued as consideration for acquisition	**2,479,031**	**0.4**	1,642,658	0.2
Share scheme exercises	**3,754,818**	**0.6**	433,580	0.1
Share Incentive Plan matching shares	**779**	**-**	592	-
At end of year	**98,014,955**	**14.7**	83,595,421	12.5

On 15 October 2019, the Company issued 1,792,534 Ordinary shares with a value of £21.8m (share price of £12.18) as consideration for the deferred consideration due on the acquisition of MoNa Mobile Nations, LLC.

On 5 November 2019, the Company issued 8,184,906 Ordinary shares with a value of £104.4m (share price of £12.75) issued as a placing in order to fund the acquisition TI Media.

On 29 November 2019, the Company issued 686,497 Ordinary shares with a value of £9.1m (share price of £13.22) as consideration for the acquisition Barcroft Studios.

Further details of acquisitions are shown in note 19.

During the year 3,754,818 Ordinary shares with a nominal value of £563,223 were issued by the Company pursuant to share scheme exercises and a further 779 Ordinary shares were issued under the Share Incentive Plan for a combined total cash commitment of £nil.

16. Reserves

Share premium account
Share premium represents the excess of proceeds received over the nominal value of new shares issued.

During the year 8,184,906 shares were issued at a premium of £103.1m, less share issue costs of £3.4m, to fund the acquisition of TI Media. See note 19 for further detail.

Treasury reserve
The treasury reserve represents the cost of shares in Future plc purchased in the market and held by the EBT to satisfy awards made by the trustees.

During the year the Company purchased 631,477 of its own shares to fund the future vesting of share options, at a total value of £8.5m.

Merger reserve
The movement in the current year of £30.5m relates to the premium on shares issued as consideration for the settlement of deferred consideration on the acquisition of MoNa Mobile Nations in October 2019 of £21.5m, and for the acquisition of Barcroft Studios in November 2019 of £9.0m.

17. Contingent liabilities

There were no material contingent liabilities as at 30 September 2020. In the comparative period, a contingent liability of £43.9m was recognised for variable deferred consideration on the acquisition of MoNa Mobile Nations, LLC ("MoNa") and £10.9m was recognised for variable deferred contingent consideration on the acquisition of SmartBrief, Inc. The MoNa deferred consideration was settled in the period with around 50% being issued in shares (1,792,534 shares in Future plc issued in October 2019), and around 50% (£21.4m) in cash (which was paid on 28 February 2020). The variable deferred contingent consideration for SmartBrief, LLC was settled at $4.6m in September 2020.

18. Related party transactions

The Group had no material transactions with related parties in 2020 or 2019 which might reasonably be expected to influence decisions made by users of these financial statements.

19. Acquisitions

Acquisition of Barcroft Studios

On 30 November 2019, Future Holdings 2002 Limited (a wholly owned direct subsidiary of Future plc) acquired 100% of the equity in Barcroft Studios Limited ("Barcroft"), a small independent studio that creates original content, which is published on a variety of owned and operated social sites and distributed across mass media channels. Total consideration was £23.4m, of which 40% was satisfied by the issue of 686,497 shares, with the remaining £14.3m paid in cash.

The impact of the acquisition on the consolidated balance sheet was:

	Fair value £m
Tangible assets	0.5
Intangible assets	
- Brands	4.5
- Customer relationships	2.7
- Content	3.1
- Non-compete	0.6
Cash and cash equivalents	2.0
Trade and other receivables	3.0
Trade and other payables	(3.3)
Financial liabilities - interest bearing loans and borrowings	(0.2)
Deferred tax	(2.1)
Net assets acquired	10.8
Goodwill	12.6
	23.4
Consideration:	
Cash	14.3
Equity shares	9.1
Total consideration	**23.4**

The acquisition has further diversified the Group's revenues with the addition of video production expertise, and goodwill is attributable to the opportunities that exist to further monetise the Group's existing brands through video. The intangibles recognised, including goodwill, are not expected to be deductible for tax purposes.

Included within the Group's results for the period are revenues of £11.1m and a profit before tax of £2.1m from Barcroft (excluding deal fees, associated integration costs, acquired intangible amortisation and depreciation which is not separately identifiable for acquired fixed assets).

If the acquisition had been completed on the first day of the financial year, it would have contributed £14.0m of revenue and a profit before tax of £2.7m (excluding deal fees, associated integration costs, acquired intangible amortisation and depreciation which is not separately identifiable for acquired fixed assets) during the period.

Gross trade receivables were £2.1m, of which £2.0m on acquisition were expected to be recovered.

Acquisition of TI Media

On 30 October 2019 the Group announced the proposed acquisition of TI Media for a total consideration of £140 million in cash. TI Media is a UK-based, print-led consumer magazine and digital publisher with deep industry heritage and a portfolio that incorporates 41 brands including Decanter, Country Life, Wallpaper* and Woman & Home.

On 16 March 2020, it was announced that the CMA had found that the purchase of TI Media did not raise competition concerns, subject to the sale of three closely competing products: World Soccer; Amateur Photographer; and the technology website Trustedreviews.com. The Group subsequently agreed the sales of World Soccer and Amateur Photographer to Kelsey Media, and Trusted Reviews to Incisive Media, which completed in May 2020.

The acquisition was completed on 20 April 2020. The acquisition was part funded by raising proceeds of £104.4m, net of costs of £3.4m, through a placing of 8,184,906 new ordinary shares in November 2019, with the balance being settled through exercise and subsequent draw down on the Group's £45m accordion option on the RCF.

The impact of the acquisition on the consolidated balance sheet was:

	Fair value £m
Tangible assets	
- IFRS 16 right of use assets	8.3
- Other tangible assets	2.8

Intangible assets	
- Publishing rights	75.0
- Subscriber database	3.4
- Customer relationships	3.3
- Content	1.6
- Software	4.2
Cash and cash equivalents	27.2
Inventories	1.1
Trade and other receivables	36.8
Trade and other payables	(51.3)
Non-current liabilities	
- Long term liability	(110.8)
- IFRS 16 lease liability	(11.9)
- Other non-current liabilities	(8.5)
Deferred tax	(2.3)
Net liabilities acquired	(21.1)
Goodwill	84.4
	63.3
Consideration:	
Cash	63.3
Total consideration	**63.3**

The consideration in the table above excludes debt acquired of £110.8m and is also gross of cash acquired of £27.2m which in total amounts to £146.9m. This calculates higher than the £140m price disclosed due to the timing of the acquisition being mid-month when the cash and cash equivalents are lower than at a month end close, this however also results in a one-off operating cash benefit.

TI Media brings to Future a presence in the Wine, Golf, Equestrian, Country Living, TV Listings and Gardening verticals and deepens and extends Future's strength and position in Home, Cycling, Consumer Technology and Country Sports. Goodwill is attributable to the synergies of the combined Group and the opportunities that exist to further monetise TI Media's existing brands. The intangibles recognised, including goodwill, are not expected to be deductible for tax purposes.

Included within the Group's results for the period are revenues of £64.0m and an adjusted operating profit of £11.1m from TI Media (excluding deal fees, associated integration costs, acquired intangible amortisation and depreciation which is not separately identifiable for acquired fixed assets).

If the acquisition had been completed on the first day of the financial year, it would have contributed £153.2m of revenue and an adjusted operating profit of £23.8m (excluding closed and divested titles and subsidiaries, deal fees, associated integration costs, acquired intangible amortisation and depreciation which is not separately identifiable for acquired fixed assets) during the period.

Gross trade receivables were £16.3m, of which £15.1m on acquisition were expected to be recovered.

The deferred tax liability in the table above of £2.3m includes a deferred tax asset on acquisition of £14.2m (in respect of historic TI Media tax losses, corporate interest restriction losses and capital allowances), net of a deferred tax liability arising on acquired intangible assets of £16.5m.

MoNa Mobile Nations, LLC - settlement of deferred consideration

On 11 October 2019 the Group announced the acceleration of the payment of the contingent consideration in respect of MoNa Mobile Nations, LLC, which the Group acquired on 1 March 2019. Total contingent consideration of $55m was settled in the period with around 50% being issued in shares (1,792,534 shares in Future plc issued in October 2019), and around 50% (£21.4m) in cash (which was paid on 28 February 2020). See notes 15, 16 and 17 for further detail.

20. Post balance sheet events

Acquisition of CinemaBlend

On 2 October 2020, Future US, Inc. acquired CinemaBlend, a premium digital entertainment publisher based in the US. CinemaBlend is a high-growth digital brand focused on the TV, film and entertainment market. Through its website, podcast series, social media channels and newsletters, CinemaBlend provides a platform for enthusiasts and casual fans to discover, explore and discuss films and TV shows, both on streaming services such as Netflix and linear TV such as HBO.

Total consideration paid was $12.75m ($13.5m net of a working capital adjustment of $0.75m, 7.5x multiple of expected FY20 contribution).

As the acquisition completed shortly after the reporting date, the fair values of the intangible assets acquired are in the process of being determined.

Recommended offer for GoCo Group plc

The Group has today separately announced a recommended offer for GoCo Group plc ("GoCo") for total consideration of around £594m comprising around £450m in equity (via the issue of 22.9m Future plc shares), and £144m in cash, funded by increasing the Group's debt facilities through a £215m two year term loan. In addition the Group's £30m short dated COVID-19 facility has been cancelled. On completion the Group will have total facilities of £350m.

The recommended offer will significantly strengthen the Group's proposition of seeking to address the growing consumer demand for informed and value driven purchasing decisions enabled by intent driven content, and provides a unique opportunity to capitalise on the combination of the Group's deep audience insight with GoCo's expertise in price comparison and the proprietary technology of both the Future Group and the GoCo Group.

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