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21 January 2019

## **Polemos plc (to be renamed "Digitalbox plc")**

### **Update on Proposed Acquisition**

Digitalbox Publishing Holdings Limited ("Digitalbox" or "the Company"), a digital media business based in the UK, is pleased to announce its intention to seek admission of its Ordinary Shares to trading on the AIM Market of the London Stock Exchange ("Admission") by way of a reverse takeover of Polemos plc. On admission, Polemos plc will be renamed Digitalbox plc.

WH Ireland Limited is acting as the nominated adviser to the Company in relation to Admission with Leander Capital Partners Limited and Peterhouse Capital Limited acting as joint brokers.

#### **Highlights:**

- The Board is seeking admission and intends to use the funds raised to build a market-leading, mobile-first digital media business through a buy and build strategy. Digitalbox has invested in its technology, infrastructure and management team to create a platform on to which acquisitions can be easily integrated with additional upside expected in Average Revenue Per User (ARPU) performance and without significant impact on staff resources.
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- Through its current trading brand "Entertainment Daily", Digitalbox produces and publishes online UK entertainment news covering TV shows, showbiz and celebrity news. It generates revenue from the programmatic sale of advertising in and around the content it publishes.
- Entertainment Daily has proved the company's ability to build strong audience engagement through the delivery of compelling content while also improving ARPU. For the year ended December 2018, Entertainment Daily had 2.2 million unique users per month, with 13 million monthly UK sessions and an average of £77 ARPU per '000 (showing 15% growth since 2017). The Company's optimisation for mobile

enables it to achieve revenues per session significantly ahead of market norms for mobile publishers.

- 85% of UK adults own a smart-phone, meaning mobile has become the device of choice with which to access the internet. In fact, 75% of internet usage in the UK is now estimated to be via a smart-phone. Advertising spend is now shifting to reflect these consumer trends, with UK mobile advertising spend growing 31% in 2017 to £5 billion and expected to have grown a further 31% in 2018. The value of mobile is set to grow further still as advertisers unlock the potential of location targeting, augmented reality and rich user data in real-time. Mobile-centric media brands which hold the attention of users these advertisers are trying to reach will benefit from this escalating value.
- The Board believes that this is the right time to consolidate the digital publishing market and has identified a pipeline of acquisition opportunities. Digitalbox currently operates within the entertainment news market in the UK and is seeking to expand into further content verticals to grow the audience served.
- The Board believes that the market trends support the Company's strategy. Traditional publishing businesses are struggling to transition to 'pure play' digital models in response to falling print circulation, owing to the legacy infrastructure in place. This trend presents an opportunity as brands can be purchased, optimised and leveraged to create accretive growth for shareholders. Also, some digital-only publishing businesses would benefit from the scale and efficiencies offered by the Digitalbox platform.
- Digitalbox is led by an experienced management team, headed by CEO, James Carter who has a proven track record in building value in the media industry through work at Factory Media (which he helped found and achieved a significant exit), Dennis Publishing and EMAP PLC, where he was Publishing Director with responsibility for FHM.
- The Company is looking to raise between £2 million and £4 million, with an anticipated market capitalisation of over £13 million.
- Admission to AIM is expected to occur on or around 20 February 2019. The Company intends to complete its first acquisition immediately on admission.

**James Carter, CEO, Digitalbox, said:** "Our proposed admission to AIM will allow us to capitalise on the considerable opportunities we see to build a market-leading, mobile-first digital business through a buy and build strategy. Due to the success of Entertainment Daily, we have already created a platform through which we can drive traffic and advertising revenue, and to which we can add new titles to and quickly improve their performance. The combination of this platform and our experienced management team creates a compelling opportunity for investors as we grow."

*This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations*

**Enquires:****Digitalbox**

James Carter, CEO

Tel: 01225 430102

**Polemos plc**

Nigel Burton, Chairman

Tel: 07785 234447

**WH Ireland (Nomad)**

Mike Coe

Chris Savidge

Tel: 0117 945 3470

**Leander Capital (Joint broker)**

Alex Davies

Hugh Kingsmill Moore

Tel: 0207 195 1400

**Peterhouse Capital (Joint broker)**

Lucy Williams

Tel: 020 7469 0930

**Newgate Communications (Financial PR)**

Robin Tozer

Elisabeth Cowell

Tel: 020 3757 6880;

digitalbox@newgatecomms.com

**Background to the Company**

Digitalbox is a 'pure-play' digital media business with its roots in emerging publishing technology. The company's operating model has been developed and refined since publishing operations began in December 2015 with the aim of enabling profitable publishing at scale on mobile platforms – a model which has eluded many publishers.

The Proposed Directors believe the successful development of this model makes Digitalbox ideally placed to further benefit from the continued growth of mobile internet in terms of consumer adoption and commercial value.

Digitalbox's strategy is to acquire businesses or assets in the digital media sector that have profit potential, adding value to them through the application of its model.

**Summary historical financial information**

	Period ended 31 December 2016 £'000	Year ended 31 December 2017 £'000	Six months ended 30 June 2018 £'000
Revenue	1,908	2,315	1,010
Gross profit	126	1,336	687(1)
Gross margin	7%	58%	45%(2)
Operating (loss)/profit	(1,095)	565	172
Profit/(loss) before tax	(1,095)	508	138

(1) Is stated after recognition of an exceptional credit of £229,000

(2) Is stated before recognition of an exceptional credit of £229,000

## **Proposed Directors of Digitalbox PLC**

### **James Carter – Chief Executive Officer**

James joined Digitalbox in 2016 and is responsible for the strategy, direction and day-to-day running of the business. He has a proven track record in building value in the media industry, within both public and limited companies. As part of the founding executive team at Factory Media, he raised £3.5 million from VCT Acuity in 2006 and drove the business to achieve a significant exit to Forward Internet Group in 2013. Prior to the creation of Factory Media, James was new product development director at Dennis Publishing and publishing director at EMAP plc where he had responsibility for the magazine, FHM. FHM grew from a fledgling fashion focused magazine to a global network of 32 editions and a value at its peak of over £250 million.

### **Jim Douglas – Chief Operating Officer**

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

### **Dr. Nigel Burton – Non-Executive Director**

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

### **Martin Higginson – Non-Executive Director**

Martin is a seasoned Technology, Media and Telecoms (TMT) entrepreneur. He has set up, sold and listed multiple businesses. His first business, a BMX magazine, was sold to IPC Magazines in 1982. Following three years with IPC he left to set up his own publishing and telecoms business Megafone. This was subsequently sold to Scottish Power plc. During his time with Scottish Power he joined its subsidiary, Scottish Telecom, as managing director of the Internet and Interactive division, including Internet ISP Demon Internet. Following the flotation of Thus plc (formerly Scottish Telecom) Martin moved on to establish Monsternob Group Plc which listed on AIM in 2003. Over a three-year period, it grew to become a Top 50 AIM-listed business with a market capitalisation of £192 million. This business was sold to Zed Worldwide in late 2006. Martin has subsequently founded a range of businesses including Cityblock plc, a luxury student accommodation business which was privatised and sold to management in 2009; NetPlayTV plc, an interactive TV gaming business which boasted exclusive partnerships with Virgin Media, Channel Five, and ITV; Martin has also held non-executive director positions with Legend plc and Cupid plc. Martin is currently chief executive officer of Immotion Group plc, a UK-based immersive virtual reality entertainment business which floated on AIM in July 2018.

### **David Joseph – Chief Financial Officer and Company Secretary**

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

#### **Sir Robin Miller – Non-Executive Chairman**

Robin has extensive public company experience spanning over 30 years, particularly in the media sector. He was formerly chief executive (1985-1998 and 2001-2003) and chairman (1998-2001) of Emap plc, a leading international media group in consumer and trade publishing, commercial radio, music TV channels and events. Robin is currently non-executive chairman of Edge VCT, social video company Brave Bison PLC and virtual reality entertainment business Immotion plc. Additionally he holds the role of non-executive director of Premier Sports Holdings Plc, Gemini Network Media Ltd, Crash Media Group Ltd, Digitalbox Group Ltd, Gruppo Media Ltd, Bikesportnews.co.